

Chapter MP3 script 28

Controlling Performance

In this recording we summarise the content of chapter 28 Controlling Performance.

Studying this chapter should help you distinguish the concepts of coordination and control; explain the nature and importance of control; with reference to contingency theory and strategic (managerial) choice explain how and why control strategies vary between organisations; contrast common techniques for control; .

Introducing the chapter, the authors start with 1. Once the planning, organising and motivating activities are under way, these activities must be monitored and measured, i.e. controlled. The primary aim of the control function of management is to measure performance against aims, objectives and standards with a view to enabling corrective actions to be taken, where necessary, to keep plans on course. Control is essentially a question of developing feedback systems throughout the organisation. It was noted in the introduction to Organising for Management that, if planning represented the route map for the journey, then organising represented the means by which one could arrive at the chosen destination. We can now add that controlling ensures travellers know how well they are progressing along the route, the accuracy of their map, and what deviations, if any, they need to make to stay on course.

2. The chapter starts by contrasting coordination and control as integrative processes. We move on to discuss what should be controlled within the organisation. Next, we consider aspects of 'controlling' as the final step in the management process. In this section we describe the control process and control systems generally. Finally, we turn our attention to control methods and strategies, focussing on performance in particular. This chapter should be considered in conjunction with the next two chapters where we focus on quality and quality control and the role of information systems in supporting the management process – to include coordination and control. This section completes part two of the book, management in practice..

The key concepts discussed within this chapter are:

budget - A financial plan to manage the spending and saving of money; Control - Ensuring plans are properly executed; assuring the organization functions as planned; Controlled performance - setting standards, measuring performance, comparing actual with standard and taking corrective action if necessary; cybernetic system - a system with reference to the components and operation of feedback control (see self-regulation); Diagnostic control system - Formal information systems used to monitor organizational outcomes and correct deviations from preset standards of performance; Formal Management Controls - a firm's budgeting and reporting activities that keep people higher up in a firm's organizational chart informed about the actions taken by people lower down in the organizational chart; Informal Management Controls - include a firm's culture and the willingness of employees to monitor each others' behavior; .

Other terms discussed include:

Administrative controls; Behavioural control; Break-even analysis; Concurrent feedback; Delayed feedback; financial control; Output control; Tight Control; .

Summarising and concluding, the author(s) make the following comments - 33. No amount of planning and organising will assure that goals are attained. Control is therefore the essential final step in the management process to ensure that things proceed as planned or that unrealistic plans and targets are revised, where appropriate. As the final step in the management process, controlling provides the critical link back to planning. There are many purposes for control such as assuring goals are attained, employees empowered and motivated and organisational resources protected. There are also many business aspects that can be controlled, from plans, through behaviour to the raw materials and transformational resources of the organisation. This chapter has emphasised the control of employee behaviour and their performance in relation to organisational goals but made reference to other targets for control. A key aspect of control is to enable the organisation to function

as planned, to minimise disruption, enable coordination and integration and help the organisation to adapt to its environment..

We have now reached the end of the chapter 'Controlling Performance'.

There are a number of references for this chapter where further reading opportunities are identified for you.

Additionally, there are questions or activities to help develop and test your understanding of this chapter