
UNIT 8 CONTROLLING

Structure

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8.0 OBJECTIVES

After studying this Unit you should be able to:

- understand the need for using controls in operations,
- define control,
- explain the various types of control,
- list and explain the various steps in the control process,
- identify the mechanism for effective control techniques, and
- understand negative implications of control.

8.1 INTRODUCTION

Controlling and monitoring are common words you hear everyday in relation to various operations or activities. Generally the use of the term Control creates an impression of imposition to many people. But this impression comes **when we** approach it in a negative way. If we look at control in a positive way it gives a different meaning. Control is one of the major management functions. It is the process of monitoring activities in such a way **so** that the organisational objectives can be accomplished. Whether a manager or an owner-manager, effective control and monitoring are necessary components for achieving success. Many a times the problems faced in achieving the organisational goals emerge because of some deviations from the set **standards, or** in other words because of the failure to control the process from moving in the stated direction. This Unit, attempts to make you understand the relevance of control, its meaning, different types and processes along with the procedures to be adopted for effective control.

8.2 CONTROL : DEFINITION AND NEED

If we use the term control only in relation to controlling the employees and putting them under regulations, we are applying the term in a very limited sense and this is bound to create negative impressions. Let us address ourselves to the question as to why control is needed.

Well, objectives, plans and programmes are essential components of effective management. After a task has been assigned to a manager, the next step is to decide the objectives of the task. **Then, through** planning, a strategy is evolved to accomplish the desired objectives. In the process of accomplishing the pre-determined objectives comes the role of monitoring and controlling. Hence, **management control can be defined as a process which ensures that the progress of the assigned work is according to the plan.** If there is any deviation the concerned manager has to take corrective actions. So control mechanism **adjusts operations to pre-determined standards on the basis of the information or feedback it gets.** Control is associated with planning and has been accepted as a basic managerial function to ensure the pace of an activity and its quality. Its **basic concern is to monitor the outcome of activities,**

review feedback information about this outcome and if necessary, to take corrective action. Besides, control helps the managers in certain other aspects. For example it helps managers in :

- **monitoring** environmental changes and their impact on the organisation,
- **developing** mechanisms for speedy delivery of products and **services** to customers,
- **anticipating** or managing threats, problems or opportunities,
- **adding value** to their products,
- **maintaining** quality,
- **facilitating** team work and delegation, and
- **checking** wastage or leakage. etc.

Here it must be kept in mind that controlling is existent at all managerial levels and a good plan is one which incorporates the needed controls. Further controls and monitoring are applied in every area of operations like production, sales, finances, quality, human resources, etc. In tourism management their role is very crucial in every segment and in the activities related to that segment.

8.3 TYPES OF CONTROL

Control is generally classified into the following types:

- **Pre - action controls,**
 - **Feedforward,**
 - **Concurrent,** and
 - **Feedback control.**
- 1) **Pre-action controls:** These are preventive measures aimed to check problems before their emergence. They are also known as pre-controls. Financial budgets and schedules are forms of pre- action control. This is because when you know your **financial** resources, working within them will be a control. The same applies for schedules.
 - 2) **Feedforward control (also called Preliminary control):** In this system problems or deviations are anticipated before the operation of the task starts. Hence it has a close relationship with planning. In this control mechanism, managers identify the issues and the prospective action plans to meet the anticipated problems. For example, you are a tour operator. You ought to know in a year which particular season would have more tourist inflow and during which season the inflow would be less for the particular destination that you are packaging and selling. In anticipating the problems you may come across during the peak period, you would develop a proper mechanism to meet any anticipated problems. **Feedforward control is essentially to alert managers about the probable hurdles that may affect the accomplishment of predetermined targets.**
 - 3) **Concurrent control (also known as Steering control):** This is an approach to **control the work while it is being performed.** Concurrent control system ensures the accomplishment of work according to a laid down plan and takes necessary corrective steps before any major damage is done or in case there are deviations. For example, each evening a floor supervisor in a restaurant, moves from the customer area, to the kitchen, to the cashier area. He monitors all activities in order to ensure customer satisfaction and takes necessary steps as and when required. For the effectiveness of steering control a manager must obtain the information on time and it should be accurate. Generally, steering control methods are most widely used because they provide tools for corrective action while the work is in progress.
 - 4) **Feedback control (also called Post action control):** After the completion of a task, review is made to see whether the desired result has been achieved or not. **Feedback control provides information about whether the goals of the organisation are met or not.** This information can be used for deciding the future action plan of an organisation. It is often used as a basis for evaluating and rewarding employees also.

It should **be** noted here that all these control types are not alternatives to one or the other but are interactive and complimentary to each other.

Check Your Progress - 1

1) What do you understand by controlling? Answer in 100 words.

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2) What is Concurrent Control?

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3) Discuss the importance of Feedback Control.

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8.4 STEPS IN THE CONTROL PROCESS

Robert J Mockler's definition of Control helps us in determining the necessary steps of the control process. According to him, "Management control is a systemic effort to set performance standards with planning objectives, to":

- a design information feedback systems,
- a compare actual performance with these pre-determined standards,
- a determine whether there are any deviations and to measure their significance, and .take any corrective action required to assure that all corporate resources are being used in the most effective and **efficient** way possible for achieving corporate objectives.

This definition, thus mentions four steps to be followed in the controlling process:

- ◆ establishing performance standards,
- a measuring performance,
- a comparing performance with standards, **i.e.** interpreting results, and
- a taking corrective action.

- 1) The first step in any control process is establishing standards. Standard is a desired or expected event which should grow out of organisational objectives. **Standard may be defined as a unit of measurement which can be used to evaluate performance.** Actually with the setting of standards the process of control begins. Standards may be both quantitative and qualitative. Three common types of standards are:
- **physical standards** which include quantity of product, number of customers, clients, quality of the product, etc.
 - **monetary standards** which include selling costs, material costs, gross profit, net profit, etc.
 - **time standards** refer to the speed and deadline within which the job is to be performed or completed.

Depending on the nature of the task and considering other related issues the management sets the standard for a task. In setting standards you should keep in **mind** that they are **valid, acceptable** and **clearly understandable** to all concerned. **The standards should be stated clearly in measurable terms with a time bound approach.** For example, upgrading the skills of a guide would be a vague objective unless it is specified what upgradation means and by what time it has to be achieved. In a service industry like tourism, measurements may include the time of the service a customer has to wait for.

- 2) After setting the standard the second step is the **measuring or monitoring of performance.** It is a continuous ongoing process done with the help of an appropriate mechanism. Systematic flow of information is necessary to keep effective control over performance and this necessitates **timely** availability of accurate reports. For this you must **design simple reporting systems** as per the requirement of the activity. This will help you in detecting problems and accordingly make amends to work as per the **plan.**
- 3) Next step in the control process is to **compare the performance that the managers have been monitoring with the standards established at the first stage.** R.C.Davis identifies four phases in the comparison;
- **receiving the raw data,**
 - **accumulation, classification and recording of this information,**
 - **periodic evaluation of completed action, and**
 - **reporting the status of accomplishment to higher line of authority.**

If it is found that the performance matches the standards you can conclude that every thing is in control but if the results are otherwise, it is time to act.

- 4) After **making** a comparative assessment of established standards and performance the important step is to **take appropriate action.** Corrective action is essential to ensure that in future the desired objective is achieved. **This may involve alterations, changes, rethinking or devising and employing better methods.**

The important point is that as a manager you must consider various alternatives and depending on the requirement take proper action. Only identifying failures is of no use.

Information seeking, information sharing and information analysis are vital in the control process. For seeking information you can:

- Depend on **personal observations, i.e.,** going to the area of activities and having a **first hand** experience about the quality of services, service timings and attitudes of those providing services.
- Ask for **oral reports** from employees or interview customers **regarding** the quality of services, improvements, suggestions, complaints etc.
- Ask for **written reports** from employees or feedback forms from **customers.** For this appropriate formats have to be devised as per requirements.

You can adopt any one of these methods or all of them. Information collected should be shared among other **managers/partners** if any in order to collectively analyse it, facilitate the decision making process and implementation.

8.5 EFFECTIVE CONTROL TECHNIQUES

While performing the managerial tasks, knowing the proper techniques of using effective control is very essential. This knowledge or technique is required to avoid resistance and other problems. The techniques may vary as per the requirements or nature of the venture, yet, you can try the following:

- 1) It should be made clear that control is a mechanism to monitor progress rather than a pressure tactic. There should not be an impression that control means imposition of restrictions on employees freedom. **It is important for both the executives as well as the other staff to know that the primary objective of control is to ensure that a job is well done and done within the expected schedule to achieve the objectives.** Flexibility in control is required because it makes control workable in the face of changes or unforeseen circumstances.
- 2) **Control should be timely.** Time is most important in the sense that if you fail to take a timely corrective action you may incur losses. There should be a mechanism for the availability of timely information and appropriate action should be taken without delay.
- 3) **Cost effectiveness** of control should be looked into carefully. Control costs include such factors as monitoring and processing systems, hiring personnel to operate the system, etc. You must see to it that costs involved in controlling should be economical and the system should be beneficial for the **organisation**.
- 4) **Controls** should be accurate and objective. Care should be taken to **minimise subjectivity** in control, otherwise it may affect the judgement and performance of the employees. Importance should be given to establishing specific performance goals for each position and emphasis should be given to achieve specific goals. Thus through individual control overall control can be ensured.
- 5) **Control should be acceptable to all.** To make controls acceptable it is important to ensure that people understand the purpose of the system clearly and feel that they have an important stake in it. **Participative management approach can be the best way to make people involved in taking major decisions for the organization.** Indirectly this makes everybody accountable for his/her own decision. **Instead of applying control from above, the emphasis should be on control from within.** At the same time the person doing controlling or monitoring must have the necessary authority for performing these tasks.

8.6 IMPLICATIONS OF CONTROL

If the controlling mechanism is not properly designed and effectively pursued, control can lead to unanticipated and undesirable effects. It is important for the management to understand why people resist control and to know how to overcome that resistance. Let us take a look at some of the probable factors that may lead to resistance to control.

- Too many controls by the management may create adverse reaction among the employees.
- The narrow approach of the management in performance appraisal may discourage good, potential workers for taking any extra initiative.
- Short term approach taken by the management in running the organisation affects the long term interest of the organisation.
- Too much pressure on the employees for achieving the pre-determined standard sometimes leads to falsification of reporting or information. This may discourage good **workers** and undermine the very purpose of control.
- Over centralisation in decision making creates an alien attitude among the workers.
- Management should try to avoid negative control such as punishment, memos, etc.

Check Your Progress 2

1) Explain the need for monitoring performance in the process of Control.

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2) Do you think that control must be acceptable to all?

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3) List three possibilities that may create problems if control is not properly designed.

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8.7 LET US SUM UP

In view of the above discussion we hope that you have understood the meaning and implications of controlling. It is clear that control can be defined as the process of monitoring and adjusting organisational activities in order to accomplish organisational objectives. In this Unit you have learnt about different types of control, various steps in the control process, techniques of effective control and implications of control. Now as a functionary in the tourism industry your task is to make use of the control mechanism according to the need of the situation. Re it **small or big**, every business has its own target which one should accomplish through scientific management. Control as a part of scientific management would help you to achieve your target.

8.8 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress - 1

- 1) See **definition** of Control in **Sec. 8.2**
- 2) See **Sec. 8.3**
- 3) Feedback control helps in providing guidelines for future work. See **Sec. 8.3.**

Check Your Progress - 2

- 1) See Sec. 8.4
- 2) **As** is said that control is a part of management functions to see the accomplishment of determined goal. In view of this stated objective control has positive role to play. Read Sec. 8.5 and give your own views.
- 3) See Sec. 8.6

SOME USEFUL BOOKS FOR THIS BLOCK

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| H.A. Rogers and J.A. Slinn | Tourism: Management of Facilities, London, 1993 |
| G.R. Terry and S.G. Franklin | : Principles of Management, Delhi, 1995 |
| J.A.F. Stoner and R.E. Freeman | : Management, New Delhi, 1992 |
| IGNOU Management Courses | : MS-1, Management Functions and Behaviour MS-10, Organisational Design, Development and Change MS-93, Management of New and Small Enterprises |

Small Industry Management Development Training Modules, All India Management Association, New Delhi.

ACTIVITIES FOR THIS BLOCK

Activity-1

Visit any organisation of your choice and try to understand its Organisational Structure.

Activity-2

Suppose you are starting a new business, make a plan for the same.

Activity-3

You intend to open a small restaurant with a capacity of servicing 50 customers at a time. Design jobs for the venture and determine what authority you will delegate to whom.

Activity-4

Visit **any organisation** catering to tourists and try to find out what kind of controls they use for quality assurance.