

CONTROLLING

Concept Controlling can be defined as the process of ensuring that actual activities conform to planned activities.

Nature of Controlling:

1. Goal Oriented.
2. Pervasive Function.
3. Continuous Process.
4. Controlling is Both Backward and Forward Looking

Importance of Controlling:

1. **Accomplishing Organisational Goals:** controlling measure compares and identifies deviation putting the organisational progress on track.
2. **Judging Accuracy of Standards:** as it compares the standers of the organisation with the changing environment and tells the accuracy of the standard.
3. **Making Efficient Use of Resources:** As each activity is performed in accordance with predetermined standards, hence helps in reducing wastage and promotes efficiency.
4. **Improving Employee Motivation:** with the help controlling, employees are guided to improve their performance.
5. **Ensuring Order and Discipline:** It creates an atmosphere of order and discipline in the organisation. And minimise dishonest behaviour by keeping a close check on their activities.
6. **Facilitating Coordination:** as all the employees are governed by the predetermined standards which are well coordinated with each other.

Relationship between Planning and Controlling:

1. **Standards developed by planning are basis of controlling:** So, when there is no plan, managers have no basis for controlling. Thus, controlling is blind without planning.
2. **Planning is meaningless without controlling as controlling ensures that the events conform to the plans.**

3. **Planning and controlling both are forward-looking:**

- a. Planning is looking ahead because plans are prepared for future and are based on forecasts about future conditions.
- b. Controlling is forward looking because the corrective action in controlling seeks to improve the future performance.

4. **Planning and controlling are both looking back too:**

- a. Planning is looking back also new planning is guided by the problems identified in the past.
- b. Controlling is looking back as it compares the actual performance with the standards This involves scrutinising the events after they have taken place.

Steps in Controlling Process:

1. **Setting Performance Standards:** In the this step the setting up of performance standards takes place, it can both quantities and qualitative.
2. **Measurement of Actual Performance:** In this step the actual performance is measured using several techniques.
3. **Comparing Actual Performance with Standard:** in this step the actual performance is compared to the predetermined standard on the basis of several parameters.
4. **Analysing Deviations:** in this step the outcome of comparison is analysed to find out the reason behind the deviation, if any.
5. **Taking Corrective Action:** after knowing the reason, the corrective measure is developed to remove the deviations.

Management by exception: in this only significant deviation which go beyond the permissible limit should be brought to the notice of management, thus enabling the management keeping a check on almost each and every important deviation in the organisation.

Critical Point Control: It is neither economical nor easy to keep a check on each and every activity in an organisation. Control should, therefore, focus on key result areas (KRAs) which are critical and affects the whole organisation's growth.