



**SNS COLLEGE OF TECHNOLOGY**  
(An Autonomous Institution)  
Coimbatore -35.



**19MEE312**

**PRINCIPLES  
OF  
MANAGEMENT**



## UNIT V

# CONTROLLING

## Controlling: Nature, Importance, and Limitations

Managerial Control implies the measurement of accomplishment against the standard and the correction of deviations to assure attainment of objectives according to plans.

– Koontz and O' Donnell

Control is the process of bringing about conformity of performance with planned action.

### Nature of Controlling

1. Controlling is a **goal-oriented** function of management. It aims at ensuring that the resources of the organisation are used effectively and efficiently for the achievement of pre-determined organisational goals.
2. Controlling is a **continuous** process. It means that once the actual performance and standard performance of a business are compared and corrective actions are taken, the controlling process does not end. Instead, the firms have to continuously review the performance and revise the standards.
3. Controlling is **all-pervasive**. It means that the controlling function is exercised by the firms at all levels of management. The extent of control and nature of the

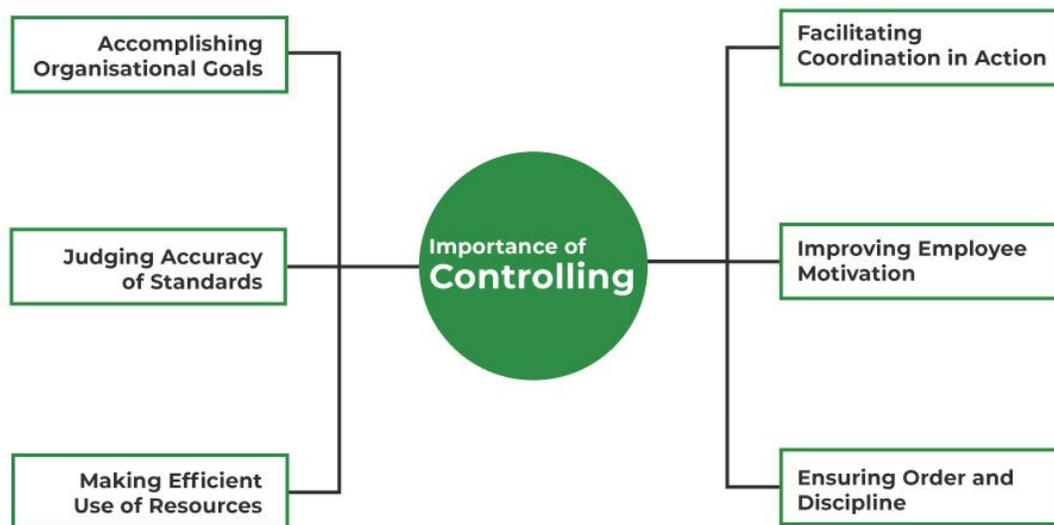


function may vary at every level. Also, a controlling process is required in both non-business and business organisations.

4. Controlling process is both a **forward-looking** and **backward-looking** function. As a forward-looking function, it aims at improving the future performance of an organisation on the basis of its past experiences. However, as a backward-looking function, it measures and compares the actual performance and planned performance (fixed in past) of the organisation.

## Importance of Controlling

Controlling function is important for every organisation due to the following reasons:



### **1. Accomplishing Organisational Goals**

Controlling is a goal-oriented process as it aims at determining whether the pre-determined plans are being performed accordingly and whether required progress is made towards the achievement of the objectives. With the help of controlling, an organisation can keep the business activities on the right track



and can achieve the organisational goals effectively and efficiently, and take the necessary corrective actions if required.

## ***2. Judging Accuracy of Standards***

An effective controlling process can help an organisation in verifying whether or not the firm has set the standards accurate. It also helps in keeping a check on the changes taking place in the business environment and making required changes in the standards whenever it is necessary.

## ***3. Making Efficient Use of Resources***

Controlling helps an organisation in reducing wastage of resources, as it aims at ensuring that every activity of the firm is performed according to the pre-determined goals.

## ***4. Improving Employee Motivation***

As controlling process includes comparing the pre-determined goals of an organisation with its actual performance, it properly communicates the role of employees in advance. It means that the employees know in advance on what standards their performance will be measured, compared, and appraised. This set of pre-determined goals motivates them to give a better performance.

## ***5. Ensuring Order and Discipline***

An efficient control system in an organisation can help its managers in creating an atmosphere of discipline and order in the firm. Besides, controlling also helps in keeping a continuous check on the employees so they can minimise undesirable activities, such as theft, corruption, fraud, etc.



## 6. *Facilitating Coordination in Action*

Controlling process also helps an organisation in facilitating coordination between different divisions and departments by providing the employees with unity of direction. In other words, every employee and department of the organisation is governed by a pre-determined set of goals. It also motivates employees in achieving these common goals through coordination to avoid duplication of efforts.

### **Features of a Good Control System**

1. **Suitable:** A good control system should be suitable for the needs and nature of the organisation.
2. **Simple:** A good controlling system should be easy to operate and understand.
3. **Economical:** The cost of setting, implementing, and maintaining a control system should not be more than the benefits gained from it.
4. **Flexible:** A good control system should have the ability to adjust according to the changing business environment and internal conditions.
5. **Forward Looking:** A good control system should move in a forward direction so that the managers can easily determine the deviations before they actually happen in the organisation.
6. **Objective:** The standards of the organisation, its measurement of performance, and corrective actions should be impersonal and objective.
7. **Management by exception:** A good control system should focus its attention on the significant deviations which are crucial for the organisation,



instead of looking for the deviation which does not have much impact on the business.

## Limitations of Controlling

### *1. Difficulty in Setting Quantitative Standards*

When an organisation cannot define its standards in quantitative terms, the controlling system becomes less effective. **For example**, it is difficult to measure the human behaviour of employees in quantitative terms, which makes it difficult for the firm to measure their performance from the standards.

### *2. Little Control on External Factors*

The controlling system of an organisation can effectively control the internal factors; however, it is not easy to control the external factors of an organisation. **For example**, a firm can check and control any change in its production (internal factor), but cannot keep a check on the changing technological advancement, government policies, etc. (external factors).

### *3. Resistance from employees*

The effectiveness of the controlling system highly depends on whether or not the employees have accepted the process. It means that if the employees think of the control system as a restriction on their freedom, they will resist the system. **For example**, the employees of an organisation might object when they are kept under various restrictions making them feel their freedom is being taken.



## **4. Costly Affair**

Controlling is an expensive process, which means that every employee's performance has to be measured and reported to the higher authorities, which requires a lot of costs, time, and effort. Because of this reason, it becomes difficult for small business firms to afford such an expensive system. Besides, a controlling system is effective only when the benefits gained from it exceed the expenses made on them.

**Reference:** <https://www.geeksforgeeks.org/controlling-nature-importance-and-limitations/?ref=lbp>