

MGMT 3340-Managing People and Work

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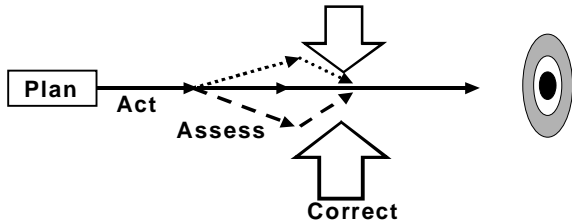
Chapter 16-Control

Achieving through control

Issues considered: What is control? What does control involve? How is control administered? How can control be improved?

What is Control?

The regulatory process of comparing actual performance with standards and taking needed corrective action so that goals are achieved.



What does control involve?

Plan	Set Standards/Tolerances
Act	Put Plans Into Action
Control	Measure Performance
	Compare Performance to Standards
	Identify Deviations From Standards
	Analyze Deviations
	Develop/Implement Corrections
	Improved Performance
Evaluate	Assess/Improve Control Process

Set Standards/Tolerances

Standard:

A basis of comparison used to measure the extent to which various kinds of organizational performance are satisfactory or unsatisfactory

Tolerance:

Specification of the degree of deviation from standard permitted before making corrections

Set Standards/Tolerances

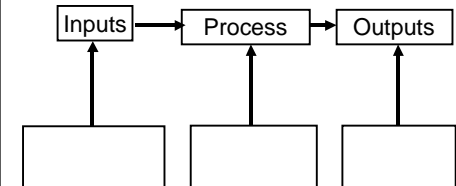
General Types of Standards

Time	How long should action take?
Productivity	How much is to be done?
Cost	What is an action's price?
Quality	What level of perfection is needed?
Behavior	What actions/attitudes are desired?

Specific Types of Standards

Traditional	Contemporary
Standard Financial/ Accounting Measures	Balanced Scorecard Perspective
Return on Investment Return on Equity Cash Flow Total Revenue Profit Margin	How do we look to shareholders? How do customers see us? What should our key strengths be? Can we continue to improve/create value?

Measure Performance

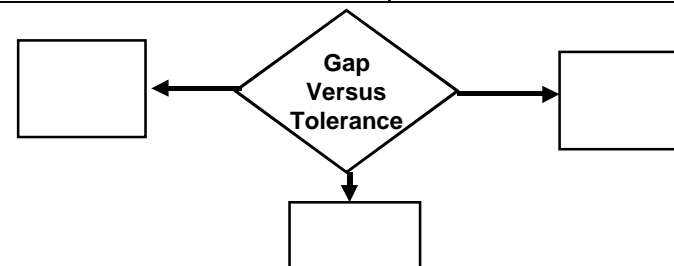


Identifying/Analyzing Deviations

Expected Performance

Actual Performance

Gap



How is control administered?

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<p><u>Bureaucratic Approach</u></p> <p><u>Nature:</u> “Top-Down” management Highly structured procedures/rules Compliance gained by rewards/sanctions Rigid enforcement reduces motivation Greater resistance to change</p> <p><u>Appropriate when:</u> Standardized procedures are needed Action limits are necessary</p>	<p><u>Behavior Approach</u></p> <p><u>Nature:</u> “Right” behaviors lead to goal achievement Rewards/sanctions based on “proper” actions Managers determine behaviors/rewards</p> <p><u>Appropriate when:</u> Behaviors are easier to measure than results “Cause-and-effect” relationships are clear Good measures of behavior are available</p>	<p><u>Objective Approach</u></p> <p><u>Nature:</u> Multiple behaviors may be chosen Rewards/sanctions based on goal achievement</p> <p><u>Appropriate when:</u> Results are easier to measure than behaviors “Cause-and-effect” relationships are unclear Clear output goals/standards can be set Goals/standards are seen as achievable/realistic Output measures are accurate/reliable/equitable Earning incentives dependent on goal achievement</p>
<p><u>Normative Approach</u></p> <p><u>Nature:</u> Culture guides goal-setting/action choices Varied goals and behaviors may be chosen Rewards/sanctions based on culture-consistent results</p> <p><u>Appropriate when:</u> Limited measures of behavior and output are available Organizational culture is strong/communicated effectively Culture-supportive employees can be identified/hired</p>	<p><u>Concertive Approach</u></p> <p><u>Nature:</u> Autonomous work groups develop values/beliefs Group values/beliefs guide goal-setting/action choices Varied goals and behaviors may be chosen Rewards/sanctions based on culture-consistent results</p> <p><u>Appropriate when:</u> Employee ownership of behavior and results is desired More extensive employee-based control is desired Autonomous work groups can be developed Responsibility for results can be delegated to groups</p>	<p><u>Self-Management Approach</u></p> <p><u>Nature:</u> Leaders/managers provide guidelines Leaders/managers teach needed skills Individuals develop varied goals and behaviors Individuals monitor work/determine rewards/sanctions</p> <p><u>Appropriate when:</u> Limited behavior/output measures are available Orientation/motivation toward high performance Self-control/leadership skills possessed/taught</p>

How can control be improved?

Avoid Control Errors	Inappropriate Controls	Unattainable Standards	Contradictory Standards	Uncontrollable Situations	Excessive Flexibility		
Develop Positive Controls	Establish Rationale	Communicate Clearly	Emphasize Reality	Expedite Detection	Promote Accuracy	Evaluate Equitably	Reward/Penalize Appropriately