

UNIT 5

Controlling:

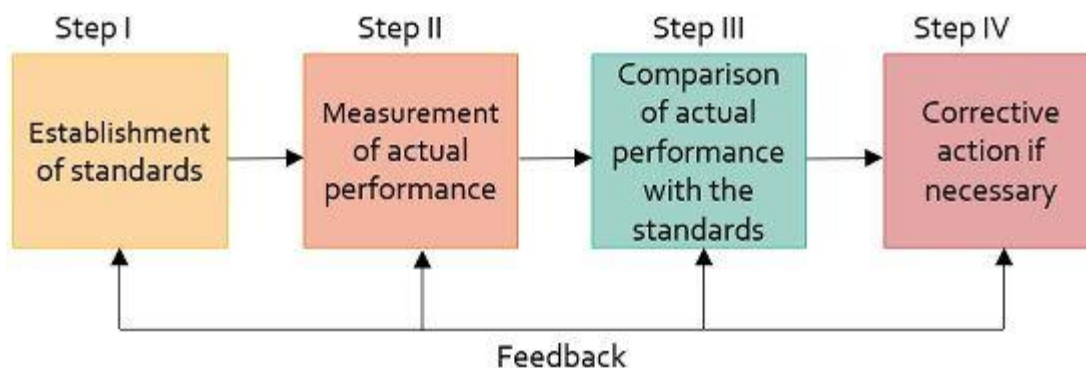
Definition: Control is a primary goal-oriented function of management in an organisation. It is a **process of comparing the actual performance with the set standards of the company** to ensure that activities are performed according to the plans and if not then taking corrective action.

Features of Controlling

- An effective control system has the following features:
- It helps in achieving organizational goals.
- Facilitates optimum utilization of resources.
- It evaluates the accuracy of the standard.
- It also sets discipline and order.
- Motivates the employees and boosts employee morale.
- Ensures future planning by revising standards.
- Improves overall performance of an organization.
- It also minimises errors.

Process of Controlling

Control process involves the following steps as shown in the figure:



- **Establishing standards:** This means setting up of the target which needs to be achieved to meet organisational goals eventually. Standards indicate the criteria of performance.

Control standards are categorized as quantitative and qualitative standards. **Quantitative standards** are expressed in terms of money. **Qualitative standards**, on the other hand, includes intangible items.

- **Measurement of actual performance:** The actual performance of the employee is measured against the target. With the increasing levels of management, the measurement of performance becomes difficult.
- **Comparison of actual performance with the standard:** This compares the degree of difference between the actual performance and the standard.
- **Taking corrective actions:** It is initiated by the manager who corrects any defects in actual performance.

Controlling process thus regulates companies' activities so that actual performance conforms to the standard plan. An effective control system enables managers to avoid circumstances which cause the company's loss.

Types of control

There are three types of control viz.,

1. **Feedback Control:** This process involves collecting information about a finished task, assessing that information and improvising the same type of tasks in the future.
2. **Concurrent control:** It is also called real-time control. It checks any problem and examines it to take action before any loss is incurred. Example: control chart.
3. **Predictive/ feedforward control:** This type of control helps to foresee problem ahead of occurrence. Therefore action can be taken before such a circumstance arises.

In an ever-changing and complex environment, controlling forms an integral part of the organization.

Advantages of controlling

- Saves time and energy
- Allows managers to concentrate on important tasks. This allows better utilization of the managerial resource.
- Helps in timely corrective action to be taken by the manager.
- Managers can delegate tasks so routinely chores can be completed by subordinates.

On the contrary, controlling suffers from the constraint that the organization has no control over external factors. It can turn out to be a costly affair, especially for small companies.

Staffing:

Staffing can be defined as one of the most important functions of management. It involves the process of filling the vacant position of the right personnel at the right job, at right time. Hence, everything will occur in the right manner.

Functions of Staffing

1. The first and foremost function of staffing is to obtain qualified personnel for different jobs position in the organization.
2. In staffing, the right person is recruited for the right jobs, therefore it leads to maximum productivity and higher performance.
3. It helps in promoting the optimum utilization of human resource through various aspects.
4. Job satisfaction and morale of the workers increases through the recruitment of the right person.
5. Staffing helps to ensure better utilization of human resources.
6. It ensures the continuity and growth of the organization, through development managers.

Importance of Staffing

Efficient Performance of Other Functions

For the efficient performance of other functions of management, staffing is its key. Since, if an organization does not have the competent personnel, then it cannot perform the functions of management like planning, organizing and control functions properly.

Effective Use of Technology and Other Resources

What is staffing and technology's connection? Well, it is the human factor that is instrumental in the effective utilization of the latest technology, capital, material, etc. the management can ensure the right kinds of personnel by performing the staffing function.

Optimum Utilization of Human Resources

The wage bill of big concerns is quite high. Also, a huge amount is spent on recruitment, selection, training, and development of employees. To get the optimum output, the staffing function should be performed in an efficient manner.

Development of Human Capital

Another function of staffing is concerned with human capital requirements. Since the management is required to determine in advance the manpower requirements. Therefore, it has also to train and develop the existing personnel for career advancement. This will meet the requirements of the company in the future.

The Motivation of Human Resources

In an organization, the behaviour of individuals is influenced by various factors which are involved such as education level, needs, socio-cultural factors, etc. Therefore, the human aspects of the organization have become very important and so that the workers can also be motivated by financial and non-financial incentives in order to perform their functions properly in achieving the objectives.

Building Higher Morale

The right type of climate should be created for the workers to contribute to the achievement of the organizational objectives. Therefore, by performing the staffing function effectively and efficiently, the management is able to describe the significance and importance which it attaches to the personnel working in the enterprise.

Characteristics of Staffing

People-Centered

Staffing can broadly view as people-centered function and therefore it is relevant for all types of organization. It is concerned with categories of personnel from top to bottom of the organization.

- Blue collar workers (i.e., those working on the machines and engaged in loading, unloading etc.) and white collar workers (i.e., clerical employees).
- Managerial and Non Managerial personal.
- Professionals (eg.- Chartered Accountant, Company Secretary)

Responsibility of Manager

Staffing is the basic function of management which involves that the manager is continuously engaged in performing the staffing function. They are actively associated with the recruitment, selection, training, and appraisal of his subordinates. Therefore the activities are performed by the chief executive, departmental managers and foremen in relation to their subordinates.

Human Skills

Staffing function is mainly concerned with different types of training and development of human resource and therefore the managers should use human relation skill in providing guidance and training to the subordinates. If the staffing function is performed properly, then the human relations in the organization will be cordial and mutually performed in an organized manner.

Continuous Function

Staffing function is to be performed continuously which is equally important for a new and well-established organization. Since in a newly established organization, there has to be recruitment, selection, and training of personnel. As we compare that, the organization which is already a running organization, then at that place every manager is engaged in various staffing activities.

Therefore, he is responsible for managing all the workers in order to get work done for the accomplishment of the overall objectives of an organization.

Short-Term Staffing

A short-term staffing plan focuses on the immediate needs of the company. For example, if you own a retail store and the holiday shopping season is approaching, your short-term staffing plan would focus on finding additional employees on a seasonal basis. Many companies turn to a temporary workforce for short-term staffing needs, especially if the need is only for a specific project or short period of time.

Long-Term Staffing

Long-term staffing involves taking a proactive approach to your company's staffing needs. Most long-term staffing plans cover at least one year. When determining such staffing needs, take into account past turnover, employees who may be retiring or taking a maternity or other leave, expected growth and poorly performing staff members. Once you have a clear picture of your expected staffing needs, you can develop a plan to help recruit the right talent.

Current Global Environment:

Factors affecting global business environment

1. Social factors: These factors include behavior, tastes, socio-cultural and lifestyles patterns of a population. Demographics play an important role in determining buying patterns of population. Age, gender, profession, composition, etc, have an impact on overall buying behavior of population and understanding of such changes is critical for developing corporate strategies. In a globalized environment, the social factors vary from one country to another. For instance, global chain of Quick Service Restaurants (QSR) McDonalds introduce products considering not only the taste and preferences of its domestic consumers, but religion sentiments are also considered at the time of designing menu strategies.

2. Legal factors: These factors involve changes in government laws and regulations. An understanding of these legal regulations is utmost essential owing to increasing trade as well as

financial linkages among the international economies. Laws and concerning rules and regulations are changing over a period of time. To quote, laws relating to consumer health and consumerism are particularly different across nations. So, for successful functioning of business houses, international trade laws and regulations play a pivotal role.

3. Political factors: This refers to political ideologies comprising changes in government policies. These factors have an impact on overall operations of the business. For example, rules relating to foreign direct investments (FDI) and foreign financial flows are changing over the years. These changing patterns are particularly relevant for the emerging markets, like India. On a similar note, fiscal policy initiatives undertaken in the emerging economies are particularly increasing competing elements among the said markets. The international business houses are required to comprehend these political ideologies time and again.

4. Economic factors: These factors involve changes in overall economic structures. Inflationary pressures are the core economic factors driving international business strategies. Increasing living standards imply increasing inflationary pressures due to increase in demand for products. Consequently, increase in demand for the products causes business houses to witness profits. So, an understanding of overall economic conditions is essential for successful operations of business. Other economic factors that affect business include changes in real interest rate, wage rates, unemployment levels, consumer confidence levels, production levels, etc. Increasing consumer confidence also channelize business strategies across the nations.

5. Technological factors: New innovations and inventions always have an impact on overall business operations because the said factors reduce costs and develop new products. With the advent of modern information and communication technologies, relevant information can be transferred from one country to another in just few micro seconds. This further helps in gaining competitive advantage. For instance, international brokerage houses are heavily reliant on modern technologies, whereby buy and sell related strategies are provided with respect to worldwide markets across different nations.

Present Business Trends and Practice:

Environmentally-Friendly Technologies

Local, state and federal governments continue to strengthen environmental measures. Going green now may help a business get ahead of the curve, and they may enjoy tax benefits when they adopt innovative techniques and processes now, instead of later.

Besides regulatory compliance, environmentally-friendly technologies can also lead to long-term savings. Increasing energy efficiency, minimizing waste, and adopting innovative software to streamline processes are all excellent methods to help a business reduce their environmental impact and spend less.

The growing concern for the environment has also led consumers and businesses to re-examine the products and services they buy. Fortunately, going green can help build trust, extend a company's market base, make the company a more attractive option for employees and improve its standing in the community and business world.

Tailored Artificial Intelligence Platforms

Many companies already use AI or are considering it because it can improve business operations and customer service. Until recently, most companies could only afford to access AI through broad as-a-service platforms that required expensive custom engineering to meet a company's specific needs.

In 2020, companies can expect to see a larger pool of providers other than the current tech giants. They'll offer tailored services and applications for specialized or specific tasks, making AI available to SMEs too.

Adoption of 5G

No company can afford to ignore mobile technology, and 5G is likely to be very popular as it delivers more speed, reduced latency and a smoother online experience. Besides the obvious benefits to buyers, 5G can also improve teamwork and business agility. Early 5G adopters may have a distinct advantage over slower competitors.

Ericsson reports the uptake of 5G is happening more quickly than expected. They predict 5G networks will carry 35% of the global mobile traffic by 2024.

Broader Blockchain Application

Blockchain can improve efficiency and secure smart contracts and transactions, regardless of the number of contracts or cross-border payments. It can also increase supply chain transparency and counteract theft and fraud. Gartner suggests blockchain will support the movement and tracking of \$2T of goods and services annually by 2023.

Greater Need for Data Privacy & Protection

The growing threat of cybercrime makes the protection of data more important than ever. Companies must take proactive measures if they want to gain new clients, retain their existing client base and meet ever-increasing data privacy regulations.

In 2020, cloud and mobile security measures will take the forefront as business and consumer rely more heavily on off-site storage and mobile devices. Building consumer trust and effective customer relationship management remain paramount for business success.

Gig Economy Grows

The need for skilled workers in foreign countries increases as businesses expand globally. Luckily, according to a report issued by BCG Henderson Institute, gig platforms increase access to a variety of talent difficult to source through traditional labor markets. This is especially true in emerging countries where gig work has grown by more than 30%.

Those living in the region often have advanced skills and in-depth area knowledge. Many countries are focusing on a national workforce and impose legislative barriers on foreign workers. Hiring internally sidesteps this issue.

In 2020, expect to see more freelance and contract work as it often preferred by workers and business. Many people don't want to commit to full-time employment and companies may want to test the waters before they commit to an employee.

Single-Firm Outsourcing

Most companies see the benefits of outsourcing many of their in-house functions such as payroll, accounting and HR. However, few have the time or inclination to juggle multiple companies. It makes lateral communication and reporting almost impossible. As a result, in 2020 we can expect to see more companies turning to a single company to provide multiple services. They have one point of contact with their outsourcing partner and this company is responsible for performance and delivery. This leads to greater efficiency and transparency, quicker response times and more accountability.

A single-source model also offers cost savings as everything is executed by one company. This simplifies processes and often includes lower prices than if the company sources services from multiple companies. This allows the business to leverage better economies of scale, which can lower consumer end price.

Relying on a single provider for multiple services also provides a better employee and customer experience. The provider ensures consistency in all transactions and trains employees to use software properly. Business can tap into greater expertise and skill for specific tasks while devoting more time to company growth. Outsourced services can also scale with the business as it grows.

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