



LCBB6022 – Leadership & Management Theory and Practice

Component 2: Essay

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Introduction

Management is the process of working with people and organisational resources to achieve objectives efficiently and effectively. Management has become increasingly important because of intense competition between organisations, rapid change caused by digital technology, pressure to comply with laws and ethics, and organisational sustainability, all of which have created a work environment significantly different from those of the past. The pressure to maintain organisational goals in the face of such change requires skilled management to effectively coordinate resources, supervise employees, and direct the organisation towards meeting its goals. The lecture materials define management as a process that consists of a number of interrelated components with a focus on achieving organisational goals using people and resources. The four main managerial functions, which are demonstrated by all types of managers, include planning, organising, leading, and controlling.

Controlling is a crucial function within an organisation and completes the management cycle. Planning identifies the way forward for the organisation and controlling ensures that the organisation is actually travelling in that direction. It involves measuring performance, comparing and evaluating performance against predetermined organisational objectives and taking appropriate action where performance deviates from objectives. Controlling is often mistakenly perceived as a process of supervision or discipline. However, it is also a process concerned with quality assurance, financial control, ensuring and demonstrating compliance, risk management, data protection, employee wellbeing and continuous improvement. This report explores the four key managerial functions and discusses the controlling function in particular. Why is the controlling function so important in organisations of all kinds? What challenges does controlling face and how can managers control in a balanced, ethical and informed manner?

Managerial Functions

Planning is about making decisions about future directions, setting objectives and actions needed to achieve them. It helps to identify opportunities and threats and the resources that will be needed to achieve planned tasks and objectives. Organising links plans with actions by bringing together people and tasks, authority and resources to achieve planned objectives. It involves deciding who will do what, and setting up the organisational structure through departments and sections. Daft, (2021) organisation structures deal with the planning and direction function by determining how employees see their job and how they are connected to other employees in the organisation. Controlling is a fundamental managerial function because it measures organisational performance, compares performance to desired performance goals and takes corrective action whenever necessary (Robbins, Coulter and Randel, 2021).

Leading, as described by Yukl and Gardner (2020) is creating a internal work environment that supports achieving organizational goals by fostering effective teamwork and leadership, communication, team work, support and creating commitment. Robbins, Coulter and Randel (2021) stressed that controlling involves measuring performance, making a judgment about that performance in relation to internal or external standards, and taking actions necessary to adjust performance that is not meeting those standards. Common management control systems include using budgets, conducting audits, quality checks, using Key Performance Indicators (KPIs) to measure performance, conducting risk management and performance reviews. The four functions of management are interdependent and each function – planning, organizing, leading and controlling – requires managers to make adjustments to plans, procedures and leadership communication in order to successfully manage. Controlling is an integral activity to the management process rather than a separate process.

Importance of Control

Controlling is a critical element of the management process because all organisations need accountability, efficient use of resources, and evidence of achievement of stated objectives. In the for-profit sector, private enterprises are competing in an open market, where they must control costs, quality, and customer satisfaction to survive. In the not-for-profit sector, such as government and charities, organisations must control safety, service standards, and efficient use of taxpayers' or donors' money. All organisations must have systems in place to assess whether or not goals are being achieved (Griffin, 2021).

Control is necessary because, while managers' goals differ from those of other stakeholders, they all relate to achieving desired organisational outcomes, and managers must use control to achieve results and to co-ordinate the efforts of other parties in response to market-driven pressure to remain competitive (Bateman, Snell and Konopaske, 2022).

Controlling is not only about detecting errors and misapplication but it is also important to verify if the production is on track to meet the plan objectives as envisioned in the initial plan formulation. This can be verified by referring to the budget, quality system and customers' satisfaction level. If there is any deviation from the objectives, it can be corrected immediately before they turn into disastrous incidents. Research findings (Phan, 2023) indicate that interactive use of management control systems can enhance organisations' resilience and adaptability.

The Boeing 737 MAX disaster is a case in point of the dramatic consequences of poor control, which were detailed in a recent report from the U.S. House Committee on Transportation and Infrastructure (2020).

Controlling also seeks to guarantee quality (and consistency). In some industries such as aviation, healthcare and finance, procedures, checks and audits are in place to prevent errors.

Management adds value through a number of key areas. Organising and co-ordinating the activities of staff is of key importance. Simplifying processes, eliminating waste and improving efficiency are further areas where management can add value. Risk can also be reduced by management. Additionally, management can provide accountability (employees are responsible for their actions) and consistent levels of service quality. The use of transactional controls such

as budgets and checklists, and standard operating procedures are therefore vital in a number of businesses. In trying to manage, managers may sacrifice too much in terms of innovation, learning and employee well-being by opting to manage to performance measures. As a result, effective control is critical and no more critical than the care taken to design and operate systems of control to achieve key organisational objectives.

Today's organisations have to deliver more than just profit. Sustainability and social responsibility are important performance indicators. Controls therefore extend to ethical behaviour, employee and organisation performance, and financial performance. An example of incomplete controlling is a retailer that is meeting its sales and profit targets, but misses targets for waste reduction or for improving employee safety.

Control Challenges

Performance targets can be a powerful driver of performance by motivating employees to deliver better results. However, targets can also be manipulated, downwards shifted in order to foster short-termism or even be faked. Franco-Santos and Otley (2018) provide an example of this in a study of a call centre where managers implemented new performance measures that targeted the time taken to handle calls and as a result employees did their work more efficiently but less effectively.

And of course, there is the human cost too. CIPD wellbeing research has highlighted the role of line managers in supporting the wellbeing of employees, and exposed some of the poor practices that are driving stress, and decreasing employee engagement (CIPD, 2023). Controlling is not just something you can pick up from a recipe book, it's more than a collection of techniques, often 'best practice', and requires some thoughtful consideration. The adoption of digital control of work raises a number of new ethical and legal issues.

In 2024, the European Data Protection Board (EDPB) reported that Amazon France Logistique was fined €32 million. The fine was imposed by the French data protection authority after it had established several infringements in relation to monitoring of employees and inadequate processing of personal data (EDPB, 2024).

But there is also the additional layer of bureaucracy generated by too many controls, reports, approvals and KPIs that can stifle speed and innovation (Cosa and Torelli, 2024). Performance measurement systems in digital organisations must be more dynamic and adaptive than those in pre-digital organisations. Controlling is difficult, because measuring performance is often difficult. This is a problem especially when performance objectives referring to culture, innovations, employee trust, and learning and development are defined. Performance objectives relating to key added value are difficult to measure in terms of value.

While control systems are put in place to measure performance and reward success, they can actually have a negative impact on trust. Targets and performance metrics can actually be demotivating, making people feel that they are not allowed to be flexible or innovative in pursuit of a number or target. Employees and organisations can become less flexible as a result.

Managing Control Issues

Merchant and Van der Stede (2023) recommend that to reduce the negative effects of controlling, managers need a balanced control system. A balanced system for performance, therefore, reduces the potential for 'gaming' by the workforce because no one performance measure will be dominant.

Managerial control involves not only the specification of organisational goals and measures for gauging progress towards them, but also the involvement of employees in the control process. Google's Project Oxygen, identified the key characteristics of effective managers. These were: good coaches or developers; able to work with a wide range of employees; not to get in the way of teams; to encourage open and transparent dialogue within the team, and with others; and to discuss both an employee's performance and their well-being. Managerial control is thus about coaching and employee development, rather than simply correcting errors (Calderon and Newhouse, 2025).

Management of controls also requires that middle managers have the skills to implement and enforce the rules. Managers might consider investing in training for line managers on communicating organisational controls on an on-going basis to ensure that all employees understand how they impact performance. Additionally, managers must have skills to provide constructive feedback, manage their own biases, interpret data, and make ethical decisions. Once in place, managers must conduct regular audits to ensure that the system of controls is accurate, fair, and useful to meet the needs of the organisation. If a control put in place to improve warehouse productivity has resulted in accidents or turnover, management must recognize that the control has a net negative impact on performance.

In addition to measuring and monitoring performance, managers should ensure that they are regularly reviewing the controlling activities in place. There is no single 'best practice' control system and a contingent approach should be adopted. The design of the controlling activities need to take account of organisational size, culture, risk tolerance and the external environment.

Conclusion

Controlling is a fundamental component of management, but is not applicable in the same way in all organisations, be they commercial, public or non-profit making. Controlling safeguards excellence, efficiency, aspects of quality and adherence to plans as well as ensuring responsibility, managing risks and creating trust. For instance, problems at Boeing illustrate the negative effects of an inadequate controlling system. The question organisations face, therefore, is not whether or not they require controlling, but how they should design and exercise it effectively.

The main problems arising during controlling include gaming of performance indicators, resistance on the part of employees, high stress, data protection problems due to digital surveillance, bureaucratic obstacles and difficulties in measuring soft performance indicators. Controlling is thus not only a purely technical task, but also a highly social, ethical and strategic activity. When choosing controlling methods, managers can use a range of measures to reduce the problems, such as using balanced indicators and involving employees in performance targets. A risk-based approach to controls and adherence to data protection rules can help to prevent problems with stress and resistance on the part of employees. Regular review of internal control systems is also recommended. Controlling is an ongoing process for corporate management that seeks to achieve organisational goals in an adequate, responsible, ethical and sustainable way.

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