

HOW FEEDBACK CONTROL IMPACTS THE PLANNING MANAGEMENT FUNCTION

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Abstract: *In this paper we intend to research the controlling process, focusing of the third stage, controlling outputs. In the business system inputs are converted to outputs through a transformation process. The controlling efforts by management may concentrate on inputs, on the process itself, or on outputs. With inputs controls, managers attempt to monitor the resources – material and personnel – that come into the organization to ensure that they can be used effectively to achieve organizational objectives. With process control managers attempt to observe and correct the employee' behavior; observing workers, managers, and machines in the process of doing the organization's work is a tool of management at every level. With outputs control managers are concerned about the quantity and quality of output produced. In a business system the output control is not about a simply checking of what has happened until then, but it is about of taking corrective actions. A manager must determine what activity to measure and when to measure it. A frequent problem is determining what part of the system to monitor. Ideally, every resource, processing activity and output should measured, reported on and compared to a standard. This can be extremely costly and time-consuming. Controls are important to effective management, but employees often view them in a negative way. When the term "control" is mentioned, it reminds some individuals that others have the power to regulate their activities. There is a natural resistance to controls, because controls take away a certain amount of individual freedom. In the practical part of this paper we are concerned about what happened three years after implementation a project financed from the European Social Fund – "Investing in People!", Flexibility and performance by management; we will focus on the third stage of controlling, the output control and unlike the output control in a business system, we will focus only on checking of what has happened three years after the project implementation. We started our research by analyzing the general objective of the project: development of the managers' professional skills for both to prepare them for promoting adaptability and introduction of new technologies, but also the specific ones: professional training of 180 entrepreneurs and managers of SMEs and increasing informing of entrepreneurs and managers from target group regardin the necessity of introducing and compliance with health and safety work rules. We wanted to find out in what extent these objectives were accomplished after three years from the project implementation. For this purpose, we chose the investigation as a research method.*

Keywords: control; feedback; input; process; output; management functions; objectives; effective.

JEL classification: M20

1. Introduction

An organization's manager is responsible for achieving the organization's goals by supervising the use of its resources. There is no best way to carry out any of the basic management functions: planning, organizing, leading, and controlling the team. All styles of leadership work sometimes, but no style works every time. The best approach to take depends on the leader's personality, the workers' skills and backgrounds, and the problems the company is facing at that particular moment. Even if though a company may start out under one system of management, there are a number of contingencies that may cause the firm's situation to change; so, the firm must adapt general principles to the actual needs of one's business, that means a situational or contingency management. Feedback control is a process that the manager uses to help him carry out these four functions. This process gives the manager the necessary information to better execute the control function, allowing the team to meet the standards set by the manager's plans. The controlling process has four steps: establish standards of performance, measure actual performance, compare actual performance against the established standards of performance and take corrective action if they are necessary.

2. Feedback Control and Four Managerial Functions

The activities managers perform can be subdivided into four functions of management: planning, organizing, leading and controlling. There is no doubt that planning is the first management function, on which all the other depend. When a manager plans, he/she establishes objectives for the organization and tries to determine the best way to accomplish them. Planning is just as important when a company is reaching its peak as when it is down in the dumps. Actually, today's business environment changes so rapidly that highs can soon turn into lows.

After the managers of an organization have made their plans they have to figure out how to accomplish their goals by using the resources at their disposal. The most important resource is their employees. The managers must think of all the activities employees must carry out; they must get together a staff capable of doing these things. This aspect of management-the process of arranging resources, primarily people, to carry out the organization's plans-is called organization.

Through the process of organizing, then, managers plan the tasks their employees are supposed to do. But even if managers set up a magnificently logical organizational plan, not all things will necessarily happen the way they have in mind. The results may be very unsatisfactory unless the managers also spend time on a third type of management activity-leading. Leading is a complex managerial function whose primary aim is getting people to work effectively and willingly, but also energize and enable employees so that everyone understands the part they play in achieving organizational goals.

A fourth, very crucial management function is known as controlling-the process of ensuring that organizational objectives are actually be attained and correcting deviations if there is the case. When managers control, they compare where they are with where they should be and take any necessary action.

The managers must monitor how efficiently and effectively an organization are performing the activities for achieving organizational goals and they do that by organizational control. There are three types of control: feedforward control,

concurrent control and feedback control, in accordance with the three stages which takes place in a company: input, conversion and output. The feedforward control come in the input stage and its purpose is to anticipate the problems before they occur. The concurrent control come in the conversion stage and its purpose is to find the problems as they occur, this way giving the managers the opportunity to correct them. The feedback control come in the output stages and its role is to provide information at that moment.

Feedback control consists of all the activities that monitor the performance of the enterprise or of its departments in output stage by comparing to the set objectives, in order to promptly intervene in case of any defects in their achievement. Also, what is produced can be less than what was planned. In this situation, the manager must notice why there is this difference and to take corrective actions. Actually, there are two possibilities: the team can produce more or less than what was planned. In both case the manager must find the answer to the question: why? It is a good thing to obtain more than you planned, but the manager must find the reason, the answer to the question: is this result accidental or the team constantly can produce more? The manager must know the answer because he/she must do a realistic plan in the future. He/she must adjust the plan both if it must be correct down or up. If the plan is a realistic one, but the team does not have the proper productivity, the manager must adjust the work process to increase productivity. The manager can use feedback control to better lead his/her team. The manager can use the result of the control process to inform the employees regarding their individual performance. Giving each employee a feedback, as a consequence of the control process, the manager can better instruct both each team members and the employees as a team, and motivate them to improve their performance.

3. Building an Effective Feedback Control

Feedback control is not effective all the time especially because the changes can be made only after a part of production or even entire process has been completed. More than that, the employees often view the control in a negative way. Employees may not like being controlled, but they will usually accept the fact that some controls are necessary. The major resistance occurs when controls are inappropriate, standards are unattainable or unpredictable, variables cannot be controlled, or standards are contradictory (Mondy et al., 1994).

- *Inappropriate controls.* Often, controls are not related to the objectives of the organization. If the wrong thing is being controlled, this will not contribute to doing the right thing efficiently.
- *Unattainable standards.* Employees usually know when a standard is unrealistic. The establishment of unattainable standards may cause some employees to work below their capabilities.
- *Unpredictable standards.* When the control system is unpredictable and constantly changed, frustration and resentment of the control process can result.
- *No control over variables.* It is frustrating to be reprimanded for something that cannot be controlled.
- *Contradictory standards.* At times, various controls may contradict one another. It may appear to the manager that one standard is achieved, it will be impossible to achieve another.

Although people may be inclined to resist controls, there are means that manager can use to reduce negative reactions. Some of the solutions may appear obvious, but the ineffectiveness of some control systems makes it clear that they are not always employed.

The ways managers overcome negative reaction to control (Mondy et al., 1994):

- *Justifiable controls*: A control system will have higher acceptability if the reason of the controls appears justifiable to those who must comply with it.
- *Understandable expectations*: Employees who know exactly what is expected of them with regard to a control system tend to exhibit less resistance.
- *Realistic standards*. A realistic control system involves standards that are attainable by the employees who work within the control system. At time, it may appear that controls are established merely to harass the workers. Standards that are higher than needed to accomplished the purpose of the organization not only are expensive but may well be resisted by company employees.
- *Timely communication of findings*. For a control system to be effective, information about deviations should communicated to employees as quickly as is practical. It does little good to tell workers that their performance was bellow standards three weeks ago. If a problem is to be corrected, it must receive timely attention.
- *Accurate findings*. Nothing could be worse than to have a control system that provides inaccurate information. If information feedback has proved incorrect in the past, employees may not trust the control system. If workers consistently find errors made by supervisors, all management input may be questioned.

It is vital that managers maintain control and pay maximum attention to each of the control steps: establish standards, evaluate performance and take corrective action.

4. Research methodology

The research is a descriptive one, of transversal type. In order to implement this quantitative research, the investigation was chosen as a research method. In this view, there was drawn up a questionnaire structured in 10 questions. The target population is represented by the course attendants of focus groups within the *Flexibility and performance by management (FPM) Project*, a project financed from the European Social Fund – “Investing in People!”. The data base has in total 76 managers or entrepreneurs from Bihor county, 31 women and 45 men. 48 people completed the questionnaire, which means that response rate is 63%. From those 48 people, 19 are women and 29 are men.

Our objective was to find out whether the long-term goals of *Flexibility and performance by management (FPM) Project* were fulfillment. These objectives were:

General objective: development of the managers' professional skills for both to prepare them for promoting adaptability and introduction of new technologies.

The project will have the following long-term positive effects:

- increasing the number of SMEs that will implement flexible working hours;
- increasing the efficiency of human resources;
- increasing the number of SMEs that will introduce new technologies thereby increasing health and safety at work of employees;
- increasing the introduction of ICT;
- increasing informing and interest of decision makers in SMEs regarding the positive impact of the introduction of new technologies on the environment;
- increasing management performance of the target group, thereby facilitating both the developing of business they manage and the possibility of creating new jobs.

Specific objectives:

- professional training of 180 entrepreneurs and managers of SMEs from two development regions for promoting both new forms of work organization (reduced working hours, home work, flexible working hours) and new low-impact technologies on environment (recycling, no pollution technologies, low energy consumption);
- increasing informing of entrepreneurs and managers from target group regarding the necessity of introducing and compliance with health and safety work rules.

Seven courses were organized for accomplishing these objectives:

- Flexible organization of work and human resources management
- Information and communication technology in management process
- Company economic and financial analyze and the resources efficient management
- Company financial decisions when introducing new technologies
- Business communication and firm audit
- Sustainable development and European standards
- Effective marketing methods

The project objectives were established on long-term, therefore our objective three years later after the attendants finished these courses, was to find out if the project met its objectives.

5. Results and Discussions

The results of our reasearch are presented in Figure 3+5. We analysed in what extent the managers and entrepreneurs who participated at the project:

- Implemented flexible working hours (FWH);
- Implemented new technologies thereby increasing health and safety at work of employees (NT);
- Implemented of ICT (Information and Communication Technology).

In our analyze regarding these issues, we took into account: type of the respondents – entrepreneur/manager (Figure 3), gender-G (Figure 4), age (Figure 5) and level of education LE (Figure 6).

28 of the respondents, 20 entrepreneurs and 8 managers claimed they implemented flexible working hours.

6 respondents, 5 entrepreneurs and 1 manager claimed they implemented new technologies thereby increasing health and safety at work of employees

27 of the respondents, 18 entrepreneurs and 9 managers claimed they introduced ICT.

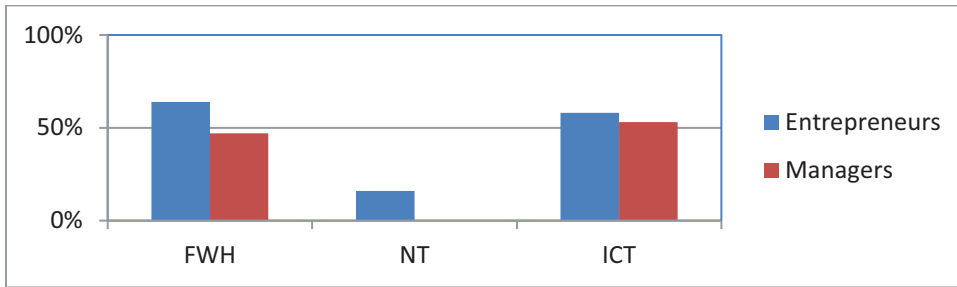


Figure 3: Implementing FWH, NT, ICT – type of the respondents

16 women and 12 men claimed they implemented flexible working hours.

2 women and 4 men claimed they implemented new technologies thereby increasing health and safety at work of employees

9 women and 18 men claimed they introduced ICT.

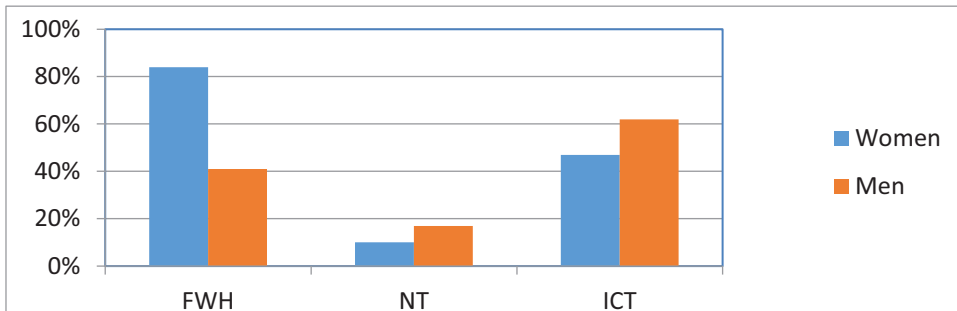


Figure 4: Implementing FWH, NT, ICT - gender

14 respondents under age of 35 and 14 respondents over the age of 35 claimed they implemented flexible working hours.

6 respondents under age of 35 and 0 respondents over the age of 35 claimed they implemented new technologies thereby increasing health and safety at work of employees.

19 respondents under age of 35 and 8 respondents over the age of 35 claimed they introduced ICT.

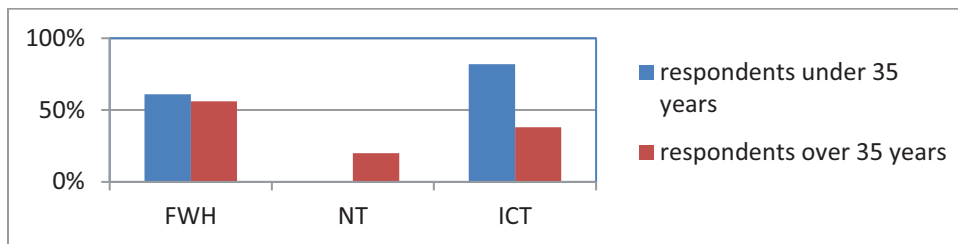


Figure 5: Implementing FWH, NT, ICT – age

26 high level educated respondents and 2 middle educated respondents claimed they implemented flexible working hours.

6 high level educated respondents and 0 middle educated respondents claimed they implemented new technologies thereby increasing health and safety at work of employees.

25 high level educated respondents and 2 middle educated respondents claimed they introduced ICT.

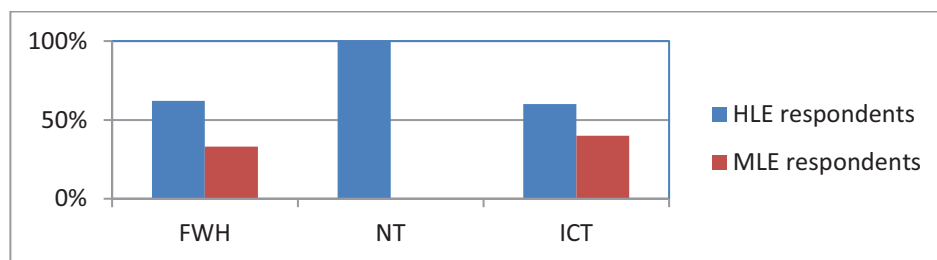


Figure 6: Implementing FWH, NT, ICT – level of education

6. Conclusions

Our practical research findings can be summarized as:

- The entrepreneurs implemented flexible working hours, new technologies and ICT in a greater extent than the managers;
- More women than men claimed they have implemented flexible working hours, but more men than women implemented new technology an ICT;
- More under 35 years old respondents both, implemented flexible working hours and ICT, but more over 35 years old respondents implemented new technology;
- High level educated people implemented flexible working hours, new technologies and ICT in a greater extent than middle educated people.

As our project objectives was increasing the number of SMEs that will implement flexible working hours, new technologies thereby increasing health and safety at work of employees and ICT, we can conclude that the project objectives were accomplished, even if the new technologies were implemented in a low extent. We can consider developing a project and focusing on increasing health and safety at workplace.

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