

REPORTING TO MANAGEMENT

The term “reporting” mean different things as follows:

- a) Narrating some facts,
- (b) Reviewing certain matter with its merits and demerits and offering comments,
- (c) Furnishing data at regular intervals in standardized forms,
- (d) Submitting specific information for particular purpose upon specific request instruction.

Management reporting refers to the formal system whereby relevant required information is furnished to management by means of reports constantly. Thus ‘report’ is the essence of any management reporting system.

The term ‘Report’ normally refers to a formal communication, which moves upwards, i.e., for factual communication by a lower level to a higher level of authority in response to orders received from higher level. Reports provide the means of checking the performance. A person, who is issued with orders or instructions to do certain things, should report back what he has done in compliance thereof. Reports may be oral or written and also routine or special.

DEFINITION OF MANAGEMENT REPORTING

According to Kohler reporting refers to "A body of information organized for presentation or transmission to others. It often includes interpretations, recommendations and findings with supporting evidence in the form of other reports."

‘Management Reporting’ may be defined as "A system of communication, normally in the written

form, of facts which should be brought to the attention of various levels of management who use them to take suitable action." **In** other words the process of providing information to the management is known as Management Reporting. The word "Information" refers to the data processed or evaluated for a specific purpose.

OBJECTIVES OF MANAGEMENT REPORTING

- (1) To obtain the required information relating to the business to discharge its managerial functions of planning, organizing, controlling, directing, and decision making etc. efficiently and effectively.
- (2) To ensure the operational efficiency of the concern.
- (3) To facilitate the maximum utilization of resources.
- (4) To secure industrial understanding among people who are engaged in various aspects of work of enterprise.
- (5) To enable to motivating improving discipline and morale.
- (6) To help the management for effective decision making.

ESSENTIALS OF A GOOD REPORTING SYSTEM

A good reporting system is a better guide and effective tool for efficient managerial decision - making.

Hence, the essentials of a good reporting system are as follows:

1. Proper Form:

In order to facilitate decision-making the information supplied should be in proper form. The style and layout of a report depend upon the needs of the individual who will use the same. The report may be submitted in the form of narration [written statement of facts], statistical tabulations, graphs, charts, etc.

2. Proper Time:

Promptness is very important because information delayed is information denied. Reports are meant for action and when adverse tendencies or events are noticed, actions should follow forthwith. The sooner the report is made, the quicker the corrective action be taken.

3. Proper Flow of Information:

The information should flow from the right level of authority to the level of authority where the decisions are to be made. Further complete and consistent information should flow in a systematic manner.

4. Flexibility:

The system should be capable of being adjusted according to the requirements of the user. For example, production manager should be provided with information relating to his division or area of control only.

5. Facilitation of Evaluation:

The system should distinctively report deviations from standards or estimates. Controllable factors should be distinguished from non-controllable factors and reported separately. A good reporting system should give information required for the evaluation of each manager's area of responsibility in relation to the goals of the organization.

6. Economy:

There is a cost for rendering information and such cost should be compared with benefits derived from the report or loss sustained by not having the report. Economy is an information aspect to be considered while developing reporting system.

7 Principle of Exception :

Since the time and effort of managerial personnel are precious, the principle of management by exception has become the rule of the day instead of exception. It is necessary therefore to draw the attention of management, through reports, only towards exceptional matters.

8 Controllability :

It is necessary that every report should be addressed to a responsibility centre and analysed the factors into controllable and uncontrollable separately. So that the head of the responsibility centre can be held responsible only for controllable variance but not for variances which are beyond his control

CLASSIFICATION OF MANAGEMENT REPORTING

Basically, there are two ways to report to the management. They are (1) Oral Report and (2) Written Report. The Written Reports may be classified into number of ways. The following are the important types:

I. According to Objects:

- (A) External Reports
- (B) Internal Reports
 - (1) Reports Meant for Top Management
 - (2) Reports Meant for Middle Level Management
 - (3) Reports Meant for Junior Level Management

II. According to Period:

- (1) Routine Reports
- (2) Special Reports

III. According to Functions:

- (A) Operating Reports
 - (1) Control Reports
 - (2) Information Reports

(3) Venture Measurement Reports

(B) Financial Reports

(1) Static Reports

(2) Dynamic Reports