



Internal Audit Unit

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Operation Effectiveness

Operations Management refers to the management of an organization's performance in order to achieve maximum levels of efficiency and effectiveness in relation to resource utilization. Operations management involves the decision-making activities and responsibilities of organizational managers to ensure that the products and services provided by the organization to customers are high quality and highly beneficial. Through this, all organizations require careful monitoring and oversight from leadership regarding their operations, to those operation functioning.



Definition

Effectiveness refers to achieving maximum goals with the allocated resources, or achieving the set goals while using fewer resources than what was allocated. In this sense, effectiveness or efficiency refers to:

1. Achieving results higher than expected with the allocated resources. For example: A regulator's on-site company inspection team used to inspect **20 companies** per year with **10 inspectors** assigned. Currently, the regulator now inspects **25 companies** per year with the same **10 inspectors**.

2. Achieving the same set goals while using fewer resources than before (in terms of quantity and quality of



results). For example: Normally **10 farmers** are required to cultivate rice and produce **10 tons per year**, but now only **7 farmers** are needed to cultivate the same rice fields and still produce the same **10 tons per year**.

In summary, if an organization carries out its operations effectively, it will lead to many positive outcomes that help reduce costs and achieve maximum results from the allocated resources.

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Reference:

1. The Excellence of Operation Management by Internal Audit Unit of F.S.A.
2. Performance Audit Guideline

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