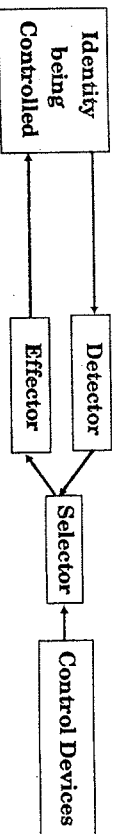


4. Besides these three elements, viz. Detector, Selector and Effector, the control system also includes the means for communicating information such as directives, guidelines, feedback, among these elements.

#### Elements of a Control System



#### Organisational Control

The concept of control system originated in the field of engineering, but it has been adapted to management. In an organisational context also, the control system has the same essential elements as mentioned above.

The function of control is to bring about conformance to organisational requirements and achievement of the ultimate purposes of the organisation.

##### Simple control systems:

- \* Thermostat control of a furnace;
- \* Control of body temperature in living beings;
- \* Control of an automobile by its driver.

However, control process in an organisation is much more complicated and involves a variety of functions such as:

- \* Planning (what the organisation should do),
- \* Coordinating (the activities of the several groups of the organisation),
- \* Generating (performance data),
- \* Evaluating (the data generated),
- \* Deciding (the required action to be taken),
- \* Influencing (making changes in the behaviour of the people),
- \* Processing (feeding information to other functions).

Corresponding to the three levels of management (Top, middle and lower management, the nature and extent of control will also be different).

#### Management Control

It is a process by which managers assure that the resources are obtained and used efficiently and effectively in the accomplishment of the organisation's goals.

#### Features of Management Control

1. A set of actions, such as programming, budgeting, accounting, analysing, monitoring, evaluating and reporting the performance of the individual heads of divisions/sections/units in an organisation.
2. Is exercised by the coordinating agency, i.e. by the top management.
3. Is focused on controlling the performance of each manager/decision-maker.
4. Is intended to aid the achievement of organisational goals.
5. Is concerned both with the efficiency and effectiveness of performance.

#### Management Control and Strategic Planning and Control

Strategic planning is the process of identifying the goals of the organisation and formulating broad strategies to attain these goals. As such it is concerned with the formulation of long range strategic plans, requiring physical, financial and organisational framework within which the operations should carry on.

Strategic control is a process by which management verifies and evaluates the correctness of the underlying assumptions of its strategic plan.

#### Management Control and Operational Control

Operational control ensures that the specific operations or tasks are carried out efficiently and effectively.

Management Control	Operational Control
1. Focuses on all operations (e.g., total operations of manufacturing plants, marketing function)	1. Is limited to a single task or transaction. (e.g., production scheduling, inventory control, pay-roll accounting, cheque handling)
2. Greater degree of judgement and subjective decision-making.	2. Involves little judgement and greater reliance on rules.
3. Often uses integrated, financial, futuristic and historical information.	3. Information is tailor-made to the operation.
4. Long term time control (weekly/monthly or yearly)	4. Mostly day-to-day control.
5. MIS and DSS (Decision Support System) will have applicability.	5. O.R (Operation's Research) techniques can be applied.

#### Characteristics of Management Control Systems

- (a) It embraces the entire operations of an organisation.
- (b) It focuses on programmes and responsibility centres.
- (c) It is usually built around financial responsibility (cost, revenue, profit and investment).
- (d) The processes invariably comprises programming, budgeting, accounting and evaluating the performance of individual managers.
- (e) It is regular not occasional. It follows a definite pattern and time table for implementation.

#### General considerations for designing a Management Control System

- (a) **Top Management Responsibility:** The top management decides the goals, objectives, strategies and structure of an organisation. As such, they have to evolve and coordinate the control system.
- (b) **Organisation Specific:** The system should take into account the external and internal environment of the organisation, nature of the business (manufacturing, service), technology and diversity of operations.