BUS 1370 : Principles of Management

Lesson 10

Organisational Control

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Learning Outcomes

- Explain the importance and purpose of Controlling.
- Describe the process of Controlling.
- Describe the different types of Control.
- Explain the behavioural implications of Control and how to overcome them.

Control

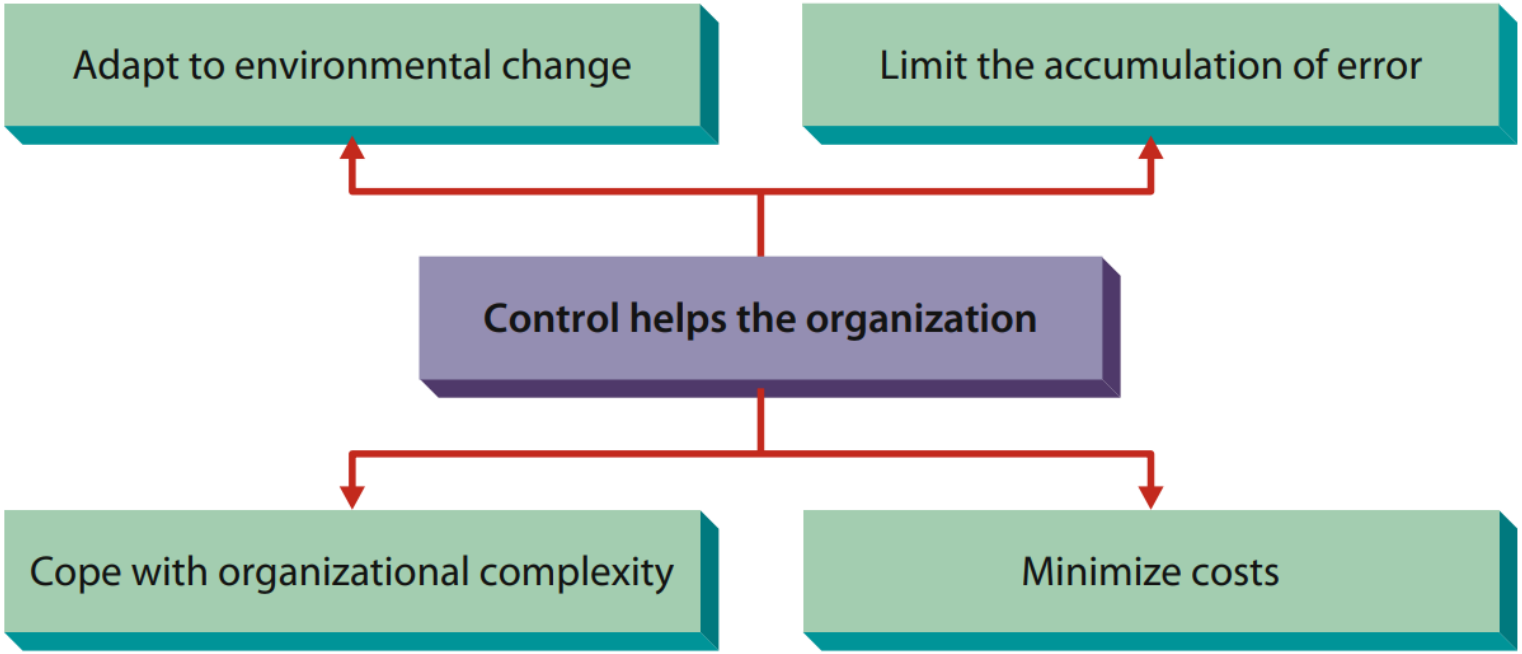
Control is the regulation of organisational activities so that some targeted element of performance remains within acceptable limits.

(Griffin, 2016, p. 426)

Control refers to the systematic process of regulating organisational activities to make them consistent with the expectations established in plans, targets and standards of performance.

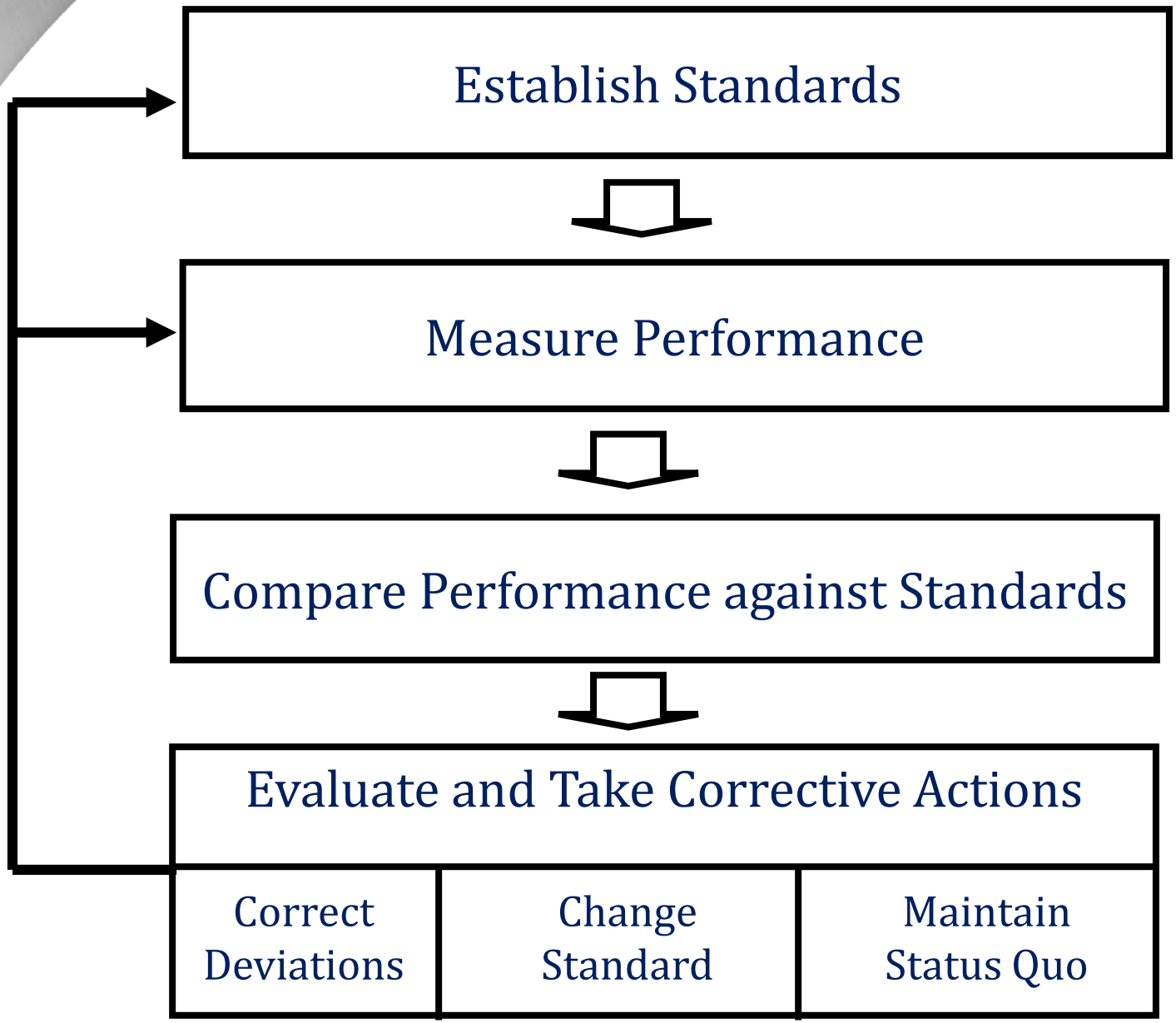
(Daft, 2019, p. 613)

Why we need to Control?



(Griffin, 2016)

Process of Controlling



(Griffin, 2016)

Types of Control

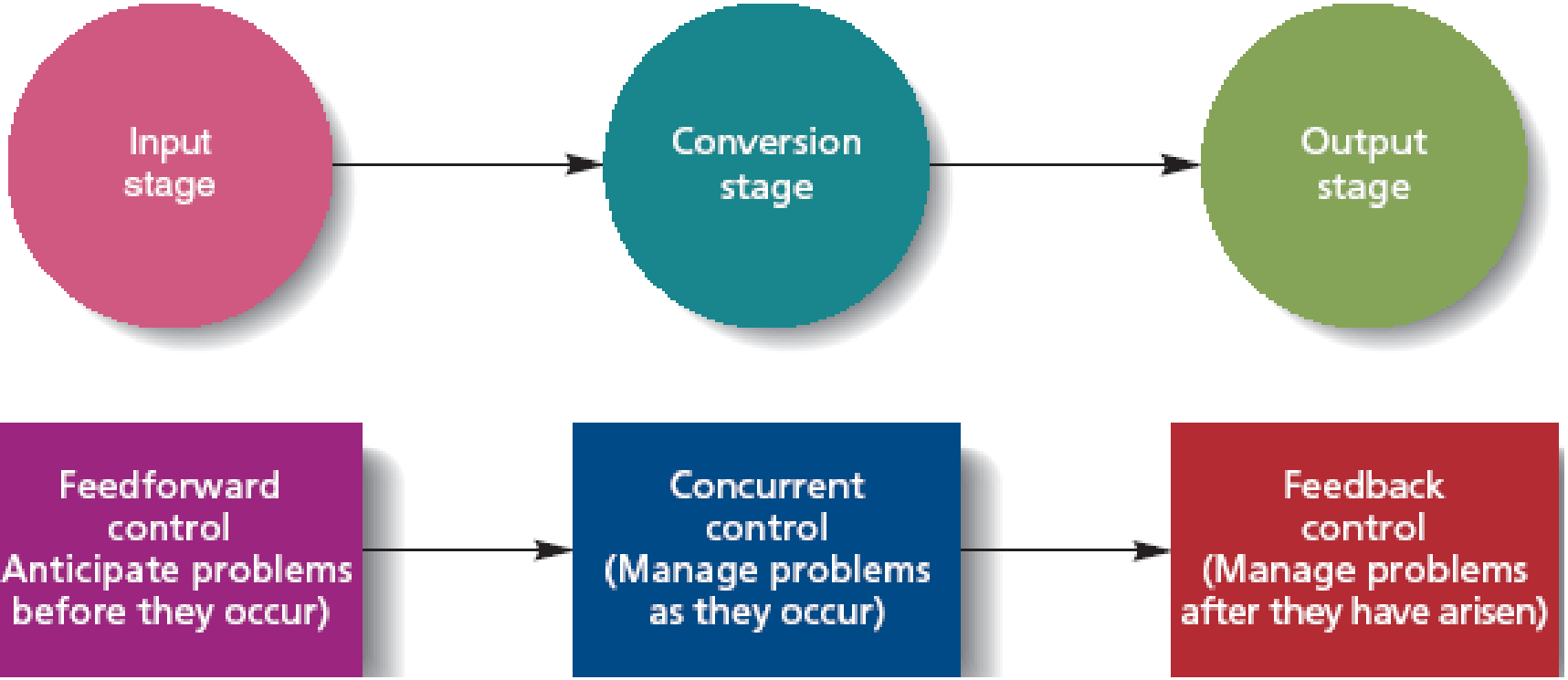
- Operational Control
- Financial Control
- Structural Control
- Strategic Control

Operational Control

Operational Control focuses on the process that an Organisation uses to transform resources into products or services.

- Feed-forward Control / Preliminary Control
- Concurrent Control / Screening Control
- Feed-back Control / Post-action Control

Operational Control :
Three Types of Control



Financial Control

The control of financial resources of an Organisation.

Types of financial controls:

- Budgetary Control
- Financial Statements
- Ratio Analysis
- Financial Audits

Structural Control

- **Bureaucratic Control**

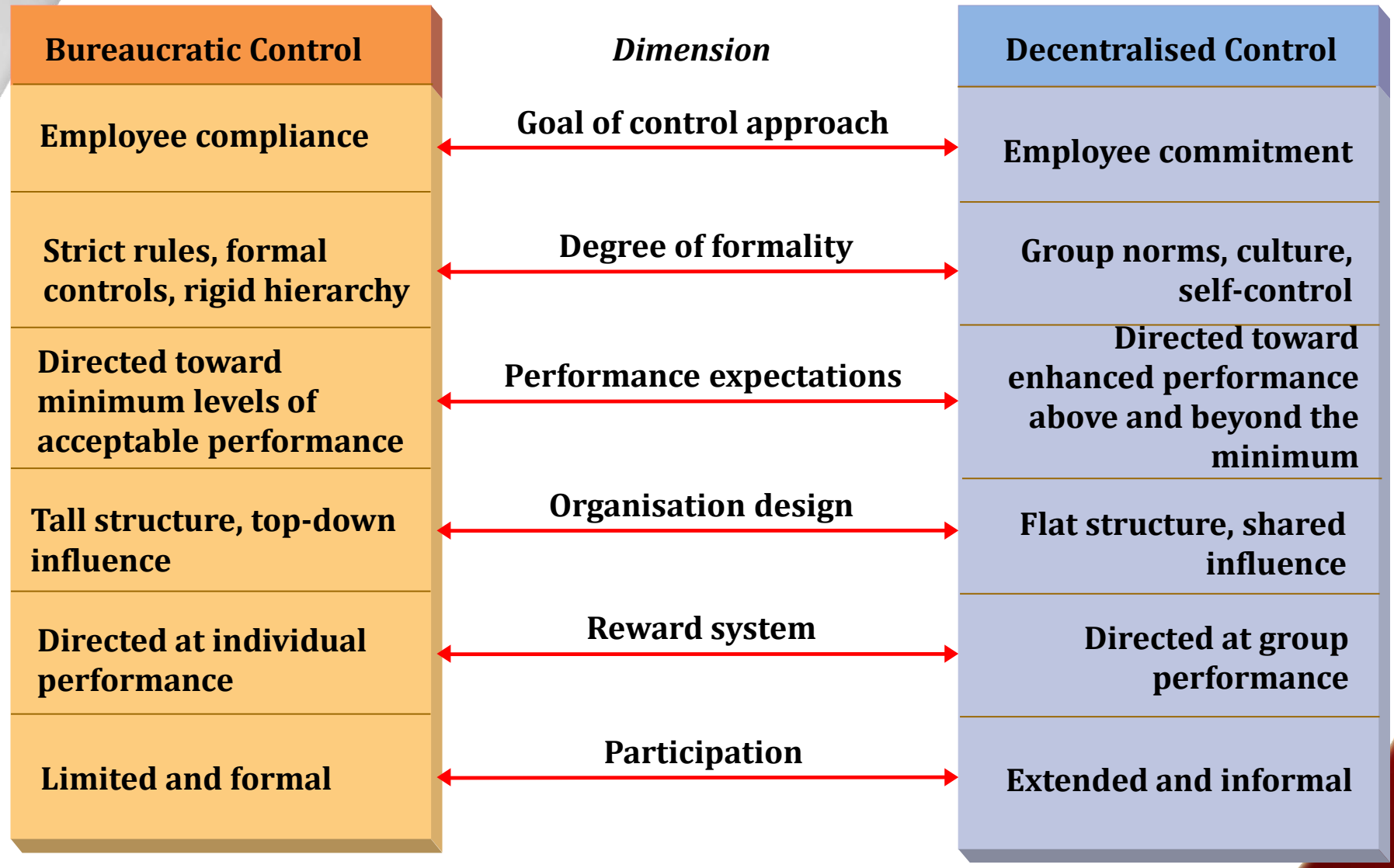
  A form of organisational control characterised by formal and mechanistic structural arrangements.

- **Decentralised Control**

  An approach to organisational control based on informal and organic structural arrangements.

(Griffin, 2016, p. 443)

Structural Control (Contd.)



(Griffin, 2016, p. 442)

Strategic Control

Control aimed at ensuring that the organisation is maintaining an effective alignment with its environment and moving toward achieving its strategic goals.

(Griffin, 2016, p. 443)

Behavioural Implications of Control

- Control affects individual freedom.
- Controls carry status and power implications in Organisations.
- Rewards for inefficiencies.
- Control might lead to employee resistance.
- Excessive control may limit flexibility and creativity.

Guidelines for Managing Behavioural Implications

- Set meaningful, acceptable and attainable standards/targets.
- Establish an effective, accurate and timely two-way communication.
- Reward the attainment of standards/targets.
- Develop voluntary co-operation, participation, sense of responsibility, self-control and self-discipline.

Characteristics ofEffective Controlling

- Flexibility
- Accuracy
- Timeliness
- Integration with planning
- Commitment and participation of all managers

Controlling in Contemporary Organisational Context

Questions

and

Discussion