

Paper –Principles and Practice of Management

Dr. James Hussain

Paper Code-MB-101,

Assistant Professor (Guest Faculty)

MBA, Sem-I

[Email.-mbajames123@gmail.com](mailto:mbajames123@gmail.com)

Topic- Essentials of Effective Control System

Control is necessary in every organisation to ensure that everything is going properly.

Every manager, therefore, should have an effective and adequate control system to assist him in making sure that events conform to plans. However, control does not work automatically, but it requires certain design. While the basic principles involved in designing a control system in organisations may be universal, the actual system in an organisation requires some specific design. In this tailoring of control system, there are certain requirements which should be kept in mind:

1. Reflecting Organisational Needs. All control systems and techniques should reflect the functions they are to perform. There may be several control techniques which have general applicability such as budgeting, costing, etc. However, it should not be assumed that these may be utilised in all situations. The manager should choose an appropriate tool for control which helps him in controlling actions according to plans.

2. Forward Looking. Control should be forward looking. Though many of the controls are instantaneous, they must focus attention as to how future actions can be conformed with plans. In fact, the control system should be such that it provides aid in planning process. This is done in two ways: it draws situations where new planning is needed and it provides some of the data upon which plans can be based.

3. Promptness in Reporting Deviations. The success of a thermostat lies in the fact that it points the deviation promptly and takes corrective actions immediately. Similarly, an Ideal control system detects deviations promptly and informs the manager concerned to take timely actions. This is done through designing good appraisal and information systems.

4. Pointing out Exceptions at Critical Points. Control should point out exceptions at critical points and suggest whether action is to be taken for deviations or not. Some deviations in the organisations have no impact while others, though very little in quantity, may have great significance. Thus, control system should provide information for critical point control and control on exception. The critical point control stresses that effective control requires attention to those factors critical to appraising performance against an individual plan. The control on exception requires that a manager should take corrective action when there is exceptional deviation. The more a manager concentrates his control efforts on exceptions, the more efficient will be the results of his control.

5. Objective. Control should be objective, definite, and determinable in a clear and positive way. The standards of measurement should be quantified as far as possible. If they are not quantifiable such as training effectiveness etc., they must be determinable and verifiable.

6. Flexible. Control system should be flexible so that it remains workable in the case of changed plans, unforeseen circumstances, or outright failures. As Geotz has remarked, "a control system should report such failures and should contain sufficient elements of flexibility to maintain managerial control of operations despite such failures." ¹³ Much flexibility in control can be provided by having alternative plans for various probable situations. In fact, flexible control is normally achieved through flexible plans.

7. Economical. Control should be economical and must be worth its costs. Economy is relative since the benefits vary with the importance of the activity, the size of the operation, the expense that might be incurred in the absence of control, and the contribution that the control system can make. The economy of a control system will depend a great deal on the manager selecting to control only critical factors in areas important to him. If tailored to the job and the size of the enterprise, control will be economical. A large-sized organisation can afford highly complicated techniques, sophisticated tools of control, and more elaborate system of control, but a small-sized organisation cannot afford these because of the cost factor

8. Simple. Control system must be simple and understandable so that all managers can use it effectively. Control techniques which are complicated such as complex mathematical formulae, charts, graphs, advanced statistical methods, and other techniques fail to communicate the meaning of their control data to the managers who use them. Effective control requires consistency with the position, operational responsibility, ability to understand, and needs of the individuals concerned.

9. Motivating. Control system should motivate both controller and controlled. While

planning and control are necessary for economical operations, researches in human relations show that planning and control are, more often than not, antagonistic to good human relations. Sometimes, they may even tend to deprive the people in the organisations one of man's basic needs—a sense of powerfulness and worthwhile accomplishment. The design of control system should be such that aims at motivating people by fulfilling their needs.

10. Reflecting Organisational Pattern. Control should reflect organisational pattern by focusing attention on positions in organisation structure through which deviations are corrected. Organisation structure, a principal vehicle for coordinating the work of people, is also a major means of maintaining control. Thus, in every area of control, it is not enough to know that things are going wrong but it should be known where, in the organisation structure, the deviations are occurring. This enables managers to fix up the responsibility and to take corrective actions.