



## Management control system and its main elements

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**ABSTRACT**

Management control is the process by which managers assume that resources are obtained and used effectively in the accomplishment of organizations objectives. Since Management control system involves the behavior of human beings the relevant principles are those drawn from such disciplines as social responsibility and organizational behavior rather than from economic mathematics or any other discipline. In this paper the main elements of adequate and effective control system are discussed.

### KEYWORDS

management control System, sustainability, feasibility

#### Introduction:

Management control is that function of the managers next in line to top level by which they ensure that the objectives of the organization are achieved. It is not only a process of comparison of actual performance with the objectives but also a process of initiate steps to achieve the objectives, if they are not achieved. This is done without encroaching upon the autonomy and scope of authority of the manager concern. This involves the assessment of a manager performance in quantitative terms and at the same time not laying too much emphasis on quantitative data. Thus management control falls in the discipline area of social psychology. By management control system the objectives of management should be achieved and at the same time emphasis on quantitative performance should not be laid. In fact some of the objectives themselves cannot be exactly quantified for instance objective in respect of research and development, industrial relations etc. the performance of a manager should be judged from qualitative data but it cannot be completely neglected either.

Thus management control is the process by which managers assume that resources are obtained and used effectively in the accomplishment of organizations objectives.

Since management control system involves the behavior of human beings the relevant principles are those drawn from such disciplines as social responsibility and organizational behavior rather than from economic mathematics or any other discipline. The following are the important requirements for effective control system.

#### (1) Objectives:

A system of control can work more effectively when it is based on the main objectives or goals of the organisation. It should be related to the persons. It becomes essential that the standards, which are set by the management, should not be too high or too low. These should be told to the workers in time so that the standards can be judged with the actual performance.

#### (2) Suitability:

A business organisation should adopt such a system of control which suits its requirement. There is no hard and fast rule and readymade system of control which give the correct and most favourable results in all type of organisations and in all circumstances.

Suitability of a system of control differs from organisation to organisation and to make it favourable, it is necessary to know the nature of the business, needs of the workers a circumstances prevailing inside the organisation.

#### (3) Forward looking:

The system of control should be forward looking which enables the managers to keep a control on operations in advance. Each and every deviation from the standards should be noted in time to take corrective action before the task is completed. This will avoid or minimise the deviation in future.

#### (4) Feedback:

The success of a business depends on a system of control and for a systematic control advance planning is needed. This advance planning should be based on actual accurate post information collected through investigation.

The control system should be such that it is based on past information and which would also adjust if necessary to future actions.

#### (5) Quick action:

Management gets the information from various line managers or supervisors about the deviation in standards and these should be suggested to the planner to take a correct and quick action to avoid future wastage. Actually speaking, the success of control depends entirely on quick action and its implementation.

#### (6) Directness:

In order to make the system of control more effective, it is necessary that the relation between the workers and management should be direct. It is quite obvious that if the number of line supervisors is less in the organisation then workers would work effectively and objectives may be achieved in time because they will not take much time in getting the correct information.

#### (7) Flexibility:

The system of control should be such that it accommodates all changes or failures in plans. If plans are to be revised due to change in its objectives, the system of control should also be adjusted to suit the changed circumstances.

#### (8) Economy:

The system of control must be economical. In simple words, cost of the control system should not exceed its benefits. A system of control to be adopted by the organisation should be cheaper in terms of expenses.

#### (9) Regular revision:

The system of control should be based on objective results, after proper technical and analytical studies. They must be revised regularly and kept to meet the objectives of the organisation.

**(10) Active Participation:**

All members in the organisation should participate in the effective implementation of the control system. This is only possible when each and every worker in the organisation is asked to take active part in the discussions and exchange views while selecting the system of control.

**(11) Suggestive:**

The control system should also be suggestive. A system which detects deviations only should not be held good, but should also tell the accurate and correct alternative.

**(12) Competent and talented staff:**

Controlling A system of control can work more effectively if it has talented and competent people to work in the organisation

A control system that detects deviations from plans will be little more than an interesting exercise if it does not show the way to corrective action. An adequate system should disclose where failures are occurring, who is responsible for them, and what should be done about them.

Control system should not be negative . it should be positive, constructive and helpful. Control should not be a command rather it should be a guide, the system really concerned with arrangement for implementing the decisions made in strategic planning. The following are the points may be considered as the characteristics of a management control system

1. It is concerned with all types of forecasting.
2. It is a continuous exercise and even as the work proceeds plans are changed into experience gained.
3. Management must work on the basis of information continuously collected.
4. Research , marketing advertising, must be decided upon and adjusted continuously.
5. The activity is regular, continuous and disciplined
6. A large number of people are involved and the flow of reformation has to be properly organized and channeled.
7. Appraisal is constant
8. The emphasis is on both planning and control as more or less a similar activity

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