

Discuss the types of control you and your friend would use and the control processes the two of you would implement as new owners of the firm.

## **CONTROL PROCESSES THAT SHOULD BE IMPLEMENTED**

### Cybernetic control system

Is defined as a self regulating system in which standards of performance are determined, once operating can automatically monitor the situation and take corrective action. (Management Pacific Rim focus Bartol, Tein, Matthews, Martin 4<sup>th</sup> edition). Cybernetic control makes performance comparisons between the standards and actual performance, and feedback provides information on the variances.

The cybernetic model of control is associated with delivering efficiency in mechanistic organizations (Brownell 1987) that are characterized by formal rules, standardized operation procedures, and routines. This type of control is best suited for the firm as control reduces human discretion and so saves time. Cybernetic control is best suited for large inventories as it can place orders when inventory reaches a specified level (Bartol et al 4<sup>th</sup> edition). It simply isn't possible for managers to carry out this process in a large inventory

## **MANAGERIAL APPROACHES TO IMPLEMENTING CONTROLS**

### Bureaucratic control approach

Bureaucratic control is the use of written rules, policies, hierarchy of authority, standardization, etc., to standardize and control employee behavior. (Bartol et al). this type of approach gives emphasis on fixed duties and narrow subtasks and are external to the person. All of these conditions meeting with the structure of the firm can help it to run smoothly it has disadvantages. Bureaucratic control hinders innovation and inhibits rapid change. For this reason bureaucratic control should be combined with clan control.

### Clan control

According to 'Bartol et al' clan control uses values, beliefs, traditions, corporate culture, shared norms and informal relationships to regulate employee behavior and facilitate reaching of company goals.

Clan control builds commitment to organizational objectives by making employees willing to face change. This replaces bureaucratic control's emphasis on rules and regulation.

For this reason clan control is needed with firms such as this with routine jobs. So in future changes can be made such carrying different stock or more flexible duties for everyone. This will also reduce labor costs as a person can do more then one task. Since there is increased emphasis on clan control, the plant firm can improve productivity and reduce costs.

### **ASSEESING CONTROL SYSTEMS**

To make sure controls are facilitating change and innovation and improvement in the business control systems need to be monitored to ensure they get expected results if problems such as the following are present the control system will need to be looked at carefully.

#### Negative attitudes

Implementing of controls can lead to negative attitudes if controls don't meet the business requirements or are poorly designed (Greenberg and Strasser 1986).

#### Behavioral displacement

Condition in which individuals engage in behaviors encouraged by controls and reward systems though they are inconsistent with organizational goals (Bartol et al 4<sup>th</sup> edition). this occurs mostly due to controls not achieving desired outcomes.

### **EFFECTIVE CONTROL SYSTEM**

Effective control systems have these common characteristics (Merchant 1985; Stoner & Wankel 1986). These include future oriented, acceptable to organization members, realistic, flexible and many more. To asses whether a control system implemented is effective or not it should feature some/most or all of these characteristics.

#### Future oriented

A control system that is effective in this regard will identify to mangers future development opportunities as well as showing where future corrective action is needed (Bartol et al 4<sup>th</sup> edition)

#### Realistic

Employees need to see the control system as being realistic in what to achieve or otherwise they won't follow the control.

#### Acceptable to organization members

Effective control systems are ones that employees accept and that focus on issues consistent with organizational goals. Goals that give helpful data and when collected can be used for improvement in employee performance (McColl 2003b)