Organizational Control

The systematic process through which managers regulate organizational activities to make them consistent with the expectations established in plans, and to help them achieve all predetermined standards of performance.

Process of Control

1. Set performance standards
2. Measure actual performance
3. Compare performance
4. Correct any discrepancies
5. Evaluate performance
Designing the Control System

- Variety
- Anticipate problems
- Measuring device
- Feedback reports

Control System Design Steps

Effectiveness Criteria

- Organizational Strategy
- Utilizes All Steps
- Objective & Subjective Measures
- Timeliness
- Acceptable
Selecting the Proper Amount of Control

- Two basic categories of costs need to be considered relative to control systems:
  - The costs associated with the information needed to perform the control process.
  - The costs associated with undesirable deviations from standards.

Selecting the Proper Amount

- Costs
- Reliability of the system
- Importance of the process

Control Focal Points
Control Philosophies

<table>
<thead>
<tr>
<th>Bureaucratic Control</th>
<th>Organic Control</th>
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</thead>
<tbody>
<tr>
<td>Task-oriented management style</td>
<td>Relationship-oriented management style</td>
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<tr>
<td>Culture favors decision making at the top</td>
<td>Culture encourages employee participation</td>
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<tr>
<td>Employees that lack education and experience</td>
<td>Highly educated, highly trained employees</td>
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<tr>
<td>Performance that can be quantified and measured</td>
<td>Performance that is difficult to measure</td>
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</tbody>
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Financial Statements / Ratios

- Balance sheet
- Income statement
- Liquidity ratios
- Profitability ratios
- Debt ratios
- Activity ratios

Ethical Issues

- Drug Testing
- Undercover Surveillance
- Computer Monitoring