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Principles of Managing Organisations

Lecture 9:

Organisational Control and Power





Last time we....

1. Explained the meaning and importance of leadership in the workplace
2. Considered how it differs from management
3. Contrasted the main approaches to leadership
4. Considered different leadership styles and how leaders behave
5. Evaluated transformational and inspirational leadership
6. Examined how leaders behave and how they exert power and influence
7. Assessed what makes leaders effective and how they can be developed.

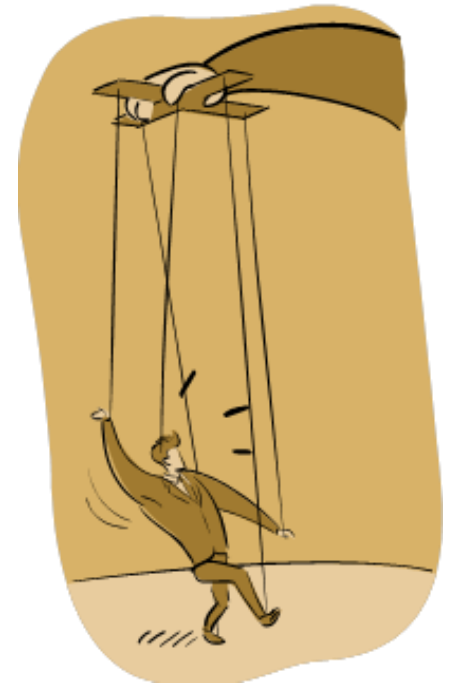
Today's Objectives

1. To understand the importance of control in organisations
2. To examine different types of control
3. To assess what makes an effective management control system
4. To explain power and management control, and review the different perspectives
5. To assess the nature and impact of financial and accounting control systems
6. To explore the concept of empowerment and the manager-subordinate relationship
7. To examine delegation and its benefits
8. To recognise the human and social factors that influence how people behave



Activity

What does the word 'control' mean to you?



The nature of control

‘Organisation implies control. A social organisation is an ordered arrangement of individual human interactions.’

Control processes help circumscribe idiosyncratic behaviours and keep them conformant to the rational plan of the organisation.’

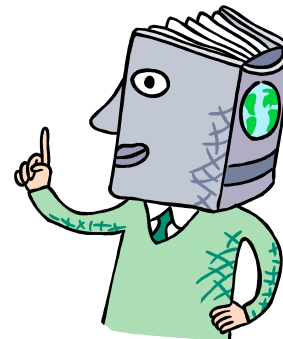
Tannenbaum



Individual behaviour and control

Lawler (1976) : three reasons why employees might want to be subject to a control system:

- To get **feedback on task performance**
- To receive **structure for tasks and performance measurement**
- To receive **reward** where pay is based on performance



The nature of management control

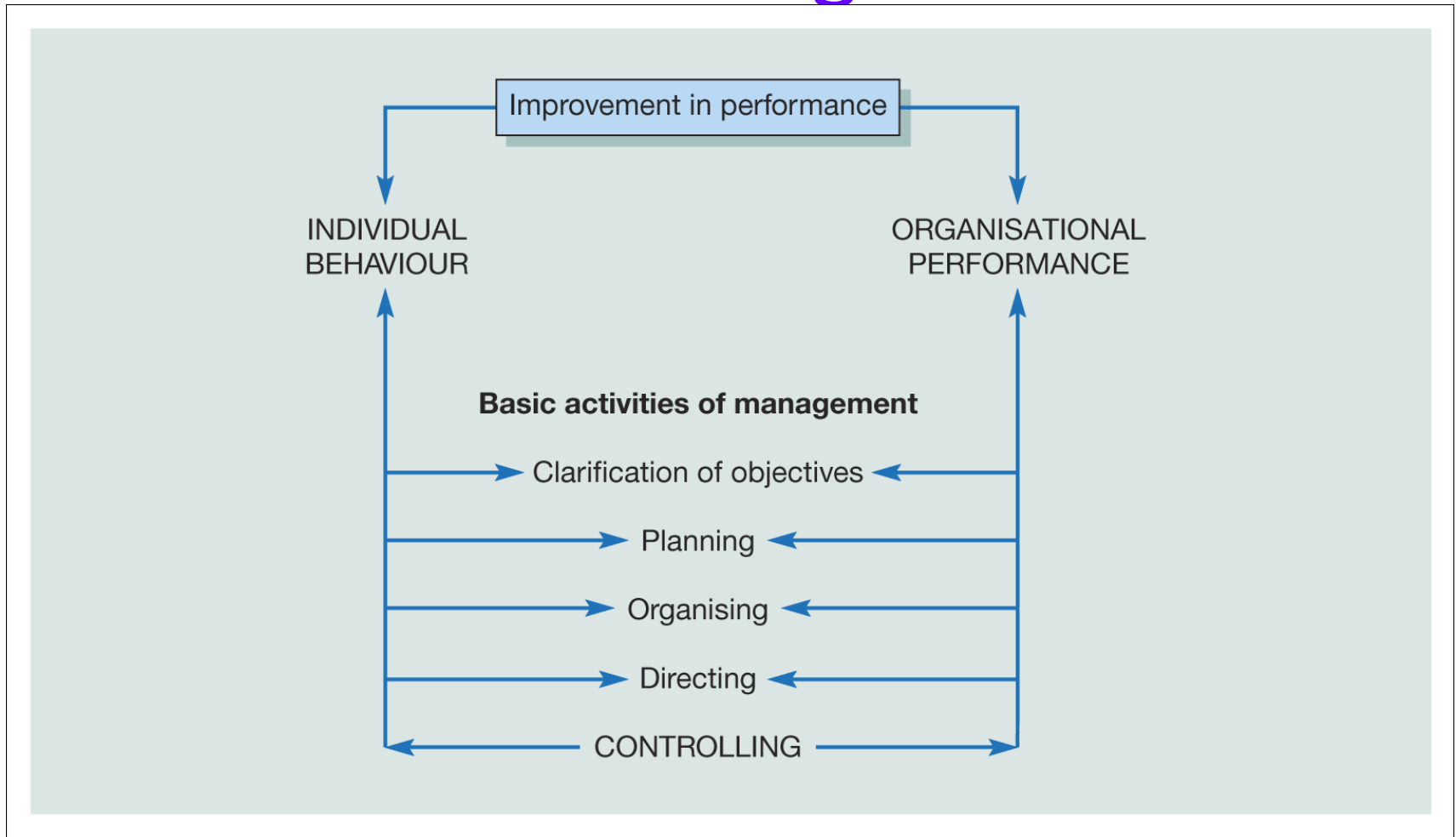


Figure 18.1 The nature of management control

Then and now....

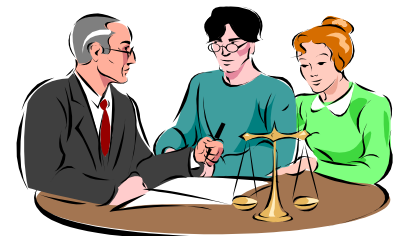
‘Control is the hallmark of the Old World while leadership is a measure of the New’

Obeng (2001)



‘Command and control is out. Consultation and communication is in.....people expect to be consulted not commanded, nurtured not nannied.’

Lucas (2000)



Five stages of organisational control

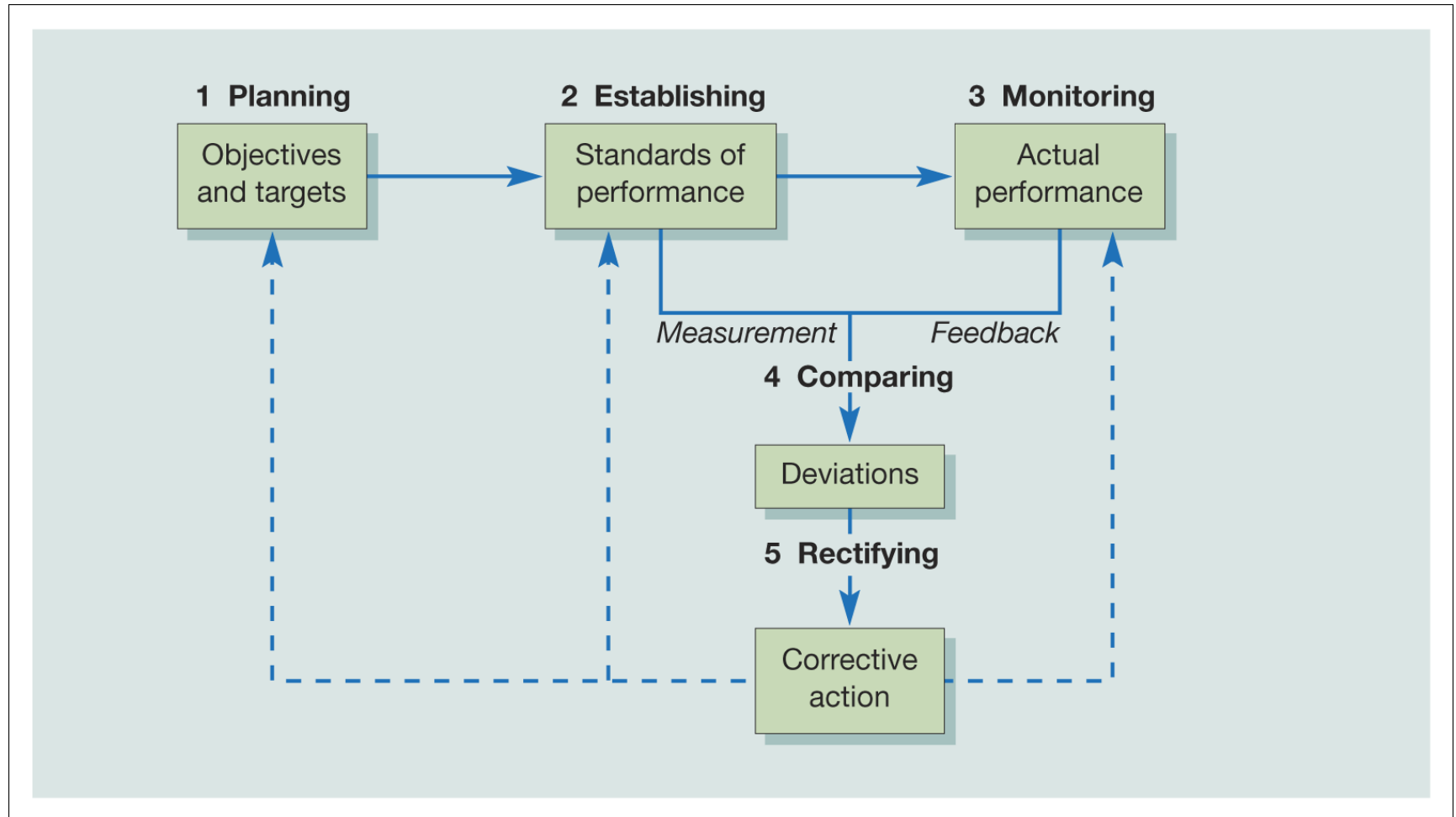
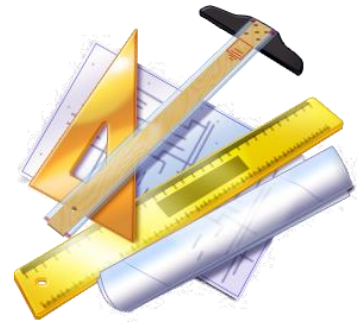


Figure 18.2 The five essential stages of organisational control

Forms of control



- Focus on **measuring** inputs, outputs, processes or behaviour
- Focus on general **results** or specific actions
- Focus on **evaluation** of overall or partial organisational performance
- Focus on **measuring** day-to-day activities
- Focus on **codes of conduct** and behaviour
- **Public sector control**



Strategies of control in organisations: Child

- Personal centralised control
- Bureaucratic control
- Output control
- Control through electronic surveillance
- HRM control
- Cultural control



Personal centralised control

1 Personal centralized control

- 1.1 direct supervision of people's activities
- 1.2 centralized decision taking
- 1.3 personal leadership: founded upon ownership rights, charisma, and/or technical expertise
- 1.4 reward and punishments reinforcing conformity to personal authority

Figure 18.3 Strategies of organisation control

Source: Child, J., *Organization: Contemporary Principles and Practice*, Blackwell Publishing (2005), p. 121. Reproduced with permission from Blackwell Publishing Ltd.

Bureaucratic control

2 Bureaucratic control

- 2.1 breaking down of task into easily definable elements
- 2.2 formally specified methods, procedures and rules applied to the conduct of tasks
- 2.3 budgetary and standard cost-variance accounting controls
- 2.4 technology designed to limit variation in conduct of tasks, with respect to pace, sequence and possibly physical methods*
- 2.5 routine decision taking delegated within prescribed limits
- 2.6 reward and punishment systems reinforcing conformity to procedures and rules

*Some authorities distinguish this as a separate control strategy. For example, Richard Edwards (1979), *Contested Terrain: The Transformation of the Workplace in the Twentieth Century*, New York, Basic Books.

Figure 18.3 Strategies of organisation control (Continued)

Source: Child, J., *Organization: Contemporary Principles and Practice*, Blackwell Publishing (2005), p. 121. Reproduced with permission from Blackwell Publishing Ltd.

Output control

3 Output control

- 3.1 jobs and units designed with responsibility for complete outputs
- 3.2 specification of output standards and targets
- 3.3 use of 'responsibility accounting' systems
- 3.4 delegation of decisions on operational matters: semi-autonomy
- 3.5 reward and punishment linked to attainment of output targets

Figure 18.3 Strategies of organisation control (Continued)

Source: Child, J., *Organization: Contemporary Principles and Practice*, Blackwell Publishing (2005), p. 121. Reproduced with permission from Blackwell Publishing Ltd.

Control via electronic surveillance

4 Control through electronic surveillance

- 4.1 speed and quality of work recorded and assessed remotely via information and communication technology (ICT)
- 4.2 employee's performance assessed against that of other employees and trends
- 4.3 such monitoring of performance used to reward and discipline employees

Figure 18.3 Strategies of organisation control (Continued)

Source: Child, J., *Organization: Contemporary Principles and Practice*, Blackwell Publishing (2005), p. 121. Reproduced with permission from Blackwell Publishing Ltd.

Characteristics of an effective control system



- Is understood by those involved in its operation
- Conforms with the structure of the organisation
- Reports deviations from the desired standards of performance as quickly as possible
- Draws attention to the critical activities which are important to the success of the organisation
- Is flexible
- Is consistent with the objective of the activity to which it relates
- Determines appropriate corrective action
- Is subject to continual review

Power and management control



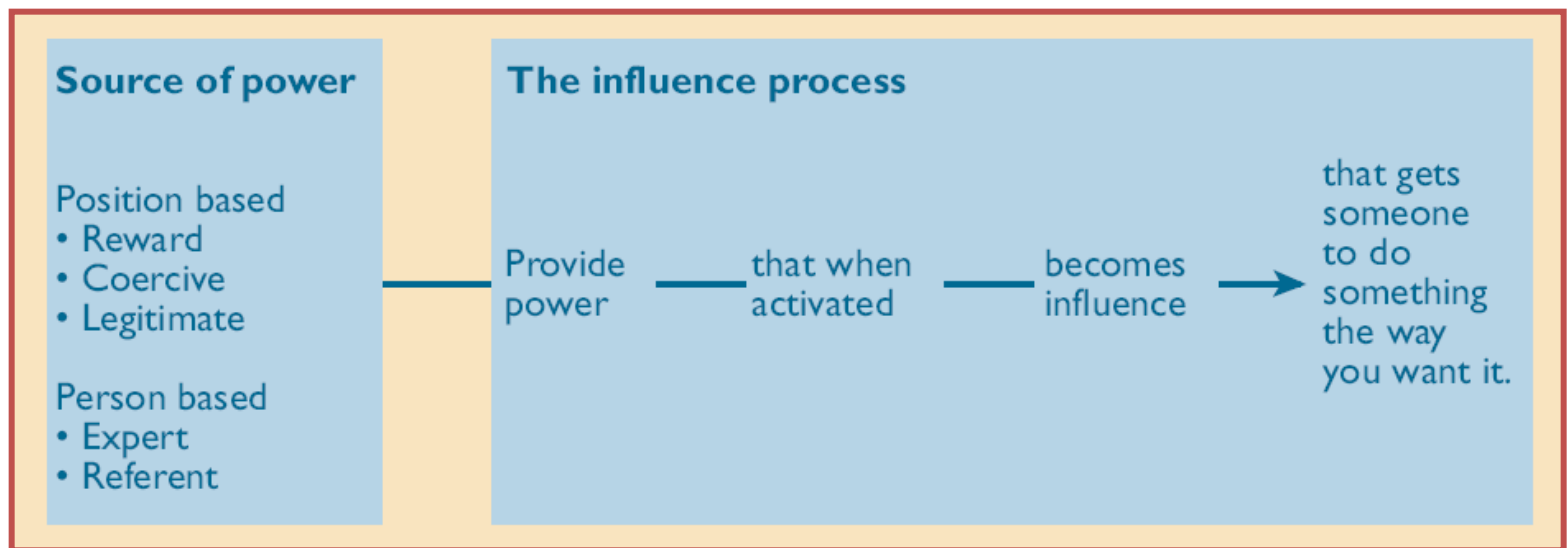
- Power can be interpreted in terms of **control** or **influence over the behaviour of other people with or without their consent.**
- Power is a capacity or a potential.

‘A person can have power over you only if he or she controls something you desire.’

Robbins

<http://youtu.be/6wjuXMwGnxc>

Power sources and the influence process



Power and influence

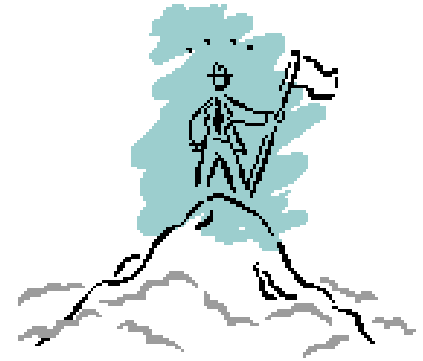
Personal Power

- Expert Power
- Referent Power

Power and influence

Position Power

- Reward power
- Coercive power
- Legitimate power and formal authority
 - legitimate power
 - process power
- Information power



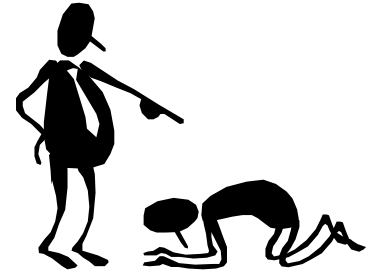
Sources of power: Pfeffer

Ways in which individuals or groups exercise power in organisations:

- Providing resources
- Coping with uncertainty
- Being irreplaceable
- Affecting decision processes
- By consensus



Three main forms of control: Stewart



‘Control can – and should – be exercised in different ways’.

- Direct control by orders, direct supervision and rules and regulations
- Control through standardisation and specialisation
- Control through influencing the way that people think about what they should do

Delegation and empowerment



- Delegation is the process of entrusting authority and responsibility to others.
- Delegation can go upwards or laterally.
- Most delegation is downwards:
 - It is the authorisation to undertake activities that would otherwise be carried out by someone in a more senior position
 - Delegation is a social skill

The manager – subordinate relationship



- Authority
 - The right to take action or make decisions that the manager would otherwise have done
- Responsibility
 - An obligation by the subordinate to perform certain duties or make certain decisions
- Accountability
 - Ultimate responsibility, which **cannot be delegated**

The basis of delegation

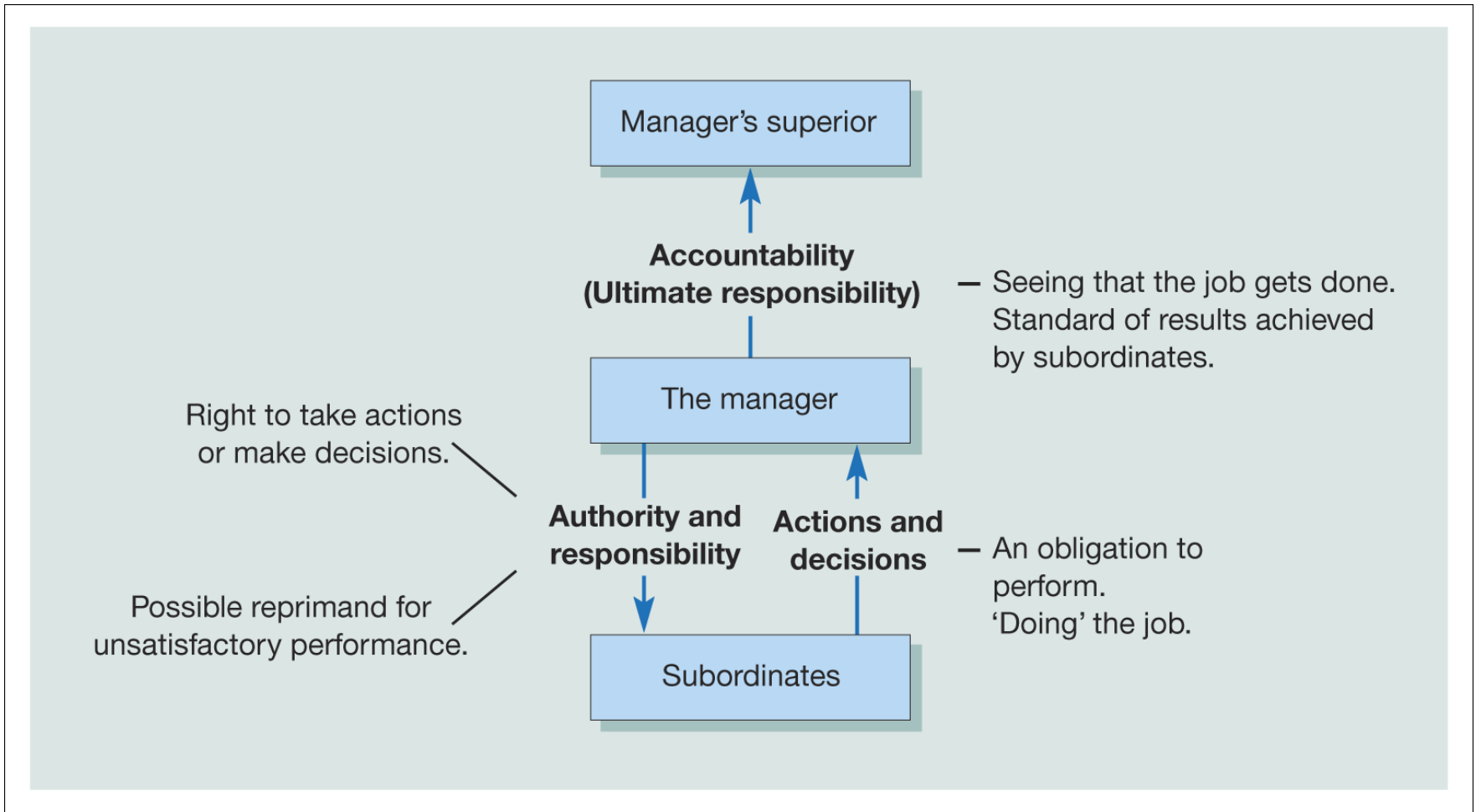


Figure 18.5 The basis of delegation

Benefits of delegation



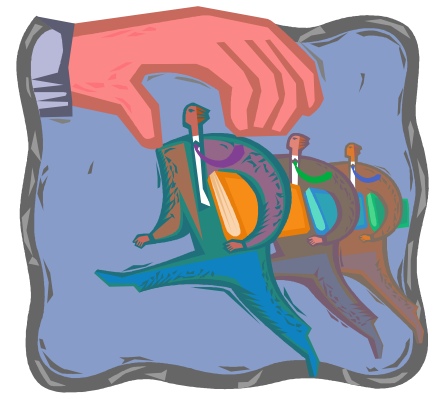
- Makes best use of manager's time
- Means of training and development
- Improves strength of the workforce
- Encourages development of specialist knowledge and skills
- Provides job satisfaction
- Encourages individual participation

Reasons for lack of delegation

- Managers may fear that the subordinate is not capable of doing a sufficient job.
- Managers may fear being blamed for subordinate's mistakes.
- Managers may fear that the subordinate will do too good a job.
- Managers may find it hard to trust others.



A systematic approach to delegation



Four questions to ask before delegating:

- What tasks could be performed better by others?
- What opportunities are there for learning and development through delegation?
- How and to whom should the responsibility be given?
- What forms of monitoring and control would be most appropriate?

Main stages in the process of delegation

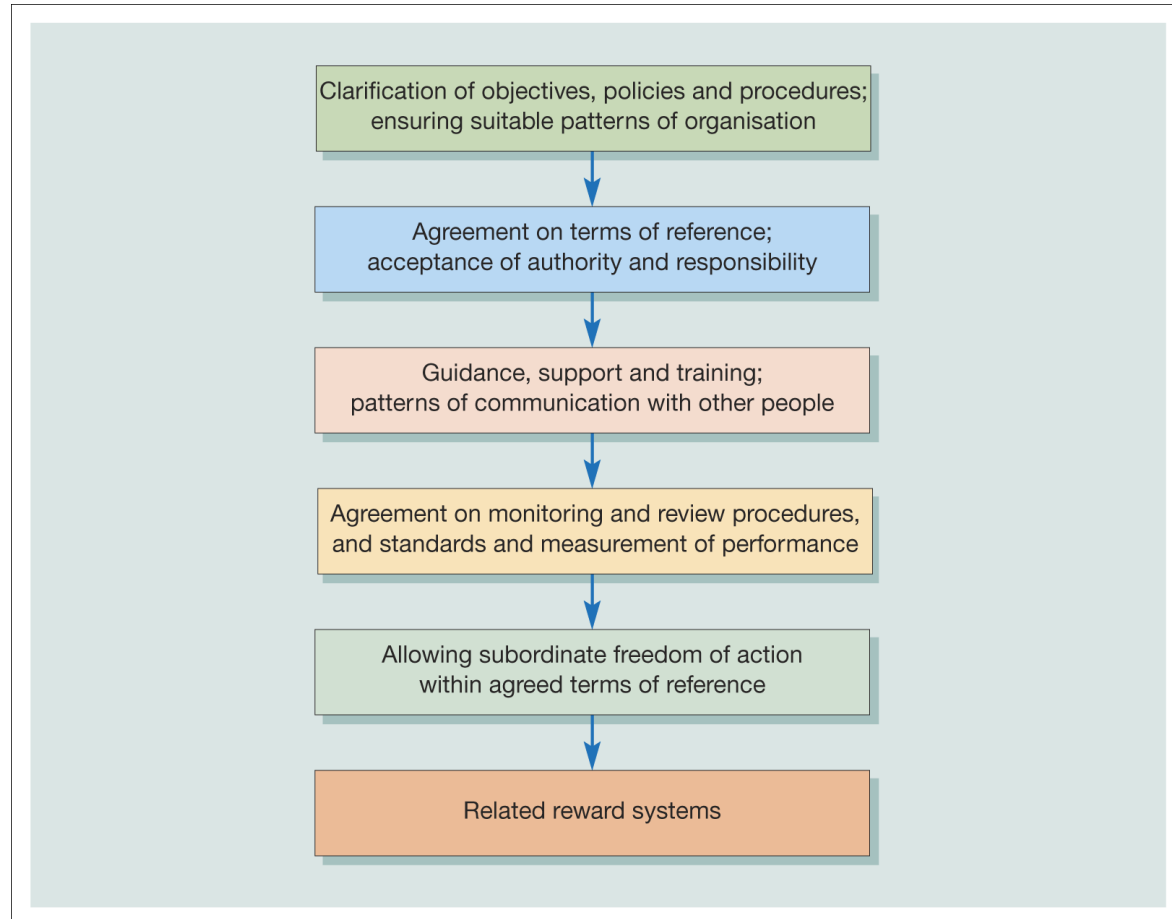


Figure 18.6 Main stages in the process of delegation

Balance between delegation and control

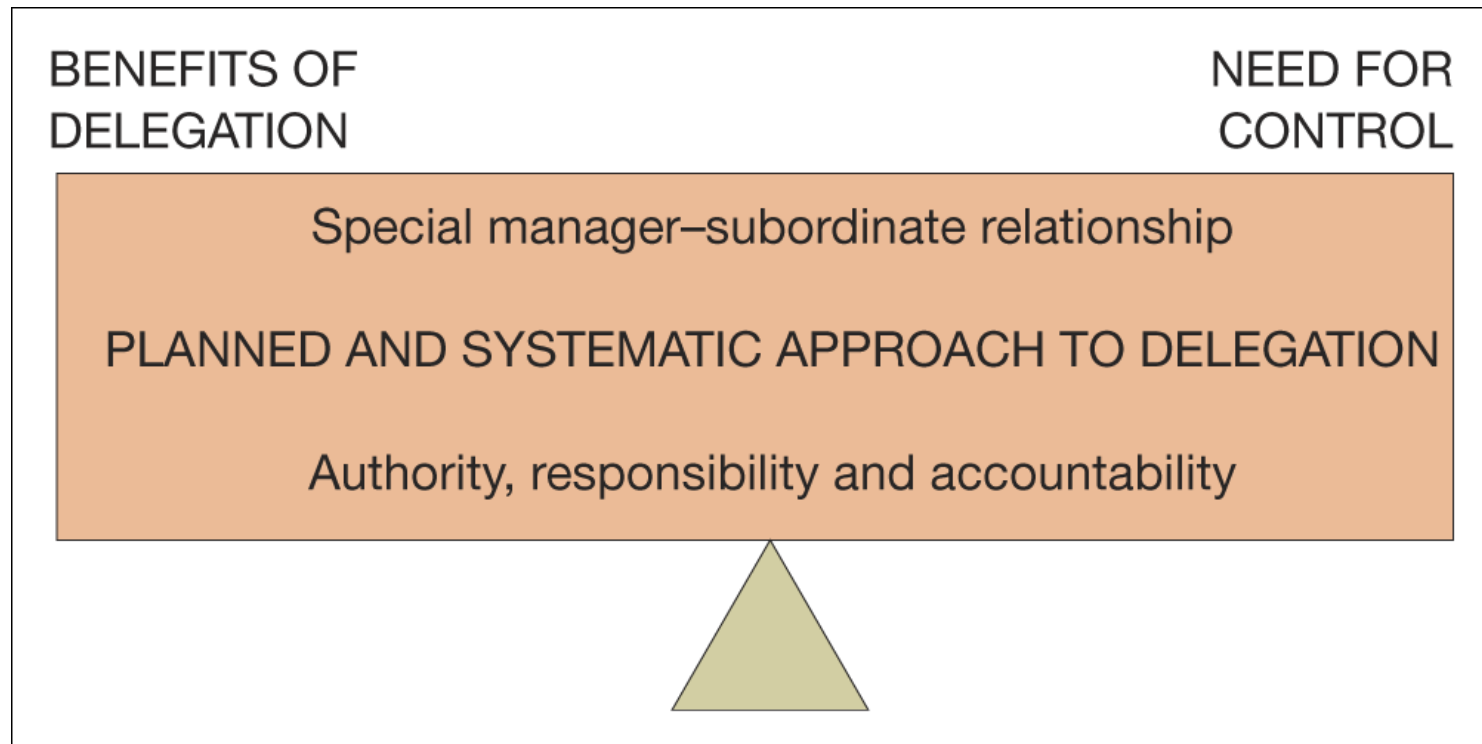
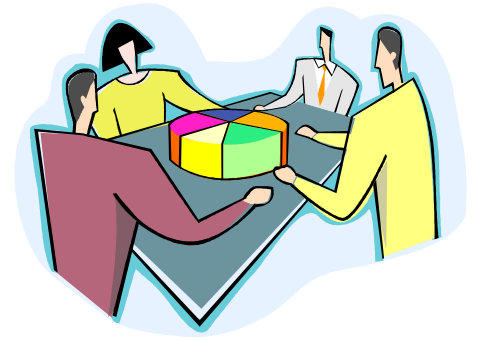


Figure 18.8 Balance between delegation and control

The concept of empowerment



Empowerment is:

- Allowing employees greater freedom, autonomy, and self control over their work, and responsibility for decision making.

‘Today’s leaders understand that you have to give up control to get results. That’s what the talk of empowerment is about.’

Gretton

Potential benefits of empowerment



- The decision-making process can be speedier
- It releases creative and innovative capacities
- It provides for greater job satisfaction, motivation and commitment
- It enables employees to gain a greater sense of achievement
- It reduces unnecessary layers of management and the checking of operations

Green

Behavioural factors in control systems



- Control systems provide an interface between human behaviour and the process of management.
- Control often provokes a negative emotional response from those affected.
- The effectiveness of control systems is dependent on their design and operation.
- And also the way staff respond to them.

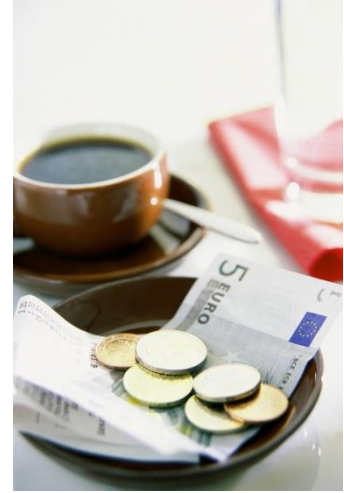
Overcoming resistance to managerial control



Paying attention to the following factors can help reduce resistance to control:

- Consultation and participation
- Motivation
- Organisation structure
- Groups and informal organisation
- Leadership style and systems of management

Financial and accounting systems of control



Often used to control because:

- The stewardship of financial resources is of vital concern in all organisations.
- Organisational aims, objectives and targets are often expressed in financial terms.
- Money is a quantifiable, precise and comprehensible unit of measurement.
- Financial limits are easy to apply as control measures.

Summary



- Control is part of management
- Applies to individual and organisational behaviour
- Systems need to be clear and understood and flexible
- Power also impacts on control
- Empowerment and delegation
- Control v autonomy
- Planning required

<https://youtu.be/xBm-2-HyZPg>





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Tutorials: Assignment preparation

Next time:
Ethics & CSR

<http://youtu.be/RzToNo7A-94>

