The Nature Of Management Control Systems

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Abstract: The development of an increasingly complex organization and the demand to always adapt to the organizational environment, resulting in decision-making processes and management also developed. The process is related to information which is important and valuable in an organization today, because accurate and fast information can greatly help the growth and development of an organization. Therefore, the management of information is seen as important for the smooth running of a job and for analyzing the development of the work itself. This requires learning Management Information Systems in creating, distributing and utilizing information to support management activities, especially decision making in public policy. However, unfortunately many organizations want to build their own Management Information Systems, and have provided sufficient funds, but it turns out that these businesses often fail. The causes include inadequate organizational structure, inadequate organizational plans, inadequate human resources, and most importantly, lack of management participation in the form of manager participation in designing systems, controlling system development efforts and motivating all parties involved.

Index Terms: Nature, Management, Control Systems, Organizational Environment, Management Control Systems, Organizational Structure.

1 INTRODUCTION
Management control systems are categorized as part of the applied behavioral science. Basically, this system contains demands on us on how to run and control a company/organization "Considered good" based on assumptions-certain assumptions. Management control systems have several important features, namely: a) the management control system is used to control the entire organization, including control of all resources used, both human, tools and technology, as well as the results obtained by the organization, so that the process of achieving organizational goals can run smoothly. b) Management control is based on integrated and comprehensive evaluation strategies and techniques, and is less computational in evaluating something. C) Management control is more human-oriented, because management control is more intended to help managers achieve organizational strategy and not to improve detailed records. Management control is a must in an organization that practices decentralization. One view argues that management control systems must be in accordance with the company's strategy. This implies that the strategy was first developed through a formal and rational process, and this strategy then determined the design of the company's management system. An alternative perspective says that strategy arises through experimentation that is influenced by the company's management system. According to this view, management control systems can influence the development of strategies. These two points of view will be discussed, along with their implications in terms of the design of management control system operations. To modify the running headings, select View | Header and Footer. Click inside the text box to type the name of the journal the article is being submitted to and the manuscript identification number. Click the forward arrow in the pop-up tool bar to modify the header or footer on subsequent pages.

2 LITERATURE REVIEW

2.1 Management Control Systems
Management control systems are categorized as part of applied behavior knowledge (applied behavioral science). Basically, this system contains demands on us about how to run and control a company / organization "considered good" based on assumptions certain assumptions. In this case "considered good" means being able to translate/translate, among others: performance benchmarks that reflect the company / organization running efficiently, effectively, and productively. b) Policy in determining benchmarks above. C) Appreciation of the resources owned by the organization of the company. Management control is comprehensive and integrated, meaning that it is more directed to various efforts made by management so that the organizational objectives are fulfilled. So the management control system can be applied to various forms of organization, because the essence of each organization has the same component, namely: a. W = Work (work) b. E = Employee (Labor) c. R = Relationship (Relations) d. E = Environment (Environment) Management control systems can be said as "theoretical knowledge practical. "Therefore in SPM it will be more easy to digest if in learning it always imagine and treat it with human behavior in the life of the organization / company. the essence is to help people in running the organization or company so the results are optimal." Whereas Anthony and Govindarajan in his Management Control System revealed: "Management control is the process by which managers influence other members of the organization to implement the organization strategies." Management control systems have several important features, namely: a) Management control systems are used to control the entire organization, including control of all resources used, both humans, tools and technology, as well as the results obtained by the organization, so that the process of achieving organizational goals can run smoothly. b) Management control is based on integrated and comprehensive evaluation strategies and techniques, and is less computational in evaluating something. C) Management control is more human-oriented, because management control is more intended to help managers achieve organizational strategy and not to improve detailed records.

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2.2 Basic Concepts of Management Control Systems
The basic concept that provides a framework for design and the application of management control systems includes:

1. Components of operations or activities that are continuously installed (A continuous built-in component of operations);
Management control is a series of actions and activities that occur in all organizational activities and run continuously. Management control is not a separate system in an organization, but must be considered as an integral part of every system used by management to regulate and direct its activities. Internal control can also be called management control installed in the organization as part of organizational infrastructure to help management run the organization and achieve its objectives. Thus, the development of knowledge and technology which results in the emergence of new ideas in the form of the application of new mechanisms/methods of work requires the modification of the control system that runs continuously. Example: the existence of access media for banking customers through the internet banking system demands modification of security in a banking management control system so that customers are expected not to suffer losses due to the actions of the parties irresponsible.

2. Management control is influenced by humans;
In reality it is often found that an organization has a good management manual (manual) system, but it is not implemented properly, so that management controls that have been designed do not make a positive contribution to the organization. "A man behind the gun" is a term that matches this factor. Management control systems can be effective if carried out seriously by humans. The responsibility of the management control system depends on management. Management sets goals, designs and implements control mechanisms, monitors and evaluates controls. Thus, all employees in the organization play an important role in achieving an effective management control system. Character and human motivation play an important role in building an effective management control system.

3. Provide adequate confidence, not absolute belief;
The design of a management control system is based on consideration of costs and benefits. No matter how good the design and operation of a management control is in an organization, the system cannot guarantee absolute confidence so that organizational goals can be achieved. External factors that affect management can affect an organization's ability to achieve its objectives. Human error, wrong consideration, and collusion are examples of factors that can hinder the achievement of organizational goals as desired. Thus, management control can provide adequate confidence, not absolute in achieving organizational goals as desired. The electronic version of the manuscript and artwork match the hardcopy exactly! The quality and accuracy of the content of the electronic material submitted is crucial since the content is not recreated, but rather converted into the final published version.

2.3 Types of Management Control
Management control systems can be divided into 5 (five) types:

1. Preventive controls.
Prevention control is intended to prevent mistakes. This control is designed to prevent unwanted results before the incident occurs. Prevention control is effective if the function or personnel performs its role. Examples of preventive controls include: honesty, competent personnel, separation of functions, supervisory reviews and multiple controls. As the proverb says "It is better to prevent than cure" as well as control. Prevention control is far less expensive than detection or corrective control. When designed into a system, preventive control predicts possible errors that reduce the cost of repairs. However, preventive control cannot guarantee the occurrence of errors or fraud so that other controls are still needed to complete them.

2. Detective controls.
As the name implies, detection control is intended to detect an error that has occurred. Bank reconciliation of matching balance in the bank book with the organization's book cash balance is the key to controlling detection of cash balances. Detection control is usually more expensive than preventive control, but is still needed on the grounds: First, detection control can measure the effectiveness of preventive controls. Second, some errors cannot be effectively controlled through a preventive control system so that it must be dealt with detection control when the error occurs. Detection controls include reviews and comparisons such as performance records with independent checking of performance, bank reconciliation, bank balance confirmation, hospitalization cash, physical inventory calculation, accounts receivable/debt confirmation and so on.

3. Corrective controls.
Correction control corrects the problems identified by detection controls. The goal, so that the mistakes that have occurred have not been repeated. Problems or errors can be detected by management itself or by the auditor. If the problem or error is detected by the auditor, the form of corrective control is in the form of implementing a follow-up from the auditor's recommendation.

Directional control is control carried out when the activity is taking place with the aim that activities are carried out in accordance with the applicable policies or conditions. Examples of this control are supervision activities carried out directly by superiors to subordinates or supervision by the foreman on worker activities.

5. Compensating controls.
Compensative control is intended to strengthen control because of the neglect of a control activity. Direct supervision of business owners on the activities of their employees in small businesses because of the absence of separation of functions is an example of compensative control.

2.4 Management Control Process
The process of good management control is actually formal, but the nature of informal controls still occurs. Formal
management controls are stages that are interrelated with each other, consisting of processes:

**a. Programming**
In this stage the company determines the programs that will be implemented and estimates the resources that will be allocated for each program that has been determined.

**b. Budgeting (Budgeting)**
At this budgeting stage the program is planned in detail, expressed in one monetary for a certain period, usually one year. This budget is based on a collection of budgets - budgets from the center of accountability.

**c. Operations and Accounting (Operating and Accounting)**
At this stage the recording of various resources used and receipts - receipts produced is carried out. These records and costs are classified according to the program that has been set. Programming according to the program is used as a basis for future programming.

**d. Reports and Analysis (Reporting and Analysis)**
This stage is most important because it closes a cycle of management control processes so that data for the accounting accountability process can be collected.

Analysis of management reports can include:
- Whether or not the company's strategy is reviewed.
- It is necessary to do the removal, addition, or alteration of the program in the coming year.
- From the analysis of irregularities, it can be concluded that there is a need to change the budget, if it is not realistic.
- From conclusions, conclusions can be taken that there should be improvements to problems that cannot be anticipated.

3 DISCUSSION

**MANAGEMENT CONTROL LIMITS**
Management control is in the middle between formulation of strategies and task control. Management control is a process in which managers influence other organizational members to implement organizational strategies.

**Management control aspects:**
Management control activities its activities include planning, coordinating, communicating, evaluating, deciding and influencing. Management control involves a future situation so that if a manager plans better then he can do it that way, and not use the initial plan.

**Alignment of purpose**
Alignment of objectives allows using the purpose of a member to achieve organizational goals provided that the member's goals are consistent with the goals of the organization.

**Tool for implementing strategies**
Management management is a manager tool in implementing the desired strategy. The control is with an organizational structure that separates roles, reporting relationships and responsibilities.

**Financial and non-financial pressures**
Management control systems measure financial performance that focuses on monetary and other financial results which include product quality, market share, customer satisfaction and employee morale.

**Help in developing new strategies**
Non-financial information can provide a basis for making new strategies called interactive controls. This control invites management attention to the development of both negative and positive developments in developing new strategies.

**Limitations of Management Control Systems**

1. **Insufficient consideration.**
Control effectiveness is often limited by human limitations in decision making. A decision taken by management is generally based on considerations that exist at that time, including available information, time constraints, and several other variables both internal and external (environment). In reality, it is often found that some decisions taken thus give less effective results than what is expected. This limitation is a natural limitation faced by management.

2. **Failure to translate commands.**
Control has been designed as well as possible, but failure can occur due to employees (staff) who misinterpret orders from the leadership. Errors in translating a command can be caused by ignorance or carelessness of the employee concerned. The occurrence of failure can be further aggravated if the failure to translate an order is done by a leader.

3. **Management neglect.**
A management control can be effective if all parties or elements in the organization from the highest to the lowest level carry out their duties and functions in accordance with their authority and responsibility. Even though an organization has adequate management control, the control will not be able to achieve its objectives if the staff or even a leader ignores control. The term "management waiver" is aimed at management actions that control control with the aim of personal gain or to improve the presentation of the conditions of the activities and performance of the organization concerned.

4. **Collusion.**
Collusion is one of the threats of effective control. Separation of functions has been carried out, but if the human is carrying out a conspiracy for personal interests or certain interests other than the organization, then any good control will not be able to detect or prevent an action that is detrimental to the organization. For example, the supervisory consultant for an office building construction activity collects with the suppliers of goods and services that carry out development by providing opportunities for deviations in specifications. This can happen especially if the commitment-making officials of the activity are less active in checking. Another example, collusion that occurs between the provider of goods and services with the recipient of the goods. Goods and services providers deliver goods ordered with different quality and quantity but stated in the billing invoice according to the order. On the other hand, the recipient of the goods processes the receipt of the item as if it...
has been received in accordance with the quality and quantity ordered.

4 Conclusion
Management control systems are categorized as part of applied behavior knowledge (applied behavioral science). Control system elements:

1. A tracker or sensor is a device that measures what actually happens in the process being controlled.
2. Appraisal (assessor) is a device that determines the significance of the actual event by comparing it with some standards or expectations of what should have happened.
3. The Effector is a device (often called “feedback”) that changes behavior if the assessor indicates the need to do so.
4. Network communication is a device that forwards information between the detector and assessor and between the assessor and effector.

Basically, this system contains demands on us about how to run and control a company/organization “considered good” based on assumptions - certain assumptions. Basic concepts 1. Control: An organization must be controlled properly. that is, there must be tools to ensure that the organization’s strategic goals can be achieved. Management Each organization consists of a group of people working together to achieve a common goal (in a business organization the main objective is to obtain a satisfactory level of profit).
3. System A system is a certain way and is repetitive to carry out a group of activities. Based on the discussion above, conclusions can be drawn as follows:

- Basically, this management control system contains demands on us about how to run and control companies / organizations that are “considered good.”
- Management control system, is a systematic business of the company to achieve its objectives by comparing work performance with plans and making appropriate actions to correct important differences.
- Good management is actually formal, but the nature of informal controls still occurs. Formal management controls are stages that are interrelated with each other.
- Several types of management controls, including: prevention, detection, correction, direction and compensation controls.

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