

CHAPTER 20

Strategic Control

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LEARNING OBJECTIVES

- *To understand the relationship between strategy, structure, and control systems.*
- *To identify criteria to track performance of the business against desired objectives.*
- *To gain insights into the role of strategic surveillance.*
- *To learn about the relevance of information systems in strategic control.*
- *To recognize corrective methods for achieving desired strategic intent.*
- *To study the influence of environmental and cultural contexts on strategic control systems.*

INTRODUCTION

Strategic control in an organization is similar to what the steering is in a ship. The concept of steering is at the heart of cybernetics, which is literally derived from the Greek word for a steersman (Glanville, 1995). Steering keeps a ship, for instance, stable on its course. A control system aims towards the goal, and can sense when it is on course to attain it. It can also sense when it is on course not to attain the goal, and act accordingly. This information is fed to the decision-makers, so that the organization's behavior and/or context can be modified. Strategic control systems offer a framework for tracking, evaluating, rewarding, and reorienting the functioning of the business units. In both industrial as well as emerging markets, these systems have become very important for early detection and prevention of corporate scandals, corruptions, and accounting irregularities, as illustrated by the case of electricity sector in India.

In 1994, two companies in India began constructing a new 500 MW power plant. One was Calcutta Electric Supply Company (CESC), a member of the R.P. Goenka business house, in the eastern region state of West Bengal; and the another was Bombay Suburban Electric