A Review of Strategic Control System and Performance Measurement Mechanisms

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ABSTRACT

Strategic control and performance measurement are critical elements in the success of strategies adopted by an organization, as they enable top management to monitor the organization’s performance effectively and redirect organizational action when necessary. However, the task of choosing the right control and performance mechanisms is made difficult by the fact that researchers in this field are still largely divided on whether strategic planning is primarily a deliberate or an emergent process. For example, should strategists try to plan and implement strategic plans, supported by a formalized planning and control system? Or should they move incrementally, behaving as inventors and explorers? The debate is ongoing. Thus, the focus of this paper is on identifying control and performance measurement systems for integrating diverse organizational functions and aligning them with strategic goals. This paper advocates balancing both financial and non-financial measures for achieving strategic success and alignment. Given the diverse business environments in which organizations operate, finding the right mix of control and cooperation mechanisms to ensure synergy can be a complex task. The proposed solution is not to abandon more traditional management control methods and systems, but to use them in a broader control ‘package’ for the effective and efficient achievement of goals – those that encompass both behaviour and output control.

Key Words: strategic control, performance measurement, mechanisms

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