# Design Issues in Management Control Systems: A Systems Framework

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The importance of implementation of corporate strategy cannot be overemphasized. As a matter of fact, we find many good strategies failing miserably for want of effective implementation.[1]

A system that top management should put in place for ensuring effective implementation of the corporate strategy is popularly called management control system (MCS). Just like any other management initiative, MCS should also show up on the twin criteria of effectiveness and efficiency. The effectiveness of MCS lies in its ability to promote and carry out the intended external and internal interactions. Its external interactions stem from its linkages with other systems within the larger control/management environment of the organization. An effective MCS would be an open system that nicely coordinates itself with its external environment. Its internal interactions basically stem from the requirements of strategy implementation and spread over all those managerial levels that are responsible for contributing to the process of implementation. The efficiency of the system lies in prescribing the right information flows.

Taking a systems view, the design issues can be broadly classified as falling into two categories: context environment and content environment. The context environment is external to MCS, whereas the content environment is internal to it. The issues relating to the context environment can be called as domain specification issues, whereas the issues relating to the content environment can be called as system specification issues.