INTRODUCTORY COURSE

COURSE CONTENT:

General Information on Management Control

THE OBJECTIVES OF THE COURSE:

The objectives of this course are to enable you to:

1. Define management control,
2. Understanding its evolution,
3. Situate it in the management process of organizations,

1. *Introduction*

The notion of control used in its Anglo-Saxon sense means “management mastery”. This control is provided by the operational managers and the general management. The management controller’s main task is to help them obtain this mastery.

the term management control was introduced. by Anthony (1965) who defined it as **the process of assuring that resources are obtained and used**. **effectively and efficiently in the accomplishment of the organisation's objectives**. This definition was supplemented by the same author RN Anthony (1988): "Management control is **the process by which managers influence other members of the organization to implement the strategies of the organization in an effective and efficient manner**.

2. GENERAL OVERVIEW OF THE MANAGEMENT CONTROL

Managing a firm involves taking a number of actions (decisions), on one hand strategic that affect the future of the firm in the long term and on the other hand, current decisions (related to normal operation) Which allow the company to function normally in order to ensure its profitability and growth.

Effectiveness:

It is defined in relation to a given objective, It indicates how far the objective has been achieved, It is completely independent of cost. The effectiveness assessment does not take into account management costs or production costs.

Efficiency:

It represents the ability to minimize the means used to achieve an objective. Efficiency can generally be measured by a ratio, that is to say a ratio between two quantities. A production system is efficient if it produces a given number of units, of a given quality, at the lowest cost. If it produces at the lowest cost, but without regard to quality,

The performance

To be competitive, any company must be successful, that is, better than its competitors in both strategy and organization.

In management, performance is defined as the combination of effectiveness and efficiency.

Management control Management control uses mainly accounting and financial information, because it is the accounting that often constitutes the most structured information system and provides relatively reliable information because it can be verified.

The management control tool kit is composed of three main families of tools:

3. ***Management accounting (cost calculation),***

The accounting defines a cost as “the sum of the expenses related to a defined item within the accounting network”. This item can be a product, an operation or a function. According to it the cost is defined by three characteristics:

1. the scope (company function, means of operation, centre of responsibility...),
2. the moment of calculation (a postériori, priori)
3. the content of the cost (full costs, partial costs).
4. The cost calculation is done by analytical accounting.

The latter is until the 1970s, the essential source of analyses conducted by management control, through in particular methods of cost analysis: break-even point, rational allocation of fixed costs ... etc. Its scope has now expanded to the control of the cost relation – value of the product by reference to the market, in the context of management accounting.

5. ***The budget (budgetary management),***

Budget management leads to the implementation of quantified action programmes, called “budgets” Based on forecasts defined as part of the company’s strategic plan, in turn, in operational plans and then in annual short-term action programmes at the level of the various corporate responsibility centres, The aim is to make a calculation of these action programmes in the form of forecasts called budgets As part of the implementation of budgets, management control offers tools adapted to the concerns of each of the company’s functions: Commercial management, production management, supply management and investment management.

6. ***Performance monitoring indicators.***

Some large companies have abandoned conventional budget forecasting as a means of control (PROCTOR, 2002, p. 247). Other performance tools, such as ABC (ActivityBased Costing), JIT Costing (just-in-time), Benchmarking (11) and Balanced Scorecard (BSC: "balanced and forward scorecard") are discussed and adopted by some leading companies, but the majority of companies still rely on traditional budgets.