

## **Research on the Practices of Management Control by Malian Managers: An Investigation in Industrial Units**

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**Abstract.** Faced with an uncertain environment and the economic activity conjuncture, the search for profit is nowadays a major challenge that challenges all industrial companies. Following this environmental constraint, the authors propose in their literature review that management control influences the managerial performance of companies. The purpose of this article is to analyze management control practices in face to the growing needs of industrial enterprises. This study also allows us to have a cross-cutting view of management control practices in Mali. In the trouble to better apprehend the problem of our study, the main question its worn on: What are the methods and tools of management control most used by managers of Malian industrial units? To this end, we conducted a survey of a sample of thirty Malian industrial enterprises in the capital. The results show that management control practices differ from one company to another and that the use of management control has a positive influence on the financial profitability of the company. These results call for additional research.

### **Introduction**

Studies on management control practices and instruments are still little known in the least developed countries, such as sub-Saharan Africa, where research is less limited. Due to the embryonic development of management control research in Black Africa, the management control gait and its tools are an essential step in steering the performance of its companies.

The analysis of its characteristics of management control, the governance of organizations as well as the cultural dimension represent a first step for the study of steering the performance of an economic entity. In Mali the process of economic liberalization and its insertion into the world economy certainly affect the management rules of Malian companies including management control systems. To palliate to this insufficiency of management and specifically increase the efficiency and effectiveness of the management of industrial companies that we have chosen the management control as a crucial tool for the growth of its structures. Under these conditions, the recovery of management control tools by industrial units has become a necessity. Our research problem is as follows: What are the methods and tools of management control most used by managers of Malian industrial units?

This work has aims to better understand the reality and the needs of Malian industrial enterprises in order to identify the desirable evolutions to improve the efficiency and effectiveness of the management of the companies of our sampling which represent today for the countries in development as the Mali the engine of economic growth. A quantitative methodology was mobilized to collect, process and analyze the relative data concerning management control practices and its impact on the performance of industrial companies. We have proceeded a literature review and identification of the problem. The study is conducted on about thirty of the most important industrial enterprises of the Malian economy. The different results are synthesized and analyzed. That's why we decided to do a descriptive study of management control gait and tools in industrial units in Mali.

Following this introduction, we review the literature in section two, section three presents the materials and methods used, section four provides the results and discussions and finally section five discusses the conclusion drawn and the limits of this research.

## **Review of Literature**

Nowadays, the research's on management control practices in developed countries is much more substantial. Through his research we have a large body of work that has corroborated the hypothesis that the use of the management control system affects business performance (eg Davila and Foster 2005, King and Clarkson 2015; et al, 2017, Tsamenyi, Sahadev and Qiao, 2011). Grabner and Moers (2013) defined management control systems as a complete set of control practices that the firm implements (interdependently or not). Indeed, this point of view has been the subject of many studies as illustrated by Bedford and Malmi (2015) and Bedford, Malmi and Sandelin (2016) which show the interest of undertaking research that will determine the inter relationship between the global management control system used by an organization and its internal and external contingency factors (Otley, 2016). Other studies have examined the nature of management control (Chiappelo, 1996), the human dimension of management control (Naro, 1998) and the work of management controllers (Bollecker, 2007). All of these studies focus on budget systems, dashboards and costing methods. However, research on management control in developing countries is much smaller, especially in French-speaking Africa. We have studies on costing methods and tools (Ngongang, 2010) in Cameroon; of Marghich and Errabih (2014) in Morocco. The Burkinabe enterprise management system has been reviewed by Gervais and Kabore (2007). We have here a battery of works and information that allows us to apprehend and equip us on the reality of management control practices in industrial companies in Mali.

## **Materials and Methods**

### **Materials**

For data collection we are interested in Malian companies that are registered in the commercial register. The companies in our sample are classified into two types of categories according to their legal status: public companies and private companies. These private companies are also divided into two sub-groups: there are so-called public limited companies (PLCs) and limited liability companies (LLCs). In total, we administered thirty (30) questionnaires to industrial enterprises in the capital and twenty-three (23) were returned including twenty (20) exploitable. The recovery rate was 76.66%. In order to collect a large number of cases and the specificities of the context studied, our choice is to focus on the quantitative method.

Regarding this quantitative approach, we retained the technique of the questionnaire to better apprehend the leaders of Malian companies on their perception of management control.

### **Methods of Analysis**

Data collected through a well-structured questionnaire were coded and then entered into computer and statistical processing using the Statistical Package for Social Scientists (SPSS). The mean, standard deviations and percentage (%) were used for data analysis.

## **Result and Discussion**

### **Data Analysis**

**Types of Business.** The results in Table 1 show that 75% of the companies surveyed are public limited companies, 10% are limited liability companies and 15% are state-owned companies.

**Organizational Structure.** We see in Table 2 shows that 80% of firms use a vertical organizational structure, 15% adopt a horizontal structure and the remaining 5% have a matrix structure (ie both vertical and horizontal structure).

Table 1. Legal Statut.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid PLCs	15	75.0	75.0	75.0
Valid LLCs	2	10.0	10.0	85.0
Valid STATE	3	15.0	15.0	100.0
Total	20	100.0	100.0	

Table 2. Organizational Structure.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Vertical Structure	16	80.0	80.0	80.0
Valid Horizontal Structure	3	15.0	15.0	95.0
Valid Matrix Structure	1	5.0	5.0	100.0
Total	20	100.0	100.0	

**Action Planning.** Table 3 shows that 70% of the companies in the study develop action plans and in 30% of the cases, no action planning is done.

Table 3. Action Planning.

	Frequency	Percent	Valid Percent	Cumulative Percent
Development of Action Plans	14	70.0	70.0	70.0
Valid No Action Planning is done	6	30.0	30.0	100.0
Total	20	100.0	100.0	

**Allocation of Resources.** In Table 4, the budgets are imposed in 40% of the sample of our study, in 30% of the companies the resources are allocated according to the realities of the moment, 20% of the cases the resources are allocated according to needs and the rest 10% budgets are negotiated.

Table 4. Allocation of Resources.

	Frequency	Percent	Valid Percent	Cumulative Percent
Imposed Budget	8	40.0	40.0	40.0
Negotiated Budget	2	10.0	10.0	50.0
Valid Resource According to need	4	20.0	20.0	70.0
According to the Realities of the moment	6	30.0	30.0	100.0
Total	20	100.0	100.0	

**Procedures Manual.** According to the results in Table 5, procedural manuals are used by managers in 70% of companies. Which means that we are dealing with procedural management in these structures. However, 30% of the samples do not use procedure manuals.

Table 5. Procedures Manual.

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	14	70.0	70.0	70.0
Valid No	6	30.0	30.0	100.0
Total	20	100.0	100.0	

**Quote the Tools you Use.** The data in Table 7 show that 90% of the industrial companies in the study use management control tools: the full cost method, the standard cost method and the ABC method and 10% of the rest use reengineering.

**Budgetary Control is Established.** The results in Table 8 show that in half of the industrial units (50%) established a monthly budget control, 35.5% adopt a quarterly budget control and the remaining 5.5% establish an annual budget control.

Table 6. Quote the Tools you Use.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Full cost method-Standard cost method-ABC method	18	90.0	90.0	90.0
	Reengineering	2	10.0	10.0	100.0
	Total	20	100.0	100.0	

Table 7. Budgetary Control is Established.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Month	10	50.0	50.0	50.0
	Quarterly	7	35.5	35.0	85.0
	Annually	1	5.5	5.0	90.0
	No report is established	2	10.0	10.0	100.0
	Total	20	100.0	100.0	

**Method of Analyzing the Cost.** According to the results in Table 9 below, more than half (55%) of the companies surveyed use the full cost method as a cost analysis method, 30% use the variable cost method and 15% use the cost method. remain adopt the specific cost method.

Table 8. Method of Analyzing the Cost Use.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Full cost method	11	55.0	55.0	55.0
	Variable cost method	6	30.0	30.0	85.0
	Specific cost method	3	15.0	15.0	100.0
	Total	20	100.0	100.0	

## Discussions

In the light of our analysis, it is evident that management control practices differ from one industrial enterprise to another in a developing country like Mali. Depending on the nature of its economic fabric, the reflection focused on the characteristics of management control practices.

In public limited companies (PLCs) around 75% have the following characteristics: a development of management control similar to that of developed countries with a strong structuring of the management control function existing in 3/4 of companies; strong leadership experience in the use of management control techniques; a fairly high level of executive education; highly developed cost calculations in 90% of cases; the use of managers for the implementation of management control tools in 2/3 of cases and management control activities focused specifically on cost analysis, forecasting and management consulting.

For public companies, about 2/3 of these structures have poor management control with a high level of training of employees in charge of the structure but not in the area of management; an undeveloped cost calculation; a vertical organizational structure; state regulation through a procedural manual with the allocation of resources in the form of a budget imposed in 100% of cases; slow diffusion of management control techniques; little management control software (only in 1/3 of the cases); a management control focused on compliance with the rules in these state structures accompanied by a corporate culture insensitive to the management control approach (in 1/3 of the cases).

Limited liability company (LLCs) are characterized by the following characteristics: very weak structuring of the management control function; an embryonic management control system (1 to 3 years of existence); a strong use of external consultants for the implementation of the tools and techniques of management control in all cases; a rather African vision in all these companies questioned; resources are allocated according to the realities of the moment; absence of management control software in 100% of cases; weak management at the operational level (in half

of the cases); a fairly developed cost calculation and a strategy based on the observation of competition.

## **Conclusion**

Our research shows that industrial companies place an important place on the information system. An essential part of these companies adopts a conventional management control of an operational and non-strategic nature. The organization of its companies is rather based on a hierarchical organizational structure. However, the willingness to change observed among the executives questioned must be materialized by the implementation of an evolutionary control system, adaptable to the needs of the company and the economic activity.

The scientific contribution of this research lies in the production of knowledge on management control practices in industrial units of developing countries such as Mali. This will also strengthen the management control system of Malian managers as well as practitioners and professionals in the field, especially in companies with limited liability.

The limitations of this study represent the choice of rather small sampling and the descriptive side of management control. Prospects for future research are to be explored in terms of setting up a management control system in the local communities of the countries of the WAEMU zone (West African Monetary Union).

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