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MANAGEMENT CONTROL IN THE SYSTEM OF INFORMATION SUPPORT OF BUSINESS ACTIVITY

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Abstract

The feasible management control system should take into account the selected priorities for further growth and improvement of quantitative and qualitative indicators of entrepreneurial activity. Developing theoretical and methodological principles, the research of modern scientific idea of managerial control in the system of operational and strategic management was implemented, it defines a set of interconnected management processes and stages of control. The author's approach to the system's scheme for measuring and tracking control parameters is presented. In addition, a comparative characteristic of strategic and operational management control is presented on the following features: control objective, attention concentration of control entity, the factorial influence on entrepreneurial activity, control of internal factors and processes, control of external factors and processes, use of non-financial (quantitative and qualitative) indicators in the process control, the use of control information, the main tasks of control, methods and tools, concentration on risks of enterprise entrepreneurial activity, the use of accounting and analytical data to control them when making managerial decisions, the object of control. The main tasks of strategic management control are defined considering its essence and role. The proposed practical recommendations for strategic management control are aimed at using one of its forms - monitoring of strategic budget indicators. The procedures for strategic management control of budget indicators are determined. These procedures make it possible to control the cause-and-effect relations that are put into strategic target program and determine the influence of factors on certain deviations.

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1. Introduction

Currently, there is still the task of rational use of company's potential in its current activities and it becomes extremely important to implement such management that ensures the adaptation of this entity to a rapidly changing environment. The main task of any managerial link of a business entity is to ensure economic prosperity of the business, which is expressed in the steady growth of its potential. The internal environment of a commercial organization is the source of its vital force. It contains the potential that enables the organization to function, exist and survive in a certain period of time.

The study of the internal environment of the company is aimed at helping management to understand in detail the issues of its activities, to understand whether the strategies used by the organization are feasible, to find out how efficiently the company's resources are used to support these strategies. The importance of researching internal environment is really great, since it is the activity of the company that determines its capacity to get ahead of its competitors, allows managers to identify the potential of a competitive advantage, and identify areas that require urgent intervention to ensure its survival in the market.

In modern economic conditions, management control is of great importance for effective work of the company. Arefyev and Sultanova (2017), Arjaliès and Mundy (2013), Brasel, Doxey, Grenier and Reffett (2016), Guenther, Endrikat and Guenther (2016), Mullahmetov (2016), Terziev and Stoyanov (2017) devoted their works to the formation of effective management control system for various areas of activity. The research of management accounting as an informational component of management control are presented by the works of such authors as Appelbaum, Kogan, Vasarhelyi and Yan (2017), Borovitskaya (2018), Chiapello (2017), Hiebl (2018), Hopper, Lassou and Soobaroyen (2017) and others. Management control tools are studied by Cooper, Ezzamel and Qu (2017), Kaplan and Norton (2007, 2010) and others.

For quality assessment of company's activities, new scientific approaches and methodological developments in managerial control are needed that meet the current conditions of entrepreneurial activity in Russia. Such goal in the research involves the areas for the development of theoretical, methodological and practical provisions for managerial control in entrepreneurial activity.

2. Problem Statement

The objective of this study, which is based on the presented theoretical principles of managerial control in entrepreneurial activity, is to justify the main comparative characteristics of strategic and operational management control, determine the place and purpose of strategic management control.

3. Research Questions

In the framework of this work, the following research areas are highlighted:

- The theoretical provisions of managerial control in entrepreneurial activity are revealed;
- The comparative characteristic of strategic and operational management control in the company's activities is carried out;
- Strategic management control in entrepreneurial activities is presented.

4. Purpose of the Study

The purpose of the study is to develop theoretical and methodological provisions for management control, to develop practical recommendations for strategic management control that meet modern requirements of entrepreneurial activity. Developed scientific and methodological provisions contribute to the theory of management control. Practical recommendations ensure company's achievement of strategic goals.

5. Research Methods

The issues of deepening and expanding scientific and methodological foundations, the development of practical recommendations for managerial control in business are the following:

- To define the interrelated processes and stages of management control;
- To develop the process of adjusting strategies and tactics to achieve strategic and operational goals or adjust the goals themselves based on management control information;
- To give a comparative description of operational and strategic management control;
- To determine the main tasks of strategic management control considering its essence and role;
- To develop practical recommendations on one of the forms of strategic control, where information for decision-making is generated - control of strategic budget indicators.

6. Findings

6.1. Theoretical provisions of management control in business

In the context of a globalized economy and increased competition, the need for new control and evaluation systems for company management becomes apparent. The external and internal environment of the company is quite variable and is not always predictable. Managers face serious tasks, firstly, to monitor how successfully the company moves towards its strategic goals; and, secondly, to determine whether it can achieve them, and if not, then what has to be changed.

The formation of control data, in our opinion, can be ensured by using a balanced scorecard and budget control for deviations in strategic budget. The stages of management control are the following ones:

The first stage. Defining indicators by which the implementation of the strategy and tactics will be evaluated.

The second stage. Developing the system for measuring and tracking control parameters or, it means, the methodology of data formation for control.

The third stage. Comparison of the real control parameters with their desired values.

The fourth stage. Elaborating the criteria for evaluating the result of the comparison and decision-making on company's performance in implementing the strategy when achieving strategic and operational goals.

In theory and practice, there are various approach systems schemes for measuring and tracking control parameters. Based on the results of the control, there are such situations:

- 1) The real state corresponds to the desired;
- 2) The real state of the organization is better than desired;

3) The real state is worse than desired.

The results encourage company's management to make decisions on adjusting strategies and tactics to achieve strategic and operational goals or adjust the goals themselves. In our opinion, it is advisable to make adjustments according to the following scheme.

First step. Revision of control parameters. To implement this procedure, managers compare the selected goals with the current state of external and internal environment in which the company operates.

Second step. Adjustment of strategy and tactics. To implement this procedure, managers make a comparison: firstly, how the change in the external environment affected the process of carrying the chosen strategy and tactics, and secondly, how much these changes will affect the achievement of the goals themselves.

The adjustment of the strategy, tactics, control parameters or their numerical values, in our opinion, should be based on the following assumptions:

- If deviations in the control parameters indicate a positive trend (change in parameters by more than 5%), then the real state of the company is better than desired and regulatory decisions need to be made to consolidate and further develop initiatives;
- If deviations of the control parameters indicate negative dynamics (change in parameters by more than 5%), then the real state of the company is worse than desired. In this situation, it is necessary to determine the influence of factors (external or internal) that have a significant change in the current state of the company, and take regulatory decisions to either mitigate the impact of the external environment or to strengthen its opposition to the internal environment.

6.2. Comparative characteristics of strategic and operational management control in a commercial organization

Company management includes two complementary types of management activities - strategic and current (operational) management. Each type corresponds to a management control system. Comparative characteristics of operational and strategic management control are presented in Table 01.

Table 01. Comparative characteristics of strategic and operational management control

Strategic management control	Operational management control
<i>Aim of the control</i>	
Collection and synthesis of control data for completing the mission and strategic goals, monitoring the process of achieving them	The formation of control data to achieve operational (medium and short term) goals
<i>Concentration of attention of control entity</i>	
On external and internal environment	On internal environment
<i>The influence of factors on entrepreneurial activity</i>	
The influence of external factors of mega -, meso - and macroenvironment and internal factors of microenvironment is equal	The influence of internal factors of the microenvironment is bigger and the influence of external factors of the macroenvironment is small
<i>Control of internal factors and processes</i>	
Carried out	Carried out
<i>Control of external factors and processes</i>	

It is carried by internal factors and processes	Not carried out, or carried out irregularly
<i>The use of non-financial indicators in the control process</i>	
Equally with financial indicators	Equally with financial indicators
<i>Use of control data</i>	
Top authorities for strategic management	Higher, middle and lower authorities for operational (current) management
<i>The main tasks of control</i>	
The formation of control data: 1.To develop strategic goals and strategic directions for their achievement; 2.Strategic planning (budgeting); 3.Analysis of market conditions, prospects and market conditions; 4.Analysis and assessment of company's potential; 5.Establishing the ratio of sales by products and markets; 6.Establishing requirements for sales and supporting services, maintenance, networks, taking into account the adopted strategy; 7.Definition and analysis of controlled indicators in accordance with the adopted strategic goals; 8.Analysis of deviations' influence on the implementation of the strategy and regulatory decisions	The formation of control data: 1.To analyze planned (normative) and actual indicators in order to identify the causes, perpetrators and consequences of deviations; 2.Analysis of the impact of deviations on the implementation of short-term and medium-term plans (goals); 3.Making operational (current) management decisions
<i>Methods and Tools</i>	
Derivative balance sheets Balanced scorecard Economic and mathematical models Forecasting and discounting methods	Derivative balance sheet techniques Economic and intra-economic calculation
<i>Concentration on business risks</i>	
Heavily accounted for	Not accounted for or insignificantly
<i>Using credentials and analytics for control and managerial decisions</i>	
Control of factors of macroenvironment of (external) environment: diagnostic analysis, STEP analysis, SWOT analysis, etc. Control of microenvironment factors (internal) environment: - resource analysis; - verification and analysis of competency; - analysis of internal activities using the Porter value chain model; -comparative analysis - comparing performance with competitors, and others.	Monitoring production activities of the whole company and its individual units, expressed by economic indicators.
<i>The object of the control</i>	
Any, depending on the goals of strategic management	Costs, expenses, results, centers of responsibility, activities

Source: authors.

So, management control is the link between planning, analysis and regulation, it allows managers to track how managerial decisions are implemented, and based on collected and analyzed data to draw

conclusions regarding the adoption and implementation of future decisions when operational and strategic goals are achieved.

6.3. Strategic management control in business

In the process of business activity there is management control. To carry out strategic management control means, on the one hand, to define control indicators, measure their actual level, and calculate deviations from determined values; on the other hand, to track the progress of adopted strategic management decisions and evaluate the results achieved in the course of their implementation. Lack of a reliable control system and, as a result, effective feedback can result in company's crisis.

Strategic management control is a rather time-consuming procedure, and its organization may not give the expected effect if the company management does not select the optimal amount of controlled information, which will give a comprehensive description of the parameters of the process of achieving strategic goals. One of the forms of strategic management control, where information is generated for decision-making, is the monitoring of strategic budget indicators.

The preparation for budget planning includes the development of strategies that indicate how the goals will be achieved and the selection of the master budget, which will provide maximum profit and long-term financial stability. At this stage the limiting factors are revealed. The control process is divided into reading and interpreting reports, deviations' analysis, identifying the causes of deviations and actions.

Strategic management control of budget indicators makes it possible not only to track changes in individual performance indicators (balanced indicators), but also to make changes in real time. At the same time, these procedures make it possible to monitor cause-and-effect relationships laid down in the strategic target program and determine the influence of factors on certain deviations. The revealed deviations, generalized and structured by groups of reasons and culprits, help to avoid certain errors in the process of implementing the strategy to achieve the strategic goals.

Strategic management control of budget indicators includes the following procedures:

- 1) The study and interpretation of actual strategic budgets by type of expenses and revenues, places of their occurrence, centers of financial responsibility and strategic goals;
- 2) Calculation and analysis of deviations of actual data from the planned;
- 3) The formation of conclusions for the adoption of regulatory management decisions.

Strategic control has certain requirements on financial and non-financial information, namely: information must be received timely, contain the correct data and it must indicate the exact time it was received. Compliance with these requirements during the process of receiving information allow making necessary decisions on adjusting the strategy.

7. Conclusion

Summing up, we can conclude that management control, using financial and non-financial data, creates information for making regulatory managerial decisions that are of operational and strategic character. Management control information is a collection of data on current company's state and deviations compared to specified parameters as a result of its interaction with external and internal environment in the process of achieving operational and strategic goals. Effective management control requires certain

technology of budget planning, which enables to project planned indicators of operational and strategic budgets on a balanced system of indicators by the type of expenses and income, places of their occurrence and centers of financial responsibility, as well as form the organizational structure of management and its information support.

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