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RELATIONSHIP MANAGEMENT CONTROLLER MANAGERS: WHAT IMPACT ON PERFORMANCE?

RELATION CONTROLEUR DE GESTION-MANAGERS : QUEL IMPACT SUR LA PERFORMANCE ?

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Abstract

Nowadays, the managers are seeking to improve the performance of the organization. This tendency is showing the relationship trust performance as part of a possible cooperation between the management controllers and the managers. This relationship of trust supports the communication, by giving rise to a good circulation of the information, which enhances the performance. The control management's objective is not only controlling but also participating in the organization's management, in order to facilitate the decision-making and improve the performance and the competitiveness of the organization. Our article will deal with the relationship between the performance and the trust. Firstly, we are going to tackle the general framework of the analysis by redefining the concept of "performance" and how the relationship between the trust and the performance has been formed. Second, we are going to illustrate the role of trust in improving the organization's performance.

Keywords: Management control, trust, performance, controller, manager.

Résumé

Aujourd'hui, les managers cherchent à améliorer la performance des organisations. Cette tendance met en avant la relation confiance-performance dans le cadre d'une éventuelle coopération liant le contrôleur de gestion aux managers. Cette relation de confiance favorise la communication, en donnant lieu à une bonne circulation de l'information entraînant ainsi une amélioration de la performance. Le contrôle de gestion a pour objectif non seulement de contrôler mais aussi de contribuer au pilotage de l'organisation, et ce dans l'optique de faciliter la prise de décision et d'améliorer la compétitivité des entreprises.

Notre article va traiter le rapport entre la performance et la confiance. En premier lieu, nous allons aborder le cadre général d'analyse en rappelant la définition de la notion de la performance et comment la relation entre la confiance et la performance s'est-t-elle tissée. Et en second lieu, nous allons illustrer le rôle de la confiance dans l'amélioration de la performance des organisations.

Mots clés : Contrôle de gestion, confiance, performance, managers, contrôleur de gestion.

Introduction

To drive business performance and make the right decisions, managers need to develop and use a variety of decision support tools to ensure a better market positioning and acquire a competitive advantage through cost reduction and risk anticipation, in order to cope with the changes in the environment. However, management control is an instrument for monitoring individuals (Bollecker, 2004) , its objective is to improve the performance of the firm while helping managers to be more efficient in their mission by encouraging them to be effective. Therefore, the notion of performance holds a central place in any company today. Indeed, the success of the latter depends on its ability to set and achieve its objectives to ensure its survival and sustainability. To meet this challenge, performance must be at the heart of every company's concerns in order to achieve the objectives and gain a competitive advantage through the cooperation of the stakeholders while creating a relationship of trust between the parties concerned. C.I (Barnard, Barnard, & Andrews, 1968) defines the enterprise as a system in which actors work together to achieve goals that they could not achieve alone. Currently, management control is not limited to its purely technical dimension; it is also open to a social and human dimension. Trust, as a social variable, is part of this new approach through the links and the relationships that exist between the actors involved. This strong relationship is one way to boost performance. Thereby, managers and management controllers need to develop a relationship with one another in order to facilitate any kind of cooperation. According to a (Chiapello, 1990) survey of 138 management controllers : «The knowledge and the qualifications are, according to the management controllers, significantly less important than the human qualities to succeed in his /her duties ». The author shows the importance the human and relational dimension of the management control function. It is in this perspective that our article, in which we try to show the relationship: management controller-managers and its impact on performance, is inscribed.

That being said, the problem that arises at this level is the following: what is the nature of the relationship between the management controllers to his manager? Particularly, what is the role of actors in this relationship and its impact on performance?

Firstly, we will approach the general framework of analysis by recalling the definition of the notion of performance and secondly we will illustrate the role of relationship in improving performance.

1. Literature review

In this section, we will present the theoretical framework of the performance and its place in any company, since the monitoring of the performance of the companies has increased a lot in the last years (Medori & Steeple, 2000).

1.1. Definition of Performance

Performance has become an important topic for business leaders, it has been widely discussed in the recent years and represents, therefore, to a user of descriptive signals, a specific concept of positioning diagnosis of this status in relation to an intention or wish for information(Lebas & Euske, 2002). Today, every company emphasizes the importance of improving performance, a concept that has evolved considerably due to the complexity of the environment that has generated a number of factors, particularly in the area of management. Indeed, the survival of any company involves inevitably improving the management control system as a tool of managing performance.(DEHBI, ABOUSAID, DRISSI, & ANGADE, 2017) The international context has greatly highlighted the need for a new design of performance management and research in management control has long been interested in how to measure performance. Because management control holds an important place in the improvement of performance within any company, Roover (1991) defines performance measurement as: a complex, frustrating, difficult task that represents a real challenge. Only, for Lord Kelvin « ... what is not measured does not exist » Lord, K (1932) . Therefore, according to the author we should not only apprehend and define the concept of performance, we must measure it. In his book « Dynamics of Management Control», Khemakhem showed the difficulty and ambiguity of the notion of performance that she explained as following: « performance is a word that does not exist in classical French, like all the neologisms, it causes a lot of confusion. The root of this word is Latin, but it is English that gave it its meaning. The closest words to performance in its meaning in french are "performare" in Latin and "performance" in English. Reminding these words is enough to clarify the meaning given to the performance in management control. Yet (Bouquin & Fiol, 2007) indicates that the concept of performance can be approached through three notions, efficiency, effectiveness and economy. He represents the general problematic of performance as following (Bouquin, 2004, p. 63):

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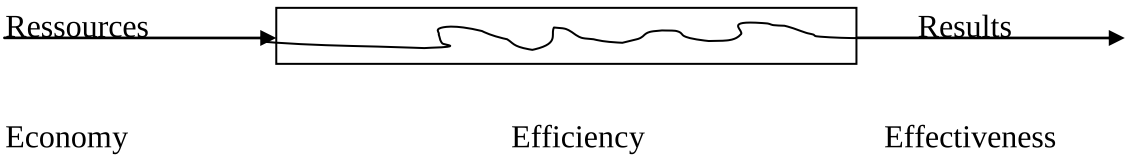
Figure 1 : Performance Process



Source: *(From: Bouquin 2004)*

Therefore, performance is the fact of reaching, in a relevant way, the fixed objective. In other words, through efficiency, which reflects the company's ability to achieve its objectives, and the efficiency that maximizes the amount obtained from the given quantity of resources, management control must help to pilot the performance.

Table 1: Different approaches to performance according to Cohen (1994)

Approach	**Characteristics and indicators**	**Actors concerned**
Strategic	- Global orientation of the company. - Adequacy of structures to orientations	- Manager - Competitors
Organizational	- Adequacy of the structures, the distribution of tasks, the procedures, the operation in relation to the missions devolved to the company.	- Manager - Competitors
Social	- Appreciation of professional and work relations in the company. - Assessment of the ability of managers and managers to regulate relations between social groups, to anticipate or deal with conflicts, to encourage adherence to the objectives and projects of the company and its components.	- Managers -Employees and employee representatives - Authorities
Technico-Economic	- Efficiency of productive processes. - Assessment of the ability to adapt in the short and medium term to changes in the environment, markets and	- Managers
Marketing	- Assessment of the ability to perceive the needs and pressures of the market.	- Managers

	- Assessment of the effectiveness of study methods and commercial actions	
Financial	- Assessment of the company's ability to maintain a satisfactory level of remuneration on its production and sales. - Assessment of the company's ability to pay for the capital made available.	- Managers - Donors -Owners, shareholders & lenders.

Source: *Cohen, E. (1994). Financial analysis. Economica, 3rd edition*

Generally, executives evaluate the performance of their business based on financial results, while paying particular attention to financial information and not considering the social and organizational aspects.

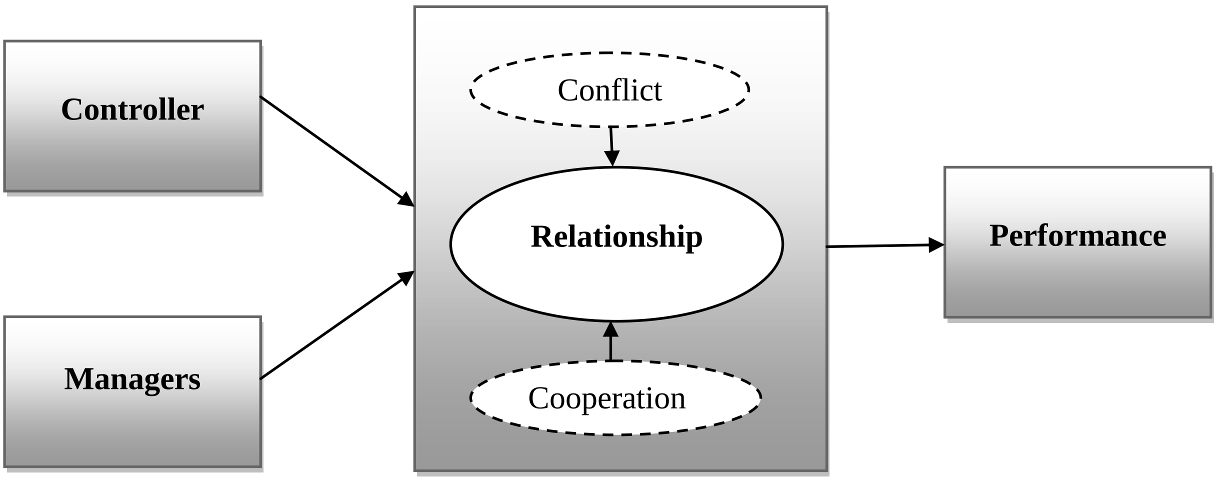
1.2. The Financial Approach of Performance

The company's performance is multidimensional, but it has often been linked to its exclusively financial dimension since the latter reflects the management control function, expressed by a set of indicators, figures, profits or even a profitability to be achieved. This performance is measured by the company's ability to make a profit and be profitable based on the information in its annual accounts. Companies are measured by the turnover, the result and some ratios. The margin rate and the profitability represent the main financial performance leverages & determinants. They are generally supplemented by indicators provided by the management control since this function has for mission, not only to control as its name indicates, but rather, master the management and actively contribute to the overall steering of the organization from the perspective of improving performance. Financial performance consists in correctly determining the positioning of the company through a quantitative representation, based on the main indicator: the result. Yet this financial approach remains insufficient to assess performance in its overall dimension.

2. Manager - Management Controller Relationship

In 1965, Anthony defines management control as « the process by which managers get the assurance that the resources are obtained and used efficiently and effectively for the achievement of the organization's objectives ». From this definition, we can say that management control is observed as a process, whose main actors are the managers of the company. Indeed, within any company, the relationships between individuals are crucial for the progress of any organization. Among the main questions in management control is the nature and the quality of the relationship that exists between the management controller and the managers. This question is, today, a major challenge for researchers. Therefore, a strong link exists between the management controller and the managers given the nature of their relationship, which is either a cooperation or a conflict because of the sensitivity of the positions they have and the nature of the objectives hey have and they both perceive differently depending on their position.

Figure 2 : Conceptual model



Source: *elaborate by author*

2.1. Relationship of Conflict

Companies have always had tensions in the relationships between individuals, which causes behaviors and reactions that result in more or less significant conflicts. Management controllers are often perceived by managers as actors who hold power or who are close to it. As a result, managers feel dominated by management controllers. According to (Hofstede, 1978): «management controllers tend to look at operational people as unimaginative people who refuse to follow good advice ». Managers feel dominated by management controllers, they tend to perceive them as supervisors (Segal, 1991) or even police officers (Boisvert, 1994). Such tensions can created and constitute an obstacle for the evolution of the management control system, which will cause mistrust from managers The budgets are sometimes imposed by the management controllers. Therefore the managers are obliged to achieve objectives which they did not contribute in their determination. This will create a climate of conflict and then disrupt their relationship with the management controller. For

(Bernoux, 1999), the lack of cooperation is one of the most important costs that are very heavy on the budgets of companies. The image of the management controller is usually negative. According to (Hoffjan, 2004) « the management controller is often presented as being inflexible, passive, noncreative, and unpleasant, without humor ». Managers tend to consider the controller as a supervisor or a management envoy. This difficult relationship makes any kind of cooperation delicate, therefore a lack of a real participation, which generates a quite conflictual relationship.

2.2. Relationship of Cooperation

Despite the tensions and conflicts that may exist between management controllers and managers, both are called upon to cooperate in order to be able to participate in the definition of the company's objectives and then in the decision-making process. Given the complexity of the process environment that requires a climate of collaboration, this participation is reflected in the negotiation and preparation of budgets, especially that the management controller has the overall vision of the company while managers have a detailed vision. (Smith, Carroll, & Ashford, 1995)defines "cooperation as the process by which individuals, groups, and organizations work together, interact, and relate to each other, the purpose of which is gain or mutual benefit." This cooperation depends on the will of both actors and the quality of communication. Mintzberg (1972) points out that direct contact and verbal communication are more effective than the use of information systems because they allow managers to exchange in real time and take advantage of facial expressions, tone and gestures(Mintzberg, 1972). Therefore a direct contact seems essential for a better cooperation because it is an opportunity for the management controller to obtain reliable and higher quality information. In general, the preparation of budgets and the monitoring of achievements represent the tasks that bind the controller and the managers and also one of the main opportunities for these two antagonists to meet. This specificity also requires the establishment of tools that are essential to the management of the organization and the improvement of the performance especially the dashboard. The latter represents a document that gathers the set of criteria, selected by the company, that allows us to have the overview of the firm, to detect disturbances and finally to evaluate its performances. Thus, a good cooperation between the management controller and a manager considerably increases the chances that the dashboard, set up for this manager, corresponds to his needs and gets perceived as relevant.(Bescos, Dobler, Mendoza, & Naulleau, 1995).

3. Impact of Manager-Management Controller Relationship on Performance

To master its performance, the company is called to emphasize the close relationship between the management controller and the managers. This exchange relationship requires many interactions between the concerned actors to focus on various aspects of performance. The strengthening of the relationship between the management controller and the managers gives progress and the improvement the performance of the company. This progress is achieved only in a climate of cooperation. In other words, the management controller tries to establish a quality relationship with managers all while seeking to involve them in the process of finding solutions and explaining gaps in meetings in order to overcome their personal interests and have a collective vision, by establishing a favorable climate of trust. According to (Ferrin, Bligh, & Kohles, 2008), to cooperate, a minimum of trust is essential. In this regard, trust is needed to facilitate cooperation and collaboration.

3.1. Role of Trust in Improving Performance

The management controller is "the person who informs, advises, facilitates management and not the one who checks, inspects and reprimands" (Jordan & Ardoin, 1979) his role is no longer in surveillance but rather in coordination and communication. The latter plays a key role in decision-making, as the information provided by management control aims to influence managers' decisions in order to provide reliable and relevant information. The quality of the relationship that exists between the management controller and the managers is linked to the results obtained by the managers, who are under constant pressure from the numbers and figures. This implies the need to establish a climate that favors a cooperative relationship. In this sense, (Morgan & Hunt, 1994) stress the role of trust as a cement in exchange relations.

The relationship of trust is generally associated with the willingness to cooperate and defines a specific mode of interaction linking individuals(Orléan, 1994). In this perspective, (Fukuyama, 1995) states that « trust represents the expectations that are formed within a community governed by regular, honest and cooperative behavior, based on standards usually shared by other members of this community .

In seeking to understand the expectations of managers, the management controller must assist managers in the achievement of their objectives in order to lead to management control. However, as (Bollecker, 2001) points out, it is through the exchange around regulatory gaps and solutions that it this drives a learning dynamic, encouraging the implementation of the corrective actions decided at the follow-up meetings.

Trust, in this case, represents a positive expectation of the result of the manager from management controller. His presence can convey a collaboration which results in actions namely reliable information and results obtained. These will be verified after an explanation of the gaps, in order to draw a positive experience, which promotes performance and subsequently builds confidence for an upcoming collaboration. According to (Granovetter, 1985), trust in the past leads to trust in the future.

3.1. Cooperation : a factor of trust development

Cooperation allows to develop the relationship of trust between the management controller and managers by principle of reciprocity, by the example of Cordonnier (1997, p 195): «if A wants to cooperate, he/she must be sure that B cooperates too. This principle is therefore not applicable when there is uncertainty regarding the choice of the partner ». The manager is often responsible for the quality of the relationship of trust because of his position in the structure: he triggers engagement in the relationship (Whitener, Brodt, Korsgaard, & Werner, 1998). When both parties share and cooperate, trust begins to develop between them and promotes generally faster decision-making. This level of trust is usually conditioned by the effectiveness of the management control system, and therefore, the adaptation of the needs of managers with the system on one hand; and on the other hand, the adaptation of management control to the needs of managers.

The management controller takes into consideration the managers' suggestions for the implementation of corrective actions as he believes in the reliability of the information provided by the managers. Conversely, they trust the management controller because they consider him good producer of figures and results. Finally, performance is born from the effectiveness of the relationship between the management controller and the managers. In this perspective, (Dupuy & Guibert, 1995) consider that « it seems legitimate to admit, by general hypothesis, that an organization in ‘'good’' state of trust Relationship management controller-managers: What impact on performance? 11 is a sustainably performing organization, especially at the economic level. In such a situation, indeed, the actors are likely to be self confident, and have confidence in their partners».

Conclusion

Management control holds a central place in companies' management practices. Therefore the information provided by this department helps the top management to make the best decisions with the aim of improving the company's performance. Admittedly, the relationships between the management controller and the managers are sometimes very sensitive, explained by two factors namely culture and training. (Dalton, 1950) points out that functional people are generally younger, better informed; more theoretically oriented and use a more technical language than the operational ones. As a result, managers must be satisfied with management control in order to participate together in the achievement of the objectives and in the steering of the organization through a real relationship between the two actors. Therein, the strengthening of this relationship would advance the steering and bring an improvement to the organization. For all these reasons, trust plays an essential role and represents a vector of performance for companies as it guarantees a projection of the actors involved in the future with less uncertainty, since each of them will need the other one to achieve the goals. Therefore, trust founds a climate of cooperation to improve efficiency within the firm, and appears as a positive action and a key to the success of any cooperative relationship. With this in mind, our article highlights the importance of the social and human dimension in the relationship between the management controller and managers in identifying the role of trust as a determining factor for successful cooperation, which then conditions an improvement in performance. This is according to a logic of reduction of the risks of behavior that influences the nature of the relation in a positive way and aims the improvement of the efficiency. However, our contribution would be complemented by an empirical study in order to highlight the importance of trust in any Manager - Management Controller relationship, and finally to measure the impact of this relationship on the performance of the company.

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