

# **Mechanism of Effective Implementation of a Management Control System in Liberal Enterprises: The Case of Medical Offices.**

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**Abstract:** Globalization and the complexity of exchanges have pushed companies to develop effective management tools for over twenty years in order to apprehend the human, technical and financial environment in which they operate. It is in the eyes of managers that management control is seen as an indispensable tool insofar the feedback of financial information in a way regular and precise has become necessary. The purpose of this article is to study the problematic of implementing an effective management control system within liberal companies. To do this, our research question is as follows: What are the contributions of an effective management control system in the liberal companies and what are the key factors of success of such a system? This writing will be supported by an empirical study conducted in five medical offices through a questionnaire survey; to achieve a more concrete vision of our research. Initial results indicate that management control can be successfully implemented in these organizations. Indeed, it is the conditions of its implementation that determine its success.

## **1. Introduction**

The economic and technical environment of companies is very scalable and very challenging. Thus any company concerned with its internal evolution and the evolution of its external environment must preserve its continuity in the face of competition. To this end, several functional services have also been born to meet this need, in particular: strategic monitoring, strategic planning and management control. Long regarded as a strategic value because of its importance, management control has become the cornerstone of being a source of progress and potential improvement for every type of business. It is therefore an answer to a certain number of business problems for which the search for solutions is necessary: the increase of costs and the disorganization of services within the company. From this observation, the fundamental question to which this article would give an answer is the following: what are the contributions of a management control system in a liberal enterprise and what are the key factors of success of the implementation of such a system in this type of business? The objective of this writing is to study the problematic of implementing a management control system in liberal companies. A quantitative survey is conducted with a panel of five medical offices. However, the results obtained show that the implementation of a management control system in these companies can be a success but that these are the conditions of its implementation that determine its success. The challenge of implementing such a system is to better equip the liberal companies to optimize their profit. Works wearing on the implementation of management control tools, such as Kaplan and Norton (1996) and Löning et al. (1998), and on the peculiarities of management modes in small enterprises, such as those of Marchesnay (1993) and Plane (1999), underline the role of the manager's involvement in the success of a successful implementation management tools and the effect size of the structure. On the other hand, it does evoke little the role played by the skills of the actors in management and those of the interveners in the success of the implementation of management tools. These variables, given the peculiarities of the liberal companies, often composed of actors new to management, and taking into our observations during the research-interventions, seemed important to us to test. This paper is articulated as follows:

first, we present the methodology used; secondly, we provide the results and discussion of the research and finally, the main conclusions will be drawn.

## **2. Research Methodology**

To improve the quality of management, develop management control practices of liberal companies, we decided to implement a management control system in five medical offices in the capital according to a miniaturized research-intervention method adapted for all small businesses and liberal professions called HORIVERT multi-SME. The objective of the HORIVERT multi-SME method is to implement in a small company the management control by avoiding a regression after the departure of the interveners (Savall, 2003). The final results of the study are therefore based on a quantitative methodology realized from five (5) observations.

### **2.1 The implementation method of management control**

The management control was implemented on a small representative sample of the total population of (250) Malian medical offices, at the angle of their size, their geographical characteristic and the nature of their activity. The HORIVERT multi-SME method of implementing management control in companies of small size respects the principles of the HORIVERT method but has miniaturized devices so it can be adapted to very small businesses and to liberal companies.

#### **2.1.1 Intra-enterprise devices**

Intra-company devices were similar in the five medical offices. They involved a mini diagnosis focused on dysfunctions that disrupt the effectiveness and efficiency in different medical practices of sampling. In each firm, the managers on the one hand and the salaried staff on the other hand, received separately a questionnaire on malfunctions and hidden costs, that is to say the losses of added value caused by these malfunctions. The quantitative and financial results of the mini diagnoses served as an information base for the production of our research.

#### **2.1.2 Inter-company devices**

Each of the five medical practices has also been involved in an inter-company system in order to equip them with the six fundamental tools of management control: time management, skills management, the internal and external strategic action plan, the priority and budgeted action plan, the management dashboard, the periodically negotiable activity contract. Each firm was represented by its leader, and at least one salaried employee.

#### **2.1.3 The miniaturized intervention schedule Horivert multi-SME**

It appears that for each medical center a group of four people has been set up. The intervention was to take place over a period of 6 months, in order to allow the integration of the tools and the design, implementation and evaluation of the improvement actions put in place. For each group of medical offices, 3 inter-company training-consultation sessions on management control tools were organized every two months, alternating with 4 intra-company diagnostic sessions and then a group of projects and assistance setting up tools. Finally, 3 steering group sessions supervised the progress of work in each medical structure.

### **2.2. Observations conducted and variables tested**

The variable explained in our study is entitled "Successful implementation of management control". This variable is determined by five explanatory variables: the skills of the consultant who implements the management control system (a); the size of the enterprise (b); the involvement of the company

manager (c); management control skills of the manager (d); the management control skills of the management of the company (e). The successful implementation of a management control system was appreciated in every medical office two years after the start of implementation. A scale of values from 1 to 4 was assigned to each company in the sample to assess the degree of success or failure of implementing a management control system:

- Value 1: strong cost reduction and widespread use of tools;
- Value 2: significant cost reduction and use of fairly general tools;
- Value 3: low cost reduction and low use of tools;
- Value 4: no cost reduction and no use of tools.

The explanatory variable a: "intervener skills" was measured on a scale of 1 to 4: 1: very strong skills, 2: strong skills, 3: average skills, 4: low skills (beginner). Explanatory variable b: "firm size" led to the classification of the firms studied into four categories, each of which was assigned a value ranging from 1 to 4: 4: small (5 people), 3: average (between 6 and 10 people), 2: large (between 11 and 20 people), 1: very large (more than 20 people). The explanatory variable c: "involvement of the manager", that is to say his concrete contribution to promote the implementation of management control, was measured on a scale of values ranging from 1 to 3: value 1: strong involvement, value 2: mean involvement, value 3: low involvement. Explanatory variables d: "managerial control skills of the manager and e:" managerial control skills of the framing of the company management "were measured by a scale of values ranging from 1 to 4: 1: very strong skills, 2: skills strong, 3: low skills, 4: very low skills.

### 2.3. Data analysis tools

Data collected through a well-structured questionnaire were coded and then captured using the statistical package for social scientists (IBM-SPSS V21). The mean, standard deviations and percentage (%) were used for data analysis.

### 3. Results and discussions

SC: Skills of the consultant; SCC: Size of the companies; LI: Leader’s involvement; MCSM: Management control skills of the manager; MCSFC: Management control skills of the framing of the companies; EDSI: Evaluation of the degree of success or failure of the implementation  
 Table 1 shows the descriptive statistics of the 5 variables in our study.

Table 1: Mean, Standard Deviation and Percentage of Studied Variables

	Enterprises	SC	SCC	LI	MCSM	MCSFC	EDSI
N Valid	5	5	5	5	5	5	5
Missing	0	0	0	0	0	0	0
Mean	3.0000	1.4000	2.2000	1.8000	2.4000	2.8000	2.2000
Std. Deviation	1.58114	.54772	.83666	.83666	1.34164	.83666	1.3038
Percentiles 25	1.5000	1.0000	1.0000	1.0000	1.0000	2.0000	1.0000
50	3.0000	1.0000	2.0000	2.0000	3.0000	3.0000	2.0000
75	4.5000	2.0000	3.0000	2.5000	3.5000	3.5000	3.5000

Table 2: Number of Companies.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Enterprise A	1	20.0	20.0	20.0
	Enterprise B	1	20.0	20.0	40.0
	Enterprise C	1	20.0	20.0	60.0
	Enterprise D	1	20.0	20.0	80.0
	Enterprise E	1	20.0	20.0	100.0
	Total	5	100.0	100.0	

Table 2 shows a total of 5 companies as our sampling choice.

Table 3: The Skills of the Consultant

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very strong skills	3	60.0	60.0	60.0
	Strong skills	2	40.0	40.0	100.0
	Total	5	100.0	100.0	

In Table 3, we have 60% of the consultants who have a very strong skill and the other 40% have a strong skill.

Table 4: Size of the Companies

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very tall	1	20.0	20.0	20.0
	Tall	2	40.0	40.0	60.0
	Average	2	40.0	40.0	100.0
	Total	5	100.0	100.0	

Table 4 shows that 20% of the sampling companies are very large; 40% are large and the remaining 40% are medium in size.

Table 5: Leaders Involvement

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strong involvement	2	40.0	40.0	40.0
	Average involvement	2	40.0	40.0	80.0
	Low involvement	1	20.0	20.0	100.0
	Total	5	100.0	100.0	

In Table 5, we have 40% of leaders who have a strong involvement, the other 40% have average involvement and the remaining 20% have low involvement.

Table 6: Management Control Skills of the Manager

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very strong skills	2	40.0	40.0	40.0
	Low skills	2	40.0	40.0	80.0
	Very low skills	1	20.0	20.0	100.0
	Total	5	100.0	100.0	

In Table 6; 40% of managers have a very strong management control skill, another 40% have low skill and the remaining 20% have very low skill.

Table 7: Management Control Skills of the Framing of the Companies

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strong	2	40.0	40.0	40.0
	Low	2	40.0	40.0	80.0
	Very low	1	20.0	20.0	100.0
	Total	5	100.0	100.0	

In Table 7; 40% of the framing of the company have a strong skill in management control, another 40% have low skill and the remaining 20% have a very low skill.

Table 8: Evaluation of the Degree of Success or Failure of the Implementation of MCS

		Frequency	Percent	Valid Percent	Cumulative Percent
Strong cost reduction and widespread use of tools		2	40.0	40.0	40.0
Reduced significant cost and the use of fairly general tools		1	20.0	20.0	60.0
Low cost reduction and low tools utilization		1	20.0	20.0	80.0
No cost reduction and no use of tools		1	20.0	20.0	100.0
Total		5	100.0	100.0	

Table 8 appreciated the degree of success or failure of the implementation of management control in medical offices based on the choice of variables. MCS (Management control system).

The results of the research-interventions have shown that in nearly 80% of the companies in the sample, the intervention has had positive effects that have significantly improved the quality of management, operation and products-services. These positive effects had an immediate effect on performance. Management control tools were implemented in all five firms with a significant success rate. Time management improvement tools and the skills matrix have been implemented in more than 80% of medical offices. The steering scoreboard, the internal and external strategic action plan and the priority action plan were set up in 70% of the structures. In nearly 70% of medical offices, the project groups resulted in the implementation of effective and sustainable improvement actions, which appeared from the first month and developed throughout the intervention. However, in 1/5 of medical offices, or about 20% of firms, the implementation of tools, the reduction of malfunctions and loss of value added, as well as the solutions invented in the project groups did not result in sustainable improvement in the quality of management. The analysis shows that in these cases, the lack of involvement of the manager has hindered the implementation of the management tools and the creativity of the project groups and caused a deep disappointment among the employees. The research-interventions have revealed in most medical offices capabilities to drive endogenous proactive strategies in the face of a highly competitive environment.

#### 4. Conclusion

The results presented to answer the research question are the result of a quantitative study carried out during research-interventions carried out on five medical offices. They show that the implementation of a management control system according to a miniaturized methodology allows in 80% of the cases tested, improving the social and economic performance of small companies such as medical structures. The research-interventions showed that the failure to implement such a methodology resided primarily in the lack of involvement of the leader, that is to say by an insufficient of exemplarity and too little time spent using the tools, to reveal the investigation, then with the collaborators to encourage them to use the tools. The observations of the research-interventions were confirmed and refined by this

quantitative study which made it possible to test five variables explanatory of the success of the implementation of the control of management: the involvement of the leader, the size of the company, the skill the management control of intervener, the skill of the manager and his management control staff. These variables were tested because they seemed more or less explanatory of the successful implementation of the management control system after the research-interventions. The quantitative study showed that the involvement of the manager and, to a lesser extent, his skill in management control as well as that of his framing, were the significant variables for the success of such an implementation. Finally, the results of this research lead to the conclusion that the implementation of a management control system in a liberal enterprise depends, beyond its design and implementation methodology, on the manager's involvement and less the size of the company and the skill of the intervener. These results invite in any case to continue the research in management control in small companies and singularly other liberal companies.

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