# HOW OLD IS MANAGEMENT CONTROL IN ROMANIA?

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***Abstract***
*Management control can be approached both as applied practice of management performance for any organization's and as an implemented system exercised by the management controller, as well as a scientific discipline from the business administration sciences family. How old is management control in our country? This is a prime question which can be answered through our research. The purpose of this research is to show how old Romanian management control is; also to identify the historical moment in time when it was included in the teaching curricula of universities and other suppliers of educational services, but also to approach management control as discipline included in the Romanian economic universities' teaching curricula, and as a theme of research for the doctoral students.*

***Key words:*** *management control, education, research, history*

***JEL codes:*** *I23, M10, M40*

## 1. Introduction

The control has origins lost in ancient times, becoming, throughout history, an important factor, with strong influences on progress, aiming mainly the functioning of entities on the basis of efficiency and efficacy. The notion of control is used in organizations' sciences since the early twentieth century, considering that, apart from the functions of foresight, organization, coordination, H. Fayol has attributed the control function to company management. Control is a component of the management's functions system. Generally, control aims to improve human behaviour, mobilization and involvement of human in the organization performance seeking performance and has a similar trend of organization developments and of concepts and theories about the human factor [19].

For Jugnet, cited by Albu and Albu, "the management control, as a human creation, represents the result of an era as well as of a place" [2]. The control has evolved in time together with various attitudes and managerial trends, as a result of new technical, economical, social factors, that have profoundly influenced the modern managerial methods such as the informational revolution, the impact of foreign competition, the changes in economy, and the changes in labour attitudes of employees. It is in such context that became absolutely imperative the implementation of viable control methods to give full efficiency to the productive process, to know the techniques by which the control process is designed and physically exploited, to understand the role of informational system in support of management decisions [18].

The aim of this paper is to identify the age of the Romanian management control. We examined the moment when the management control was included in the teaching curricula of universities, but also we approached the management control as discipline included in the Romanian economic universities' teaching curricula. Regarding research on management control of the Romanian students from the PhD educational programs, we have found several doctoral theses, presented in a list.

## 2. Literature review

In the preface of the work "Controlul de gestiune dincolo de aparenţe" ("Management control beyond appearances") written by T. Aslau, Professor N. Feleagă wrote the following: "the complementary logical concept of management accounting, the management control, could not be born, because the time of managerial revolution of Romanian enterprises had not come yet" [3].

In Romania, the first scientific works on management control were published between last years of the second millennium and first years of the next one. The national literature specialised on management sciences is characterised by an ascendant growth of the number of books dealing with the management control as well as by a growth in complexity of subjects dealt with in this type of literature. Attention can be drawn on some scientific research work written by important authors' works relevant for Romanian theory and practice in the field of management control. We name here the books of the following authors: Epuran *et al.* (1999), Aslău (2001), Albu and Albu (2003), Ionaşcu *et al.* (2003), Caraiani and Dumitrana (coordinators) *et al.* (2005), Sgârdea (2007), Tabără (coordinator) *et al.* (2009), Briciu *et al.* (2010), Tabără and Briciu (coordinators) *et al.* (2012).

Albu and Albu (2007) conducted a research to identify the practices of management control in Romania [1], and Dumitrana *et al.* (2009) did a pleading for the management controller profession in the trade area [7].

For Glăvan (2009) the objective of the doctoral thesis was to present and analyze the evolution of the management control and of the correlations that exist between the performance of the enterprise and the management control by analyzing certain management instruments [9].

## 3. Findings and results

At beginning, historically speaking, the control was exclusively accountant taking into consideration the technical activities required for the pursuit of objectives, and then it became management activity, with a functional role in motivating operational decisions and producing information. Lately the control became a component of a complex management process when managers have direct access to information real time, with one purpose to create value [18].

From an historic point of view, management control was mostly developed during the first 30 years of the 20st century within the big North-American enterprises. In Europe, the development of management control took place at the half of the last century, by using the American model [16]. Management control was created in big enterprises to verify that the short term actions meet strategic orientations [4].

The first scientific approach of management control concept was made by Professor R.N. Anthony of Harvard Business School, his research in this scientific field being considered of highly importance.

The birth and evolution of management control is highly related to management accounting. Management accounting and management control have been developed thanks to the limits of financial accounting such as: the calculation of global result which does not allow the estimation of analytical result; the impossibility of establishing the prices based on financial accounting data; the classification of the costs is not important for counting and controlling prices; the lack of standards in performance evaluation; financial accounting offers information from an historical point of view, but it doesn't not offer daily information related to the usage of the costs in managerial and predictive purposes; financial accounting does not provide full analysis of losses due to improper materials, downtime, equipment failures etc.; financial accounting does not provide sufficient information for comparisons and decisions [5].

The management accounting and the management control can be defined together, as we read in a textbook edited by the Body of Experts and Licensed Accountants of Romania (2010). Translated in English with the name Management Accounting, this is the process of identifying, measuring, collecting, analyzing, processing, interpretation, and transmission of financial and non-financial information used by management for carrying out the functions of planning, implementation and control within the organization, and to ensure appropriate use and keeping of its resources (adaptation after "Definition of Management Accounting", IMA Statement Number 1A, March, 1981) [26].

Brought back in topicality once with the reform of the Romanian accounting system, the management accounting has become the object of study and research for many specialists. After the explosion of publications concerning the financial accounting, it appeared in Romania the first works on the field of management accounting. The merit of the first works is that they have re-launched in literature the concerns and interests in management accounting and management control.

Regarding the evolution of the management accounting in Romania, N. Feleagă, in the preface of the book "Contabilitate managerială" ("Managerial Accounting"), written by P. Diaconu in 2002, note the following: the management accounting is "the retarded child" of the Romanian accounting reform. The reform of the years 1994-2000, which set up a management accounting separately of financial accounting, could not bring radical transformations in the management accounting area, because the economy did not supported it either these kind of transformations. Subsidiaries of some foreign groups have used modern management techniques, including those induced by a modern accounting management [6].

Ever since 2001, T. Aslău fights for implementation of management control. He wrote the following: "to the question whether the concept of management control should be introduced in the vocabulary, but mostly in the practice of enterprises, we believe that the answer is one and unequivocal: yes" [3].

In Western universities, management control plays, from many decades, a very important part on the teaching curricula of business administration faculties [11]. In Romania, at the Bucharest University of Economic Studies (university considered the most prestigious economic university), management control is starting from 2000-2001 academic year "a part of the group of disciplines that meant a breath of fresh air for the analytical curriculum of the Faculty of Accounting and Management Information Systems" [14]. Therefore, it is only in the last decade that management control can be placed among the disciplines that are part of a teaching curriculum in the Romanian universities.

The national higher education system includes three study cycles: bachelor, master and PhD. Bachelor's degree educational studies represents the first cycle in higher education [27]. According to Specific standards for academic evaluation in the fundamental field economics, elaborated by the Commission Economics of the Romanian Agency for Quality Assurance in Higher Education, management control is not one of the disciplines (disciplines of the field or specialty disciplines) for the program of the bachelor's university study: Business Administration. It can be included as a teaching discipline (relevant disciplines to prepare students in the field, available under university options). The table no. 1 contains information concerning the place of management control among the other economic disciplines. Management control can be found as study discipline for eight specializations in four bachelor's domains. For all the programs of the bachelor's university studies, disciplines of the field are also specialty disciplines.

Table no. 1 **Management control within bachelor's degree programs**

| Bachelor's domain | Bachelor's degree program | Study discipline |
|---|---|---|
| Finance | Finance and Banks | - Controlling<br>- Management Control<br>- Internal Audit |
| Accounting | Accounting and Management Information Systems | - Internal Control<br>- Management Control |
| Economics | Agrifood and Environmental Economics | - Management Control<br>- Tourism Marketing<br>- European Institutions and European Policies<br>- Budget and Public Treasury<br>- Communication and Negotiation in Business |
| Business Administration | Trade, Tourism and Services Economics;<br>Trade, Tourism and Services Economics, and Quality Management;<br>Merceology and Quality Management;<br>Business Administration in Trade, Tourism, Services, Commodities and Quality Management;<br>Business Administration in Hospitality | - Accounting for Credit Institutions<br>- Innovation Management<br>- Microeconomic Statistics<br>- Computer Networks<br>- Management Control |

Source: author's processing based on [20]

Table no. 2 **Master's degree programs in management control**

| University | Domain of master's degree program | Name of the master's degree program | Geographic location |
|---|---|---|---|
| Bucharest University of Economic Studies | Cybernetics and Statistics | Business Analysis and Control of Enterprise Performance | Bucharest |
| Bucharest University of Economic Studies | Accounting | Accounting, Control and Expertise | Bucharest |
| "1 Decembrie 1918" University of Alba Iulia | Accounting | Audit and Control of Economic Entities | Alba Iulia |
| "Transilvania" University of Braşov | Accounting | Accounting Policies, Audit and Management Control | Braşov |
| "Babeş-Bolyai" University of Cluj-Napoca | Accounting | Accounting Management, Audit and Control | Cluj-Napoca |
| "Alexandru Ioan Cuza" University of Iaşi | Accounting | Accounting, Audit and Management Control | Iaşi |
| "Constantin Brâncuşi" University of Târgu-Jiu | Accounting | Control, Audit and Financial Accounting Expertise | Târgu-Jiu |
| West University of Timişoara | Accounting | Accounting, Control and Governance | Timişoara |
| "Nicolae Titulescu" University of Bucharest | Accounting | Financial Audit, Control and Internal Audit | Bucharest |
| Romanian-American University of Bucharest | Economics and International Business | Administration, Financing and Business Control | Bucharest |
| "Danubius" University of Galaţi | Accounting | Audit and public and private control | Galaţi |

Source: author's processing based on [28]

For the identification of the master's university study in management control, we proceeded to the research of the Government Decision no. 402/2016 regarding domains and master's degree programs accredited, and maximum number of students that can be schooled in the academic year 2016-2017. The results presented in table no. 2 include all the study programs which have in their names the word control or the expression management control.

From 55 public higher education institutions, 7 universities offer 8 programs of the study university study in the theme researched. In private sector, 3 from 32 universities offer study programs in the theme researched. The language of teaching for all these study programs is Romanian. Regarding the form of organization, all these programs are organized as daily attendance studies. In addition, "Babeş-Bolyai" University of Cluj-Napoca has, also, places at part-time attendance studies for the master's degree program mentioned.

The PhD represents the third cycle of higher education. The PhD educational programs may be organized by accredited or temporarily authorized Doctorate Organizing Universities. Doctorate Organizing Universities may be organized in Romania by a university or a consortium, or by consortiums or partnerships, legally concluded between a university, or a university consortium, and research and development entities [27]. During latest years, research activities on management control have increased, especially within doctoral programs.

Research and giving value to the written national patrimony are among the main activities of Romanian National Library. The current National Bibliography is the one entitled to give full value to the national patrimony through the documents found in the Legal Storehouse. One of these series contains Doctor's degree's thesis [29]. Analysing what was published in this series and data found on other web pages, we have identified several doctoral theses on management control, elaborated for the scientific title of PhD, the fundamental domain: economics. These are:

- PhD student: Puţan Alina, with doctoral thesis entitled "Rolul novator al controlului de gestiune în înţelegerea dimensiunii financiare a performanţei în sistemul sanitar din România" ("The Innovative Role of the Management Control in Understanding the Financial Dimension of the Performance in the Health System in Romania"), PhD domain: Accounting, Scientific coordinator: Professor Briciu Sorin, PhD, "1 Decembrie 1918" University, Doctoral School, Field Accounting, Alba Iulia, 2013 [12];
- PhD student: Cosma Octavian, with doctoral thesis entitled "Gestiunea riscului în activitatea bancară şi incidenţa controlului de gestiune asupra sa" ("The Risk Management in the Banking Activity and Incidence of the Management Control over It"), PhD domain: Accounting, Scientific coordinator: Professor Pereş Ion, PhD, West University of Timişoara, Faculty of Economics and Business Administration, Timişoara, 2010 [25];
- PhD student: Stahl Martin, with doctoral thesis entitled "Perfecţionarea sistemului informaţional privind contabilitatea şi controlul de gestiune în industrie: comparaţie între metodologia din Germania şi România" ("Improving Information Systems in Accounting and Industrial Management Control – A Comparison between the German and the Romanian Methodologies"), Ph.D. domain: Accounting, Scientific coordinator: Professor Călin Oprea, PhD, Academy of Economic Studies, Faculty of Accounting and Management Information Systems, Bucharest, 2010 [15] [25];
- PhD student: Tataru (Dragomirescu) Simona-Elena, with doctoral thesis entitled "Controlul de gestiune în economia modernă" ("The Management Control in the Modern Economy"), PhD domain: Accounting, Scientific coordinator: Professor Neculai Tabără, PhD, Alexandru Ioan Cuza University, Faculty of Economics and Business Administration, Iaşi, 2010 [18] [25];
- PhD student: Vărzaru Anca Antoaneta, with doctoral thesis entitled "Noi abordări ale controlului de gestiune: controlul de gestiune socială la nivelul organizaţiei" ("New approaches of Management Control: Social Control Management within Organizations"), PhD domain: Accounting, Scientific coordinator: Professor Constanţa Iacob, PhD, Faculty of Economics and Business Administration, University of Craiova, 2010 [19];
- PhD student: Glăvan Elena Mariana, with doctoral thesis entitled "Controlul de gestiune privind performanţa întreprinderii" ("Management Control concerning the Enterprise's Performance"), PhD domain: Accounting, Scientific coordinator: Professor Dumitrana Mihaela, PhD, Academy of Economic Studies, Faculty of Accounting and Management Information Systems, Bucharest, 2009 [9] [23];
- PhD student: Guinea Flavius-Andrei, with doctoral thesis entitled "Analiza comparativă a obiectivelor şi instrumentelor controlului de gestiune la nivel internaţional, modalitate de proiectare a unui program de reformă a contabilităţii manageriale în ţ ara noastră" ("The Comparative Analysis of International Management Accounting Objectives and Instruments, Design Method for a Reforming Management Accounting Program in our Country"), PhD domain: Accounting, Scientific coordinator: Professor Feleagă Niculae, PhD, Academy of Economic Studies, Faculty of Accounting and Management Information Systems, Bucharest, 2009 [10] [24];
- PhD student: Brăescu Mădălina, with doctoral thesis entitled "Controllingul costurilor şi conducerea profitabilă a întreprinderii" ("Costs Controlling and Profitable Management of the Company"), PhD domain: Accounting, Scientific coordinator Professor Paraschivescu Marius Dumitru, PhD, Academy of Economic Studies, Faculty of Accounting and Management Information Systems, Bucharest, 2007 [21];
- PhD student: Sicoe Olivia, with doctoral thesis entitled "Controlul de gestiune în administraţiile publice

moderne" ("The Administrative Control in the Modern Public Institutions"), PhD domain: Economics, Scientific coordinator: Professor Taşnadi Alexandru, PhD, Academy of Economic Studies, Faculty of General Economics, Bucharest, 2007 [13] [22].

## 4. Conclusions

The management control is an important function of the management of each organisation exercised by the management controller, as well as a scientific discipline taught in universities in the curricula of bachelor, master and PhD, which make up the educational offer. The issue of management control was and continue to be an important part of didactics, scientific research and doctoral studies.

Included in the mostly curricula of Romanian universities after the year 2000, management control is a "young" discipline both theoretically and practically speaking. Management control needs few more years to reach maturity from both teaching and practice point of view. To Paul Ambroise Valery, „the youth is over when what we think materialises in what we do as well as when what we do remains written in the depths of our thinking".

Management control needs to have its own well defined place between disciplines in economic study programs. Every graduating student on business administration, management, and accounting must have solid knowledge on management control and be able to implement it in his/ her future activities. The author of this article, teacher in a public university, involved for a small number of years into management control discipline teaching as part of two bachelor's degree programs, cannot but fully sustain management control research due to teachers fully responsibility in teaching theory as well as due to their interests in implementation of management control systems into the national economy organisations.

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