

## Relationship between management controllers and managers: what are the specificities?

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## **Relationship between management controllers and managers: what are the specificities?**

### **Abstract:**

The relationship between management controllers and managers is a crucial aspect of organizational management, involving a delicate interplay of factors such as trust, communication, and cooperation. This paper explores the complexities of this relationship, highlighting the importance of trust, cooperation, and effective communication in fostering a positive and productive working environment. The authors discuss the various types of conflicts that can arise, including vertical, horizontal, and role conflicts, and examine the factors that contribute to conflict resolution, such as collaboration, compromise, avoidance, accommodation, and competition. The role of trust in conflict resolution is also analyzed, with the authors noting that trust is a key factor in establishing a cooperative relationship and reducing conflicts. The paper concludes by emphasizing the importance of cooperation and trust in fostering a positive relationship between management controllers and managers, ultimately leading to improved organizational performance.

**Keywords:** managers, management controllers, trust, cooperation, communication.

**JEL Classification :** M00, M40.

**Paper type:** Theoretical Research

### **Résumé :**

La relation entre les contrôleurs de gestion et les managers est un aspect crucial de la gestion organisationnelle, impliquant un jeu délicat d'éléments tels que la confiance, la communication et la coopération. Cet article explore les complexités de cette relation, mettant en avant l'importance de la confiance, de la coopération et de la communication efficace pour favoriser un environnement de travail positif et productif. Ce travail discute des différents types de conflits qui peuvent survenir, notamment les conflits verticaux, horizontaux et de rôle, et examinent les facteurs qui contribuent à la résolution des conflits, tels que la collaboration, le compromis, l'évitement, l'accommodation et la concurrence. Le rôle de la confiance dans la résolution des conflits est également analysé, notant que la confiance est un facteur clé pour établir une relation coopérative et réduire les conflits. L'article conclut en mettant en avant l'importance de la coopération et de la confiance pour favoriser une relation positive entre les contrôleurs de gestion et les managers, ce qui mène à une amélioration de la performance organisationnelle.

**Mots-clés :** managers, contrôleurs de gestion, confiance, coopération, communication.

**JEL Classification:** M00, M40.

**Paper type :** Recherche théorique

## 1. Introduction:

Control systems are a widely used instrument by most organizations today. Certain studies in control management demonstrate the crucial role of relationships between control systems and the attitudes and behaviors of actors. The study of social relations has been the foundation of sociological studies since their inception, through Durkheimian and Marxist approaches to social theory (Portes, 1998). Later, researchers became interested in the advantages and disadvantages of relationships that go beyond formal links and contracts, considering more precisely the relationships between actors within an organization in inter-organizational and intra-organizational contexts. Different perspectives on the human dimension are consolidated in the literature under the form of relational engagement (Granovetter, 1992). Interpersonal relationships and relational experiences are of primary importance for the success of any organization. These relationships can be considered as a fundamental aspect for managers, in order to create optimal conditions within organizations.

The participation of managers and their implication in the control management process constitutes a key to success and a determining factor in the process. And this through the production of relevant data and through the quality of the information communicated and treated. In effect, control management is considered as a true "business partner" to fill the missions of the controller of management, thereby establishing a climate of trust within its relations with managers regardless of their hierarchical level. Moreover, it is important to specify that control management should be a process of counseling and support. The manager should not hesitate to demand explanations and clarifications.

In other terms, the implementation of new tools such as the ABC method or the boards of directors requires a reflection by managers to discuss with controllers of management the needs in terms of cost and performance. According to an exploratory study conducted in 2003 by Godener, Formenino, and Deglane (2003) among 118 French controllers of management, it was found that the regard that managers have on control management influences their degree of collaboration and participation in this process. Managers and controllers of management are called to work together to justify the figures obtained and the reports on costs, for example, in the event of an error in calculation, non-false information, non-conformity in terms of quality, or material dysfunctions. This is inseparable from the quality of the control management process in terms of comprehension and interpretation of reality and the reliability of figures.

In the dynamic world of business management, the relationship between controllers of management and managers is of paramount importance. This complex interaction, oscillating between cooperation and conflict, directly influences managerial performance and, by extension, the success of the organization. While cooperation arises from a common objective and mutual respect, conflicts often emerge from divergent opinions and differences in management approaches. It is in this context that we explore the nuances of this essential relationship, highlighting the factors that foster productive synergy and those that can generate tensions.

The present research on the specifics of the controller-manager relationship is divided into two parts. First, the nature of the relationship between managers and controllers of management in the professional environment. Second, the analysis of trust as a precursor of cooperation in the controller-manager relationship.

## 2. Management controller-mangers: ambiguous relationship

The relationship between management controllers and managers is often marked by conflict and distrust, which can negatively impact organizational performance and employee motivation. The text highlights various types of organizational conflicts, including vertical,

horizontal, and role conflicts, and discusses factors that contribute to these conflicts, such as cultural differences, training, and language barriers. It also emphasizes the importance of trust and proper conflict management to resolve these issues and promote cooperative behaviors.

## 2.1 Conflict relationship

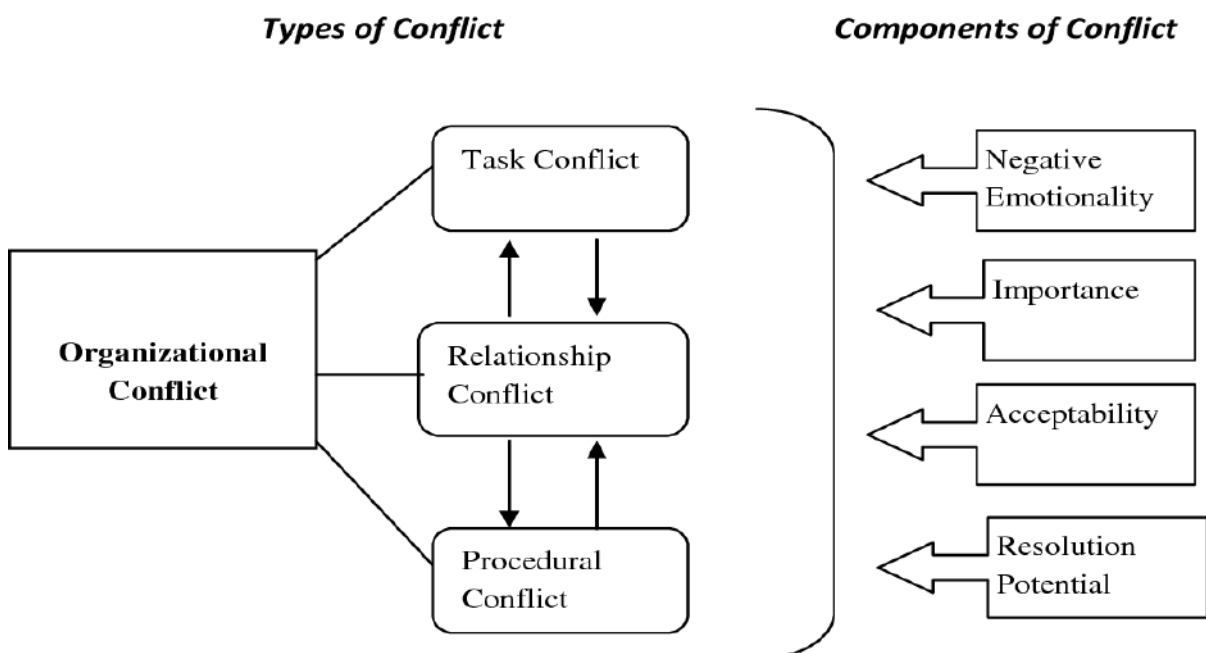
The conflict relationship between management controllers and managers often arises from incomplete financial reporting, inaccurate spending figures, and disagreements over financial predictions. This can lead to misunderstandings and mistrust, as managers may view controllers' responsibilities as threats to their job security, while controllers must verify and correct incomplete or inaccurate data. Effective conflict resolution requires identifying the root causes, active listening, focusing on shared interests, and collaborative problem-solving to build trust and improve the working relationship

### 2.1.1. Organizational conflict

Companies have always been marked by tensions in terms of relationships between individuals, which causes behaviors and reactions that result in more or less significant conflicts. Conflicts represent a daily phenomenon in every organization and develop following disagreements and differences between individuals or groups. In this regard, relational conflicts can be lasting and undermine commitment and especially trust. Reduced work performance efficiency, lack of communication and employee demotivation are negative consequences of conflict. There are several types of organizational conflicts, we will examine the following types (Hener, 2010):

- Vertical conflicts: This type of conflict exists in organizations where the organizational structure is very formal and occurs between different hierarchical levels.
- Horizontal conflicts: occur between employees of the same department, these conflicts can manifest for many reasons, including decision making, different interests, resource management problems.
- Role conflicts can be a source of incomplete understanding of the mission entrusted to an employee at a given time.

Figure 1: model of organizational conflict



Source: Hener (2010)

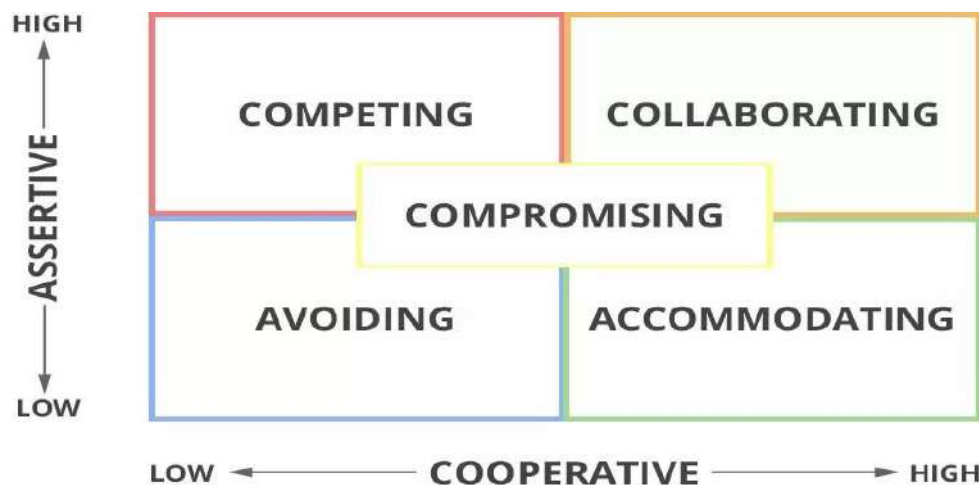
Conflicts generally manifest themselves through tensions along two dimensions, on the one hand disagreements related to specific tasks, and on the other hand emotional and interpersonal problems. In this sense, several studies have empirically studied these two dimensions and concluded that these types of conflicts have different effects within the company.

### 2.1.2 Conflict resolution factors

Incompatibilities and misunderstandings between actors lead to conflicts caused by interpersonal disagreements, substandard performance, tensions or differences in objectives. However, to deal with these conflicts, each organization must take into account a number of factors proposed by (Thomas, 1992), such as:

- Collaboration: allows finding a solution to satisfy people in a conflict situation, while accepting the interests of the other, which implies cooperation between the actors. Collaboration applies when the two parties wishing to solve problems work together to find an optimal solution. Collaboration remains a fundamental factor in the development and maintenance of relationships.
- Compromise: is an effective means of resolving conflicts, especially in a situation where both parties have an equal duty. It allows finding an intermediate solution to manage complicated situations.
- Avoidance: is a factor that allows ignoring the conflict, based on both cooperation and confrontation.
- Accommodation: it constitutes a good conflict management strategy and involves a great deal of cooperation in order to satisfy the interests of the other. Its objective is based on creating and maintaining a good relational climate.
- Competition: it is to assert one's point of view and one's own interests to the detriment of the other. It consists in defending one's ideas and positions.

*Figure 2: Conflict Resolution Strategies*



*Source: Thomas (1992)*

For several years, the relationship between management controllers and managers has been marked by the seal of conflict. As Damien Robert suggests, "at the very heart of trust lies the permanent risk of dependence and the game of domination: always subject to its potential revocation, trust contains the very possibility of conflict". The author specifies that in any conflict relationship, trust appears as a striking lever of lasting resolution. F. Perroux suggests that "The social relationship between agents for the provision of accountable things cannot be a pure conflict, because the resulting destructions diminish the availability of these things. It

cannot be a pure cooperation, because the agents are individualized... and cannot completely abdicate egocentric interests" (François, 1961).

## 2.2 The role of trust in a conflictual relationship

Trust is a contributing factor that helps reduce conflicts, in order to avoid aggressive behaviors and establish a good relational climate. Several studies have analyzed the moderating role of trust (Dirk & Ferrin, 2002) as an important but insufficient agent to achieve results. It therefore seems clear that trust would influence the motivation of individuals and therefore represents a mechanism for attenuating complexity and uncertainty. (Grabner-Krauter, 2002).

However, trust makes it possible to moderate relationships with others, while reinforcing cooperative behaviors. According to Damien Robert, "at the very heart of trust lies the permanent risk of dependence and the game of domination: always subject to its potential revocation, trust contains the very possibility of conflict". The author asserts that trust appears as a factor of lasting resolution.

*Table 10: Results of studies that have examined the mediating effect of trust*

The variables studied	Number of studies	Impact
Negotiation	1	Significant
Conflict	1	Significant
Performance	3	Significant
Psychological responses	3	Significant

*Source: Dirks and Ferrin 2002*

Management controllers are often perceived by managers as being actors who hold power or are close to power. As a result, managers see themselves as being dominated by management controllers. According to Hofstede (1977), "management controllers tend to view operations people as unimaginative people who refuse to follow good advice". Managers feel dominated by management controllers, they tend to see them as supervisors (Segal, 1991) or even policemen (H Boisvert, 1994). Such tensions can be created and constitute an obstacle to the evolution of the management control system, which will lead to distrust on the part of managers. The analysis of works related to the relationship between management controllers and managers published between 1950 and the early 1990s highlights the distrust provoked on the part of managers, following a set of factors related either to the cultural differences of the two actors which can result in poor communication (Gervais, 2000), or to the training of the management controller as well as his age.

According to Dalton (1950), functional managers are generally younger, have a high level of education as well as a more technical language and a practical orientation.

Budgets are sometimes imposed by management controllers, and therefore managers are forced to achieve objectives in which they did not participate in their determination, which 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 reasons for costs that weigh very heavily on the budgets of companies".

Certainly, the relationship between the management controller and the managers is sometimes very sensitive, explained by several factors, namely culture and training. M. Dalton (1950) points out that "functional managers are generally younger, better informed, have a more theoretical orientation and use more technical language than operational managers".

The image of the management controller is generally negative. According to Hoffjan, "the management controller is often presented as being inflexible, passive, uncreative, unpleasant, humorless" (Hoffjan, 2004). Managers tend to see the management controller as a supervisor, controller or even a representative of management. This negative image attached to this function shows the ambiguity that characterizes the relationship between management controller and



managers. This difficult relationship makes any kind of cooperation delicate as well as the absence of real participation, which generates a rather conflictual relationship. It is considered that the sources of conflict are mainly the result of poor communication and lack of trust. On the other hand, proper management of conflicts can lead to positive actions, such as stimulating creativity and innovation within the company, in order to reduce tensions and improve the company's performance.

### **3. Cooperative relationship**

Cooperation is one of the most studied aspects of human behavior. Fundamentally, it consists of acting collectively in order to achieve a common goal. Cooperation helps reduce perceptions of risk towards the actors in the process of building solid trust.

Nevertheless, cooperation and flexibility in interaction means allow avoiding conflicts and errors. The analysis of communication as a mechanism of cooperation contributes to the understanding of cooperative activities.

Since the 1970s, the notion of cooperation has been a central element in the interpretation of inter-individual relationships involving both costs and risks as well as benefits and interests (Kretzer, Vauclair, 2004). In this sense, N. Alter indicates that "by giving information, time, support to a colleague, one leads him in turn to give and more broadly to engage in cooperation", which results in creating a real team spirit necessary to strengthen ties between the actors.

Cooperation is essential to the success of managerial relationships; it ensures the effective coordination of activities and the increase in productivity. Cooperation implies a reciprocal commitment on the part of managers and management in order to work together and more intelligently towards the achievement of objectives. Each party must serve its own interests by cooperating with others. Experts in human relations and behavior are convinced that productivity and the achievement of objectives depend on a cordial and solid managerial relationship.

Among the definitions found in the literature is one that specifies that "cooperation captures the level of coordinated and complementary actions taken by exchange partners in pursuit of common goals" (Palmatier, Dant, Grewal, & Evans, 2006).

Since the early 1990s, several studies have highlighted the cooperative relationships between management controllers and managers. (Hughes Jordan, 1998), notes in his study on planning and management control practices in France between 1976 and 1998 aimed at financial directors and/or management control, that cooperation between the management controller and managers has largely developed through the evolution of the role of the management controller in terms of monthly analysis of results and year-end forecasts, as well as his interventions in the preparation of multi-year plans.

Based on the study of works dealing with the relationships between management controllers and managers, some show the conflictual or even difficult links that exist between these actors, which makes a cooperative relationship delicate; others consider that management controllers and managers establish rather positive relationships.

The results of surveys conducted by researchers from the HEC school, specifically that carried out by Jordan (1998), among 230 financial directors and management controllers, showed that cooperation between the management controller and operations staff in decision-making has particularly developed in the phase of monitoring and analyzing monthly results, as well as in evaluating corrective actions. "In the finding, the role of architect and especially that of animation have been strongly developed. As for the wishes of management controllers, we note again a development of the role of animating people to the detriment of the technical role" (Hughes Jordan, 1998).

The participation of managers in setting objectives and in decision-making reduces tensions and also helps strengthen ties between actors. Trust is a major lever for developing a cooperative relationship. This concept has been the subject of several studies in many fields. A minimum of trust between individuals seems necessary, as it constitutes an essential condition for the success of a relationship and promotes communication between individuals in order to facilitate the sharing of points of view and the exchange of ideas (Lazaric & Monnier, 1995), in order to create a cooperative climate between management controllers and managers.

Cooperation among managers constitutes a state of relationships in which managers and management work together to achieve set objectives using mutually acceptable means. It also helps solve problems of organizational inefficiency and improve productivity.

#### **4. Trust: a precursor of cooperation in the management controller-Management controller-managers**

The link between trust and cooperation has been studied in various management research fields. In this sense, several factors promote the emergence of a relationship of trust, particularly the behavior and image of the management controller, as he must prove to managers that he is worthy of trust. Cooperation has been shown to be the most important factor influencing trust. Conversely, managers' mistrust of management controllers has an impact on the functioning within the company, necessitating the establishment of formal control.

The trust relationship between the management controller and his managers is crucial; it is one of the conditions for a positive effect on the company's performance. Performance evaluation must first take into account criteria related to trust and cooperation, measuring behaviors and results obtained to achieve annual objectives. Trust between a management controller and his manager has mainly been identified as the result of an exchange process; it is also considered as the basis of success, even though it is difficult for a manager to trust.

The behavior of the management controller presents a crucial element for the success of implementing the management control system, on one hand, and the quality of the relationships maintained with managers, in order to mobilize them to develop objectives, execute action plans, and produce results. Indeed, management controllers have been disappointed by the negative image perceived by managers, often associated with control and surveillance, which creates real pressure and an unacceptance of the intervention of controllers. Such an image clearly hinders cooperation between managers and management controllers. However, for a trust relationship to be established with managers, management controllers must be understanding and creative. Consequently, the lack of support from top management constitutes a major difficulty, as (Newman & Warren, 1977) consider that support from top management seems important to support the quality of relationships between actors, ensure managers' participation in the management control system, and above all ensure the success of implementing new management control tools such as activity-based accounting or dashboards. In other terms, authors observe that performance is a means facilitating the emergence of a climate between actors. It seems legitimate to admit, by general hypothesis, that an organization in a "good" state of trust is a durably performing organization, especially economically. In such a situation, indeed, actors are likely to have confidence in themselves and in their partners.

Cooperation thus allows the development of the trust relationship between the management controller and managers through the principle of reciprocity. Let's take the example of Cordonnier (1997, p. 195): "if A wants to cooperate, he must be sure that B also cooperates.

This principle is therefore not applicable when there is uncertainty about the choice of partner." Despite tensions and conflicts that may exist between management controllers and managers, both are called to cooperate in order to participate in defining the company's objectives and then in decision-making, given the complexity of the environment that requires a climate of



collaboration. This participation translates into negotiation and budget preparation, especially since the management controller has a general view of the company while managers have a detailed vision.

F. Fukuyama in his work *Trust: The Social Virtues and the Creation of Prosperity* (Fukuyama, 1995), shows that trust between economic actors is a central factor in the development of large organizations, because it excludes doubt, which allows reducing control and risk costs. However, cooperation is defined as "the process by which individuals, groups, and organizations work together, interact, and relate to each other for mutual gain or benefit " This cooperation depends on the willingness of both actors as well as the quality of communication. Mintzberg (1972) emphasizes that direct contact and verbal communication are more effective than using information systems, as they allow leaders to benefit from facial expressions, tone, gestures, and exchange in real time. Therefore, direct contact appears indispensable for better cooperation, as it provides an opportunity for the management controller to obtain reliable and higher-quality information.

Generally, budget preparation and performance monitoring represent the missions that link the management controller and managers and also a primary opportunity for actors to meet.

This specificity also requires the implementation of essential tools for the organization's management as well as for improving performance, namely the dashboard. The latter, which represents a document that brings together all the criteria retained by the company, allows having an overview, detecting disturbances and finally evaluating its performance. Indeed, a better relationship between management controllers and managers makes it possible to create a link of cooperation allowing to set up and present dashboards that will effectively meet the needs of both actors. (Bescos et al., 1995).

## **5. Conclusion:**

The relationship between controllers of management and managers is intrinsically complex, marked by a delicate balance between cooperation and conflict. The key to a fruitful collaboration lies in the construction of a strong trust and the adoption of effective communication strategies. By recognizing and valuing the evolving role of controllers of management, who are increasingly oriented towards analytical and forecasting tasks, managers can pave the way for enhanced cooperation, conducive to organizational success. It is therefore essential to carefully manage these interactions in order to take advantage of the benefits of cooperation while minimizing the risks of conflict.

The practice of control management questions trusts as a subjective notion. It is present in various disciplines in the human, social, and economic sciences. Indeed, Pallas and Richard emphasize that trust is "a fuzzy concept, difficult to apprehend and measure". In this spirit, defining and measuring trust is not an easy exercise, given its implicit nature; there are so many definitions of the term. A single definition remains insufficient to observe the extent of the concept.

Relationships of trust in the workplace are built and maintained between controllers of management and managers, requiring a great deal of both professional and personal work for better involvement of managers in the control process, and of control management. As Bouquin (2006) points out, "the success in terms of control management is strongly linked to the recognition, by the operational staff, of the quality of the services that the control system can offer them."

Our research was based on the contingency approach in control management, which is based on the principle that there is no universally appropriate control management system that applies in the same way to all organizations in all circumstances. However, the implementation and use of control systems depend on the organizational context. Nevertheless, previous research had

identified a number of variables affecting the effectiveness of a control management system, in particular strategy, the nature of the environment, culture, and size.

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