

Contribution of Management Control in Good Governance of Moroccan Public Institutions

ANOUAR Hajar

Doctor in management sciences
University Sultan Moulay Slimane
Structure Research :LERSEG
Beni Mellal, Morocco

JIBRAILI Zineb

Doctor in management sciences University Cadi Ayyad
Structure research: GREGO
Marrakech, Morocco

CHEMLAL Mohamed

Doctor in management sciences
University Mohammed V
Structure research : LARMODAD
Rabat, Morocco

Abstract:- Nowadays, the management control process is an important and emerging subject in the public sector. In fact, following the reform of financial control implemented by the Moroccan government, public institutions are now moving towards the adoption of this management control system, which will allow them to improve their performance and move towards good governance. Hence the importance of this article, which attempts to define the contours of these concepts, and to highlight the important role of management control in the good governance of these organizations. Thus, it complements our previous research in a broader field of public institutions.

In this sense, we are moving towards a comparative analysis between Moroccan public institutions. To achieve this objective, we opted for a qualitative approach based on case studies linking five public institutions subject to accompanying control. The results of this research highlight the path that has been covered and raise new avenues of research in this area of study.

Keywords:- Management Control, Performance, Public Institutions, Governance, System of Calculation of Costs, Budgetary Participation, Budgetary Revision, Monitoring of the Budget, Budgetary Negotiation, System of Dashboard, Control of Accompaniment.

I. INTRODUCTION

The Moroccan public company occupies an important place as an important actor in the social-economic development of the country. The public company, like the private one, is subject to the turbulence of their environment: national or international. This is the reason which obliges the Moroccan government to increase their interest in the governance of those institutions. Since then, the number of debates and state reforms have continued to implement actions to improve governance and consolidate the performance of these entities.

Among these reforms:

- The implementation of the code of good practices for corporate governance and public institutions.
- The progressive generalization of multi-year contractualization of relations between the State and public institutions.
- The reform of financial control introduced by law 69-00.

This new law is considered an innovative framework for the governance of the Moroccan public company (Talbi A, 2008). It allowed the generalization of financial control, modulation and relevance of control, revitalization of the process, clarification of powers and introduction of the concept of ex-post through accompanying control. These reforms aim to offer firstly a modern governance framework to public institutions and secondly to accompanying control of public institutions.

In fact, the accompanying control supposes the abolition of a priori control over management acts, equitable implementation of management instruments within institutions, reduction of State control and implementation of corrective measures in case of deviation from the objectives. These contributions allow the consolidation of the autonomy and accountability of public managers committing to results in terms of objectives and means clearly defined beforehand.

In this context, the strengthening of internal control and particularly management control becomes an essential corollary of accompanying control and governance of the public enterprise.

Despite this renewed interest, Moroccan public institutions have often considered management control as a luxury and its implementation seems premature in relation to the multiple priorities encountered by the various institutions in this sector (EL Gadi A, 2006).

This finding calls into question the current state of the characteristics of management control and its role in the governance of the Moroccan public enterprise subject to back-up control.

After having identified the object of the research and the field of study we are able to formulate the problematic of this research in this question:

To what extent does management control contribute to good governance of Moroccan public institutions?

In order to respond to this problematic, our article pursues two objectives:

- The first one is to describe the current state of management control and the level of development of its practices in Moroccan public institutions subject to accompanying control, as well as its role in the governance of said institutions.
- The second one consists in carrying out a comparative analysis between these institutions.

➤ *The particularities of management control, performance and governance in the public sector*

Debates on management control, governance and performance are in vogue in the public sector with the emergence of the currents of new public management (New public management) and new public governance.

Management control and performance are closely linked concepts. In fact, management control has the ultimate objective of seeking performance to the point that researchers like Orley (1999) and Lebas (1995) have "extended its limits" and defined it as "piloting or management of the performance ". Another concept is linked to the concept of management control, namely governance.

In that reflection, we are talking about the role of management control in the governance and performance of the public institutions.

➤ *Management control: an instrument of public governance*

With the succession of financial crises over the past ten years and the role of external control through the external audit, the emphasis has been placed on internal control and more particularly management control, as an alternative mechanism in corporate governance.

However, little research has focused on studying the links between management control and governance. Among these works we can cite the research of Renard J. (2011), Bouquin H. (2008), Johanson H.T. (2008), Pesqueux Y. (2002), and Otley D. (2004). These researchers emphasized the role of management control and its contribution to corporate governance.

For Bouquin (2008) "management control is a process that leaders use to govern. It consolidates the governance seen by shareholders or other stakeholders. It is a key

issue". Its contribution to the governance of business for Renard (2011) works in three directions:

- Assistance to senior management to define the principles of governance
- Permanent contribution to improving the performance of all activities
- Adaptation of the system of information.

➤ *Particularities of the performance in public sector*

Performance is a central concept in management science. Several authors have tried to define it since the early 1980s (Bouquin, 1986; Bescos et al., 1993; Bourguignon, 1995; Lebas, 1995; Bessire, 2000). However, there has always been a lack of consensus on the delimitation of this term.

There does not seem to be a universal definition of "performance". Indeed, this notion remains relative depending on the context and field in which it evolves. Thus, it can correspond to efficiency, productivity, return on invested capital, the input / output ratio.

Being efficient is the reason of existing of any organization, whatever its nature and activity. However, understanding this notion has always been complex and has sparked several debates for years, as Saucier, (1994) points out: "Performance must be specified every time you want to use it. Indeed, this vague concept occupies a central place in any organization. It intrigues several questions and generates various definitions. It is generally designed from the angles of effectiveness, efficiency, effectiveness, productivity and relevance. The notion of performance is indeed a construct, an abstract notion conveyed by the theorists of organizations.

In this sense, and from an economic point of view, the performance of the company is represented through the value-cost couple (ratio between the resources consumed and the value created). Thus, for Lorino (1997), it corresponds to the means enabling the achievement of strategic objectives. "The company can only be efficient if it improves the couple of net value creation (on the other hand, is not necessarily performance which contributes to lowering the cost or increasing the value, in isolation, if that does not improve not the value-cost balance or the value-cost ratio) ". Bocco, (2010) presents performance from the perspective of organizational development and growth. For Otley, (1999), it is an ambiguous term that does not have a single definition.

Bourguignon, (1995) defines it by separating between 'performance performance' which is concerned with the level of achievement of objectives (compare the result obtained with the pre-established objective by emphasizing criteria such as profitability, profitability and productivity). 'Action performance' which can be understood from the means, skills and processes implemented to achieve these results and 'success performance' which varies depending on the organization. According to the same author, it is difficult to delimit the performance given the different dimensions that it covers. Indeed, this complexity is

explained by the use of this concept in different fields, namely: politics, entertainment and sport. This term has undergone three major evolutions over time: first passing from a financial performance to an organizational performance and therefore from a one-dimensional character to a multidimensional framework, from an objective performance to a subjective performance, and from a management tool to a measurement tool.

➤ *Public performance inside of management control*

To help public managers measure their performance, the management control system has a range of powerful practices. According to Alzard and Separi, (2001) there are three main types of management control tools: Costing, budgets and performance indicators.

Ben Letaief, (1998) considers that analytic accounting is an instrument at the service of the effectiveness of

management control within public institutions, it makes it possible to examine and analyse costs and results, per unit, by product by program or service. As for the budgetary system, Demeestère, (1989) considers that its development "represents in any organization an important issue".

Bouquin, (2001) considers that there are three chronological phases in a rational model of organizational control: finalization, management and post-evaluation and that budgets are involved in these three phases.

This model allowed Sponem, (2002) to raise the main questions relating to the budgetary system in each phase. The table below summarizes the three intervention phases of the budget system and the main issues relating to each one of them.

Phase	Questions
Finalization (construction of the Budget)	<ul style="list-style-type: none"> • Who builds the budget? (Decision-making level or group / participation of operational staff) • Around which elements does the budget negotiation take place? (Only financial or with action plans) <ul style="list-style-type: none"> • Difficulty of the objectives set? (Room for manoeuvred) • Level of budget detail?
Steering (use and evolution of the budget during the fiscal season)	<ul style="list-style-type: none"> • Attention to the budget monitoring? (Frequency / items / by whom) • Budget intangibility? (number of flexibility revisions)
Post-evaluation	<ul style="list-style-type: none"> • Using the budget to assess performance? • Financial or non-financial compensation

Table 1:- Main issues that go through the budget process

Source : Sponem S., (2002), « L'explication de la diversités des pratiques budgétaires : une approche contingente », Actes du 23ème congrès de l'AFC, Toulouse

The budget practices that will be studied in this research are: budget participation, budget negotiation, budget monitoring and budget review.

❖ *Budget participation in public institutions*

In France with the organic law on the choice of finances (LOLF), the logic of budget construction has undergone many modifications.

The new budgetary architecture has made it possible, in terms of budgetary participation, to introduce new players in budget construction, namely: the program manager and the program operational budget manager (BOP). In Morocco, as part of the governance of public finances, the government has implemented since 2002 a progressive budgetary reform focused on results, the search for performance and accountability. This reform made it possible to launch a participatory approach involving ministerial departments in the design and implementation of the reform arrangements (Bennani A, 2008). Thus, it enabled managers to get involved and make them responsible for achieving budget objectives.

❖ *Budget negotiation in public institutions*

According to the methodological document on management control in state administrations "the preparation of budgets within the framework of the LOLF must be done according to an iterative process which associates the manager who will implement the budget, his authority and the representatives of the financial department (association of a bottom-up approach and a top-down approach). In order to get buy-in from those responsible for implementing it, the budget must be negotiated rather than imposed. "

Budget negotiation is part of the allocation of resources which are the second phase of budget construction. According to the LOLF, the budgetary negotiations relate to the justification for the first euro which aims to justify the different budget items, to follow their evolution and to account for their use. Therefore, it is essential for administrations to be able to know how to detail and justify all of their costs.

❖ *Budget monitoring and review in public institutions*

With the LOLF in France and the budget reform in Morocco, budget monitoring has become a targeted action because budget management by objective requires both ensuring that the budget executed conforms to the defined objectives and this through budget monitoring.

The Inter-ministerial Delegation for State Reform has made budget monitoring an essential tool in the budget management phase. According to the delegation, it includes:

Highlighting deviations from budget forecasts (consumption of resources and achievement of objectives) and, if necessary, taking corrective measures and revising the initial budget programming.

The delegation favours the revision of the budgetary programming when the external circumstances require it.

❖ *The dashboard system in public institutions*

In France, with the LOLF, the dashboard has seen renewed interest in associating performance indicators with each program in order to assess and measure the results of the policies undertaken from over the years.

With this law, the notion of indicators is consolidated in the evaluation of public policies by making their use compulsory: "to evaluate a public policy is first of all to measure its effectiveness using performance indicators to then assess its relevance" (Aubouin N. 2012).

In the Moroccan public sector, the implementation of the globalization of credits has favoured the implementation of dashboards as a means of public management governance, this by implying the development of quantified performance indicators establishing a link between the open appropriations and the results expected from their execution. These indicators, according to Oualalou (2008) "constitute management and control tools enabling the Government and the Parliament to assess the progress made in the execution of public policies with regard to the means consumed".

II. RESEARCH METHODOLOGY

The theoretical aspect of our research was supplemented by an empirical study. This is carried out according to a qualitative methodology based on descriptive and collective case studies with Moroccan public institutions subject to accompanying control. The case study seems to us to be a relevant way of answering our research question and the complexity of the problem. Thus the case study in this context takes its full meaning and usefulness "when the questions of how and why arise, when the researcher has little control over the events, and when the focus is on a contemporary phenomenon within a real social context" (Yin R.K, 1990).

Albarelo (2011) defines the case study as "a research method that integrates different techniques, most of which are qualitative in nature". As a result, the researcher can use several data collection techniques. In our research we combined semi-direct interview, literature review and non-participating observation. These techniques seemed to us to be the most relevant and the most appropriate to the requirements of our problem and the requirements of our research field.

As with any case study approach, the data analysis phase is central. Our data analysis follows the methodology recommended by Miles and Huberman (2003):

- Data condensation: For the analysis of the content of the interviews we used a manual thematic analysis.
- Presentation of data: In this phase, the researcher must carry out an "organized assembly of information that allows conclusions to be drawn and action taken" (Miles M.B, 2003). This assembly can take the form of tables, diagrams or matrices. In our research, we used tables and matrices.
- Elaboration/verification of conclusions: this stage allows the construction of conclusions drawn from the data presented.

Our analysis of the data enabled us to present in a descriptive way the specificities and management control practices in public institutions subject to accompanying control. It has thus made it possible to see whether these institutions behave in the same way with respect to each other in structuring, the level of development of management control practices and the role of the management controller in the governance of those institutions.

In some situations, the cases to be studied are imposed on the researcher by reality or even by current events (Albarelo L, 2011). In our case, the choice of public institutions to be studied was imposed by Decree No. 2-13-24 of 15 May 1434 establishing the list of public institutions subject to accompanying control. These institutions are:

- Central Guarantee Fund (CCG)
- Securities Ethics Board (CDVM)
- National Electricity and Drinking Water Board (NEB)
- National Railway Board (ONCF)
- The Autonomous Water and Electricity Authority of Marrakech (RADEEM)

This list has been revised; the CDVM which became the Moroccan Capital Market Authority was replaced in 2019 by the National Office of Hydrocarbons in Morocco (ONHYM).

Our sample was therefore drawn from five public institutions, which is relatively small, but a qualitative sample does not need to be representative in the statistical sense of the term, but it must be representative in terms of the subject of the research. In order to conduct our empirical research, we first chose

the cases to be studied at the level of the public inter-institution study and in a second place we chose the intra-institution study.

III. THE RESULTS

Our study will consist of two steps:

- The first stage will be devoted to a study of the situation of Moroccan public institutions subject to accompanying control and an analysis of the place accorded to management control throughout the legislative framework; and regulations governing these institutions.

The second stage will be a descriptive phase based on interviews with the managers of institutions subject to the accompanying control. These interviews will provide important information on the clarification of the answer to our research problem on how management control is carried out within these institutions.

The second phase of the empirical study will also be conducted in two phases:

- A descriptive phase of four public undertakings subject to accompanying control

- An in-depth phase of a single public institution subject to accompanying control. The aim of this study is to find other empirical answers to our research question and to describe in more detail the way in which management control is constructed in these institutions and its role in their governance.

➤ *The results of the first empirical phase*

The public sector portfolio in Morocco is characterized by the diversity of the legal status of its components and the sectors of activity it covers.

The inventory of Institutions and Public Institutions stopped at the end of September 2019 shows the existence of 225 Institutions and 43 Public Limited Institutions in Direct Participation of the Treasury.

The diagram below shows the composition of the Moroccan public portfolio according to the legal nature of the entity at the end of September 2019

Of the 225 Moroccan institutions only five having benefited from the submission to the accompanying control. The diagram below shows the situation of the public institution which have benefited from the accompanying control over the period 2016-2019

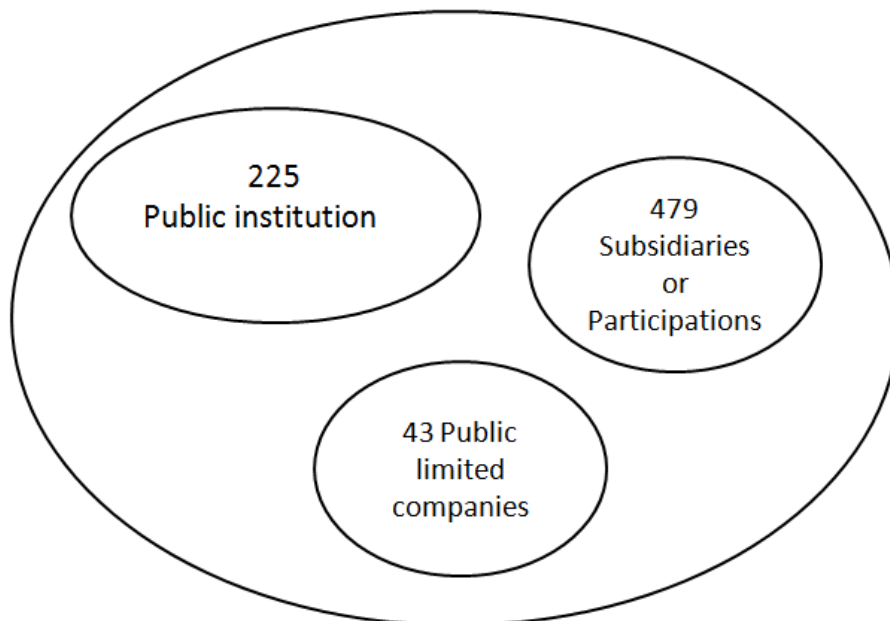


Fig 1:- Composition of the Moroccan public portfolio at the end of September 2019
Source: developed by our own care

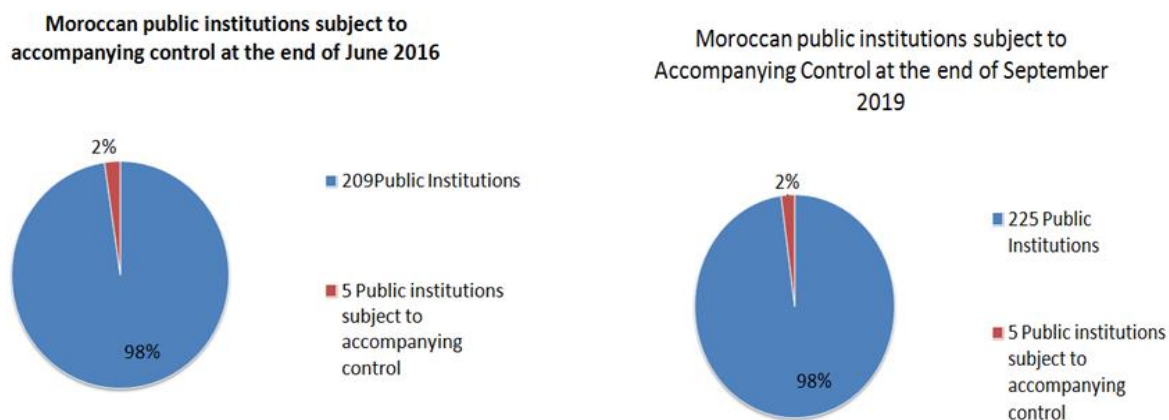


Fig 2:- Inventory of Moroccan public institution subject to accompanying control over the period 2016-2019. Source: developed by our own care

Over the period 2016-2019 the number of public institutions increased by 16 units, this increase did not affect the number of public institution subject to accompanying control. In fact the number of the latter at the end of September 2019 was five, a rate of 2% of the public institutions.

This result is interesting but it remains relatively limited.

In the following paragraph we will present the place of management control in the texts governing the Moroccan public undertaking subject to accompanying control.

The table below represents the place of the concept management control in the texts governing Moroccan public institutions subject to accompanying control.

Texts governing public institutions subject to accompanying control	Use the term	Uses close concepts	Gives a definition of
Dahir n°1-03-195 du 16 ramadan 1424 (11/11/2003) portant promulgation de la loi n° 69-00 relative au contrôle financier de l'Etat sur les entreprises publiques et autres organismes. BO. N° 5170 du 18/12/2003.		X	
Arrêté du ministre des finances et de la privatisation n° 1549-05 du 18 kaada 1426 (20 décembre 2005) fixant les instruments de gestion des établissements publics éligibles au contrôle d'accompagnement.	X		
Code marocain de bonnes pratiques de gouvernance des entreprises et établissements publics.		X	
Guide méthodologique de la contractualisation des relations entre l'Etat et les entreprises et établissements publics	X		

Table 2:- Inclusion of the concept of management control in the texts governing Moroccan public institutions subject to accompanying control

Source: developed by our own care

The analysis of the texts presented above shows that the place given to the concept of management control in the texts governing public institutions subject to accompanying control is timid.

➤ *Results of the second empirical phase*

From the non-participating observation and the analysis of the interviews we can present the following table:

Practices	Dimensions	Results
budget system	Participation	Diversity of the level of participation in the budget process with significant participation of operational staff in the budget package
	Negotiation	Diversity in the content of budget negotiations.
	Monitoring	Diversity of the level of development of budget monitoring Diversity in the nature of budget monitoring
	Budget Review	Budget is immutable Lack of flexible budget Budget is not the subject of forecast
Cost calculation system	Method of calculating costs adopted	Diversity of the cost calculation system Diversity of cost calculation methods in institutions with a cost calculation system Absence of ABC method
	Frequency of analytical result dissemination	Diversity of frequency of dissemination of analytical results
Dashboard system	Balancing of dashboards	Dashboards with strong integration of financial indicators, weak process indicators and very low integration of customer indicators. Indicators relating to organizational learning and innovation are missing.
	Frequency of dashboard broadcast	Diversity in the frequency of dashboard dissemination
Organization and role of the management control function in governance	Function organization	Diversity of the structuring of the management control function Consensus on the positioning of the structure
	Themes for action of the function in governance	Diversity of roles assigned to the management control function in governance

Table 3:- Results of the second empirical phase

Source: developed by our own care

IV. DISCUSSION

From these results stem from many lessons on the contribution of management control in the governance of Moroccan public institutions, which are follows:

➤ Despite the importance of management control as a component of internal control, there are no institutional or legal texts which oblige the institution of that process in Moroccan public institutions, subject to back-up control. In addition, we can say that there is a need for

the development of a management control policy as part of the modernization of the public institutions.

- The number of public institutions that have benefited from the accompanying has not increased and remains relatively limited.
- The results that we have achieved have shown that management control system in public institutions subject to accompanying control is still classic. This is manifested by the use of practices such as classic management accounting (full cost methods and partial

- costs), the unbalanced scoreboard and the budget system.
- A participatory process is adopted by public institutions subject to accompanying control.
 - Operational managers have a considerable role in the development process of their budget.
 - Budget negotiation does not always result from prior action plans
 - The type of budget negotiation is not universal.
 - The principle of using the budget to follow the discrepancies seems acquired in said institutions
 - The nature of budget monitoring is not uniform
 - The absence of devices to reduce the rigidity of the budget and improve steering during the year.
 - The maintenance of a cost calculation system is not compulsory.
 - The cost calculation system is not uniform.
 - The adoption of conventional cost calculation methods.
 - The frequency of dissemination of analytical results isn't global.
 - The absence of a balanced scorecard in public institutions subject to accompanying control.
 - The frequency of dashboard distribution isn't universal.
 - The organizational definition of the management control function is not an imperative.
 - The management control structure plays an important role among the governance arrangements required by law 69-00 and constitutes one of the internal control bodies.
 - The roles assigned to the function within the framework of governance can't be universal
 - A diversity in the roles granted within the framework of the governance of public institutions.

These results are very close to our study carried out in the same context in 2017.

V. CONCLUSION

This research work aimed to identify the added value and the contribution of the management control system in good governance of Moroccan public institutions. While drawing up a current state of the level of development of this discipline, focusing on the role of performance management in the good governance of these organizations.

Our goal is to clarify a managerial "phenomenon" in the Moroccan public management corpus. In this context, we have mobilized a qualitative research method based on case studies.

The main scientific contribution of this research lies in:

- Reinforcement of the knowledge of management control in Moroccan public institutions, subject to accompanying control by public managers who seek that their institutions benefit from this type of control.
- The enhancement of experiences acquired in management control in the context of governance and management of the Moroccan public institutions in the context of accompanying control.

- Permission for public managers and controllers to appreciate the progress that has been made. This appreciation is important insofar as it allows Moroccan public managers to better target new management control practices that encourage performance improvement.
- Look at the role assigned to the management controller in said institutions and target new roles in the governance of these entities.

There is no doubt that this work represents only the beginning of a new field of research, not yet identified by researchers in management sciences in Moroccan public institutions.

Several lines of researches can be considered:

- **A qualitative study:** The conduct of a qualitative study to identify the factors explaining the diversity of specificities and practices of management control in public institutions.
- **A quantitative study:** In order to improve knowledge of management control in public institutions, it would be interesting to supplement our research with a quantitative study on an enlarged sample of public institutions in order to have a significant response rate and a better understanding of administered issues. management sciences in the Moroccan public corporation.

REFERENCES

- [1]. Albarello L. (2011), "Choosing the case study as a research method", De Boeck, Collection. Methods in human sciences.
- [2]. Alzari C. et Separi S. (2001), "Management control", 5th edition, Dunod
- [3]. Aubouin N. Coblenche E., et Kletz F. (2012), "Management tools in cultural organizations: from artist criticism to creative management", *Management & Avenir*, n° 54, p. 191-214.
- [4]. Ben Letaief M. (1998), "The State and public institutions in Tunisia", L'harmattan.
- [5]. Bennani A. (2008), "Budgetary reform in Morocco towards strengthening the performance of spending" *Moroccan Audit and Development Review*, n° 25, p.58
- [6]. Bouquin H. (1997), "The foundations of management control", 2nd edition, PUF, What do I know? Paris.
- [7]. Bouquin H. (2001), "Management Control", Presses Universitaires de France, 8th edition.
- [8]. Bouquin H. (2008), "Management control", 8th edition, PUF, Renard J. and. Nussbaumer S. (2011), "Internal audit and management control: For better collaboration », Eyrolles : Editions d'Organisation.
- [9]. Bocco, B. (2010), "Perception of the concept of performance by the managers of small businesses in Africa. *La Revue des Sciences de Gestion* 2010/1, n° 241, 117 to 124."
- [10]. Bourguignon, A. (1995), "Can we define performance?" *Revue Française de Comptabilité*, n° 269, P. 61-66.

- [11]. Demestère R. (1989), "Is there a specificity of management control in the public sector" Policies and public management, Vol. 7, n ° 4, Special issue - Training in public management; doi: 10.3406 / p. 33-45.
- [12]. EL Gadi A. (2006), "Performance audit and management control in the public sector", Rabat net Morocco.
- [13]. El Hamma A. et Ben Slama F. (2012), "Management control, as a corporate governance mechanism, and profitability: the case of Moroccan institutions", *Revue du chercheur*, n ° 2012/11, p.1-11.
- [14]. Jibraili Z. (2020), « Determinants of organizational performance in sport Federations », Cadi Ayyad University
- [15]. Kacher N., Polossat M., Hirsch D. et Désiré-Luciani M-N. (2013), "The general management control book", Eyrolles edition.
- [16]. Lebas, M. (1995), "Yes, performance must be defined", *Revue Française de Comptabilité*, n ° 269, July-August, pp. 67-75.
- [17]. Lorino, P. (1997). Performance methods and practices. Paris. Miles M.B. and Huberman A.M. (2003), "Analysis of qualitative data", 2nd Edition, De Boeck.
- [18]. Otley D.(1999), "Performance management: a framework for management control systems research", *Management Accounting Research*, p. 363-38.
- [19]. Oulalou F. (2008), "Reform and governance of public institutions in Morocco", *Moroccan Review and Audit*, No. 25.
- [20]. Sponem S. (2002), "Explaining the diversity of budgetary practices: a contingent approach", *Proceedings of the 23rd AFC congress*, Toulouse.
- [21]. Talbi A. (2008), « Reform and governance of public institutions in Morocco », *Moroccan Audit and Development Review*, n ° 25
- [22]. Yin R.K. (1990), "Case study research: DESIGN and Methods". California, Sage Publications