

The Role of Management Control and Accounting Systems in Increasing the Efficiency of Activities of Manufacturing Companies

Nabil Bashir Al-Halabi¹

School of Business, Amman Arab University, Amman, Jordan

Tel: 00962797390188 E-mail: alhalabi.fcs@gmail.com

Abstract

The study aimed at finding out the role of management control and accounting systems in increasing the efficiency of activities of Syrian private manufacturing companies. Two variables were stated: the degree of reliability on the internal control and auditing system (ICAS), and the extent of using the ISO system in setting procedures that help in increasing the efficiency of activities for these companies. The extent of adopting control procedures by top management were also studied and analyzed in two different fiscal years-2009-2010 and how these issues reflected on reducing manufacturing overhead and period expenses for companies under study. A sample consisted of fifteen executive managers and ten members of the board of directors, owners and general managers was selected. Questionnaire forms on the research variables were distributed to the research participants, and statistical tests were applied. Findings of this study were also relied on participants' interviews and observations to achieve the objectives of this research.

The main results of the study are:

- 1- There are different perceptions and attitudes towards the degree of reliability on the internal control and auditing system in increasing the efficiency of activities for Syrian private manufacturing companies, despite of the ability of manufacturing companies to adapt quickly to contingent internal factors, such as different nature of operating conditions for these companies, the issuance of many internal administrative orders and management written instructions, the issuance of financial and control procedures; and external factors, such as levels of competition and the use IT facing these companies.
- 2- There are no agreement between different management levels, their top management, and board of directors on the feasibility of the ISO system in supporting the internal control and auditing system and adopting administrative and financial policies and procedures that help in reducing unfavorable informal practices resulted from dysfunctional behaviors within these companies.
- 3- There are general agreement between different participants for the need to modernize management control and accounting systems through:
 - (i) a complete awareness of professionals and users of economic decisions outputs; (ii) more effective and continuous training for different administrative levels; and (iii) improving and simplifying legal and contractual regulation, and other modern management control and accounting procedures that suit management and financial control systems. Actually, the lack of coordination between executive management has led to the need to formulate many management control and accounting procedures within the middle management levels to achieve corporate objectives of Syrian private manufacturing companies.

Keywords: Management Control, Accounting Control Systems, Efficiency of Activities, Syrian Manufacturing Companies.

1. Introduction

The current century has witnessed many governmental and non-governmental trials to enhance the role of controls taking place after the international financial crises in 2008 onwards, where many studies have agreed on the existence of advantages of financial and management systems in businesses for owners, board of directors and CEOs (Gill and Obradovich, 2012). Recently, many researchers called for more studies to discover factors that affect decision making and the management's need to adopt new approaches to solve problems that affect the efficient usage of available resources and develop new control procedures to achieve predetermined objectives (Judeh, et.al., 2011, p 20). Further, a well-designed internal control and auditing systems must be linked with all financial and nonfinancial objectives to which new tools of cost management are directed towards

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the achievement of operational and administrative efficiency of activities in organizations (Takriti, et.al., 2007, p. 323).

Another line of studies pointed out that companies are interested in issuing formal procedures to decrease costs through linking activity-based costing with the target costing adopted by management of manufacturing companies (Hilton, R., 2008, p. 234). An economic perspective supported the notion of management control and accounting systems in representing policies and procedures to have a wealth growth of stakeholders and employees' participation in achieving objectives organizations by monitoring formulae of contractual agreement with the related parties, based on transparency and disclosure standards (Barth and Landsman, 2010). In line with these studies, the OECD stated that the elements of management control and accounting systems cannot be separated from the general atmosphere of companies, referring to the existence of internal and external factors imposed on systems of companies (OECD, 2004). A further line of studies pointed to control tools that are used to monitor family companies, not listed in stock exchange, through: (i) imposing procedures to describe jobs; (ii) improving current performance measures; (iii) providing disclosures for owners; and (iv) providing a list of data that includes questions and required documents to review and audit accounting and control procedures for owners of companies (Rapp, 2010).

The research focussed on the role of management control and accounting systems in increasing the efficiency of activities in Syrian private manufacturing companies, as shown in figure (1).

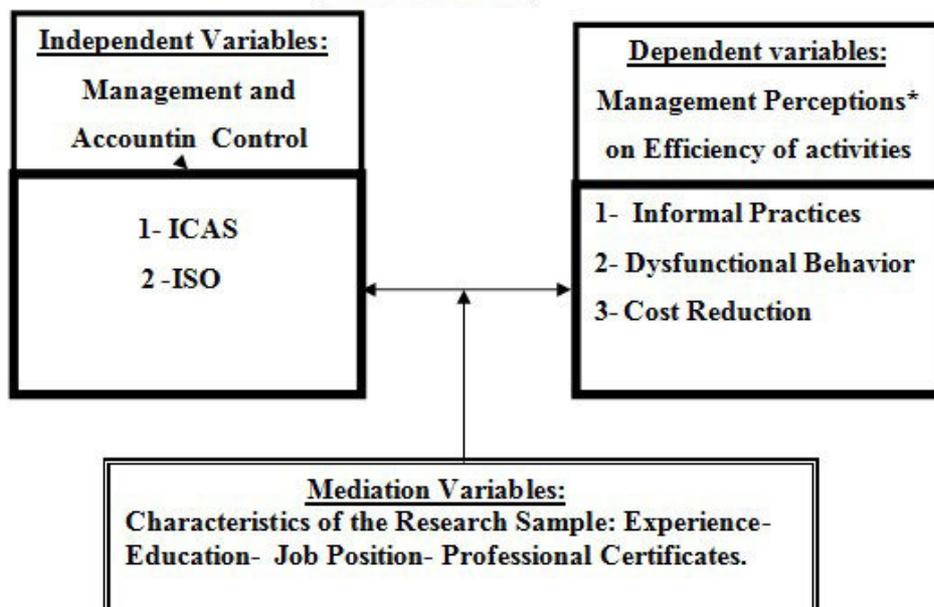
2. Objectives of the research

The following are objectives of this research:

- 1- identifying management perceptions and internal contingent factors on the degree of reliability of the internal control and auditing system in increasing efficiency of activities of manufacturing companies.
- 2- discovering whether the ISO system and linked procedures can support the internal control and auditing system to eliminate informal management practices resulted from dysfunctional behavior in these companies.
- 3- suggesting procedures and policies that enhance in developing management control and accounting systems to increase efficiency of activities in manufacturing companies.

Figure (1)

Research framework



- *Executive Managers of: Production activity, Purchasing activity, Sales activity, Finance Activity, Internal Control and Auditing activity, Planning activity, Warehousing activity.
- *Accountants and other management levels: ISO representatives, CFO, Deputy CFO, and Management Accountants.
- *Owners of Private manufacturing companies: Either partnership/ limited companies.

3. Research Latitude

This study identified informal practices that weaken the internal control and auditing procedures and increase costs. Furthermore, the role of internal and external contingent factors in formulating operational, management and financial rules that develop and improve the internal control and auditing system were identified with the aim of increasing efficiency of activities in Syrian private manufacturing companies. There is little evidence on the interaction of these systems and the ISO system in increasing the efficiency of activities in manufacturing companies, and what are the means and tools to eliminate informal practices in these companies?

4. Literature Review

Prior studies pointed to a set of standards that measure the extent of effectiveness of management control and accounting systems in organizations through constitutions, separations of authorities, specialized committees, and the degree of financial and management disclosure that linked to economic and social elements (Gill and Obradovich, 2012). To enhance the role of these systems in manufacturing companies there should be formal guidelines of job description at different management levels in conformity with international formal standards, such as IAS, IFRS, WTO, Basel committee, and the OECD, while informal behavior practices lead to more social and company risks influenced organizations (OECD, 2004). In the accounting context, there are several cases reflected dysfunctional behavior and a decrease in operating performance leading to more discussion on the nature of each company, within the country's economic system, and the role of management in solving performance problems (Hopwood, 1977). On the other hand, the problem of management control and internal auditing characterized in identifying different managerial perceptions and attitudes reflected in the published and unpublished financial statements, with many reasons causing these problems, such as the nature of internal control, delays in performance evaluation, and slow responses to requirements of management controls (Donnell, 2002). Another study pointed out that the internal audit is extending its work to link the internal control function with the financial and operational aspects, with the aim of evaluating company's performance and increasing profitability (Irvin, 2003). This is done through an organized methodology of performance evaluation, risks management, tight control, and governance (Irvin, Op., Cite., p.23).

In this regard, one study referred to the framework that identifies the problem of dysfunctional behavior in general through no execution of internal control procedures, where the behavior of an employee is negative by not applying these procedures (Jawarski, 1992). The debate of the accounting literature and accounting profession towards these problems referred to one of two types, one is academic characterized in the necessity of educating professionals and executives to help top management in providing solution about formal management controls (such as ISO reports and special reports) ; and the second is professional by following informal management practices as a result of misunderstanding of detailed financial data and the absence of tight internal control policy (Lin and Helherly, 2000). Moreover, the role of management control and accounting systems does not limit to laws, constitutions, and rules but it is extended beyond these barriers to include the environment, that is, external contingent factors in correlation with internal contingent factors (Gill and Mathur, 2011b). Another study pointed to the relationship between a set of green accounting measures, such as R& D costs, and environmental management systems, and concluded that the use of inappropriate method of cost allocation led the manager of an enterprise to receive unreliable "formal" information with regard to real costs and profits and this case influenced the quality of products, the pricing strategy and the profitability of the enterprise (Moorthy and Yacob, 2013).

This research is in line with the management accounting literature by finding out more tools, approaches, procedures that affect positively on the efficiency of activities in the Syrian private manufacturing companies.

5. Research Problem

The main research problem is characterized by identifying contingent factors that face private manufacturing companies and contributes to the need of BOD, owners and executive managers to formulate formal rules and procedures, and discovering perceptions and attitudes of participants towards the role of management control and accounting systems in increasing efficiency of activities in these companies. The main problem is presented to answer the following research questions:

- 1- what is the degree of reliability for decision makers on the internal control and auditing system, and what is the role of formal reports emerged from executive processes, such as periodic financial reports, operational reports, and administrative reports?
- 2- to what extent the ISO system contributes in eliminating informal management practices resulted from dysfunctional behavior, and what is the extent of disclosures in manufacturing companies?
- 3- what are the means and approaches that lead to increase efficiency of activities in manufacturing companies?

6. Research Methodology

The research relied on a descriptive and analytical method, and accordingly, the research was divided into two parts: the first part was theoretical by discussing and analyzing the related literature, and the second part was a case study based on: (I) the research hypotheses and (II) research method.

6.1 Research Hypotheses

The research hypotheses are as follows:

- 1- there are no differences in management perceptions and attitudes of the research sample on the degree of reliability of the internal control and auditing system in increasing efficiency of activities in private manufacturing companies.
- 2- there are no differences in management perceptions and attitudes of the research sample on the feasibility of the ISO system in eliminating informal management practices resulted from dysfunctional behavior in these companies.
- 3- there are agreement among top and middle management of manufacturing companies on the need to develop management control and accounting systems through the adoption of policies and following techniques and procedures that lead to increasing efficiency of activities in these companies.

6.2 Research Method

It represented the research population and sources of data gathering, from which a sample of twenty five participants was selected, that is: fifteen executive managers and ten members of BOD from three Syrian private manufacturing companies. Also, samples of real management reports and administrative orders from the internal control and auditing activity and real economic decisions were selected from these companies in two fiscal years: 2009 and 2010 before and after application of the ISO system with the aim of identifying management perceptions and attitudes on the role of internal control and auditing system in improving the efficiency of these activities. A statistical questionnaire form that includes questions on the research objectives presented to the research participants: executive managers, CEO, owners and members of BOD, as shown in Table (1).

Table (1)
Distribution of research sample and percentage of response

Participants in manufacturing companies distributed as follows:	Executive managers	CEO, owners and members of BOD	Total
1- CEO, owners, and members of BOD	--	12	12
2- executive managers of activities: production-purchasing, sales, finance, ISO, HR, control and auditing, and planning.	15	--	15
total	15	12	27
Responses	15	10	25
% of responses	100%	83.3%	92.6%

Furthermore, statistical tests for the research sample were applied on the research variables: the internal control and auditing system, and the ISO system (independent variables) in solving problems of informal practices, dysfunctional behavior, and weak production efficiency (dependent variables). The focus was on the research participants who hold professional and academic certificates (BSc/MSc, and PhD) and have experience in their positions for more than five years.

7. Research Results and Discussion

An introduction and simplified explanation were made in the questionnaire form on the notion of management control and accounting systems and their linked procedures in increasing the efficiency of activities of Syrian private manufacturing companies. This was followed by presenting the importance of the internal control and auditing system through formal management practices in different executive activities. Further, the research questions were prepared based on the related literature on the importance of control tools in providing decision makers with relevant financial and nonfinancial data, and attempts were made to allow the participants read the questionnaire and this was considered a test to discover the importance and usefulness of management control and accounting systems. The results identified perceptions of participants on the role of control systems in decreasing overhead costs and period costs; whether there was actual agreement among users' perceptions; and

whether there was a shift in perceptions from informal practices to formal practices with the influence of current control systems in increasing the efficiency of activities in manufacturing companies.

Table (2) referred to the influence of informal management practices on economic decision making in manufacturing companies. The research participants pointed out that cooking the books led to off track on formal practices and influenced negatively on the internal control and auditing system and more overhead and period costs. Participants' information was measured based on a Likert scale of five points ranked as follows: no.1 stands for "not important" to no. 5 as the item in "so important".

Table (2)
The influence of informal management practice on decision making in manufacturing companies

Items in the questionnaire	Ranking*	Mean	S %	R Square %
1- financial cooking of books	5	3.91	0.43	0.11
2- reformulating the presentation of financial information- to reflect trust of financial statements	4	2.89	0.84	0.29
3- poor fair values of noncurrent assets	4	2.78	1.22	0.439
4- no response with the external contingent factors, such as inflation rates and the degree of competition	2	1.87	1.20	0.64

* Ranking is based statistically on means at 5% significant level and the range of Likert scale from no.1 not important to no. 5 which is so important.

According to table (2), the lower the percentage of standard deviation was the greater the influence of informal management practices was on the efficiency of activities in manufacturing companies, and the vice versa was true. Thus, the item of "financial cooking of the books" was in the first order of importance among participants' perceptions to focus, in particular, on the purchasing and selling practices reflecting dysfunctional behavior by implicit agreement among executives not applying formal control and audit procedures. The item of "no response with the external contingent factors" was the lowest of importance order, where the CEO and owners believed that establishing an activity of internal control and speeding its formation hierarchically in terms of management cadre was a reflection of the top management's intention to tackle problems of dysfunctional behavior by imposing more internal and audit control procedures in these companies. Further, the top management directed the CEO to take immediate formal actions through written orders, memos, and setting timetables on regular monthly meeting among various activities and held the manager of internal and audit activity responsible for reporting these formal practices emerged from such meetings.

Table (3) summarized advantages of management control and accounting systems in manufacturing companies by revealing management perceptions resulted from the outputs of the internal and auditing system. The item of "trust and transparency in presenting financial statements" as elements of internal auditing increased the relationship between different executives, including CFO, CEO and top management of BOD. Another advantage represented the elimination of cooking of the books and secret reserves, where 80% of participants referred to the existence of many amendments on procedures of the internal control and auditing system, where the staff of this activity used the bylaw of manufacturing companies most of time.

Table (3)
Advantages of management control and accounting systems in manufacturing companies

Items in the questionnaire	Ranking*	Mean	S %	R Square %
1- trust and transparency in presenting financial statements	5	3.03	0.62	0.20
2- elimination of dysfunctional behavior and secret reserves	5	2.99	0.63	0.21
3- purchasing and contractual procedures reflecting on reduction of costs	4	2.95	0.75	0.25
4- decreasing conflict of interests between companies and suppliers	3	2.14	1.15	0.537
5- simplifying formal purchasing procedures	3	2.32	1.36	0.586

* Ranking is based statistically on means at 5% significant level and the range of Likert scale from no.1 not important to no. 5 which is so important.

Table (3) referred to purchasing and contractual procedures in accordance with instructions and procedures of the ISO system, the specifications no. 9001 and 9014 which represented formal purchasing procedures, with the following ISO documents: the memo of purchasing activity's opinion, a copy of monthly acquisition of required raw materials/raw material request off the purchase plan, an invoice issued by the chosen supplier, an inventory/spare parts primary receipt report in conformity with ISO specifications, and a warehousing receipt report. On the other hand, purchasing orders issued from different activities were received periodically by the purchasing activity, followed by contacting reliable suppliers, then, by opening bidders offers and getting approval from the top management for confirmed purchasing orders, so after receiving the required raw materials the required cash was transferred to the nominated supplier. In this regard, the outcomes of the questionnaire were built on the importance of purchasing and contractual procedures (raking 4 with mean of 2.95 and SD of 0.75%), where groups of participants believed that identifying informal practices towards purchasing decisions, and the types of accounting control procedures could provide valuable information in activating management control and accounting procedures with the aim of reducing costs in manufacturing companies.

The researcher's observation was that the more dysfunctional behavior was towards making contracts with suppliers and evaluating their performance the more there was a dysfunctional behavior in the internal control and auditing system. Further, the more a dysfunctional behavior was towards records conformity between the activities of finance and warehousing the more there was an effort and time interval to prepare an effective plan of raw materials. This led to delays in the production cycle and caused more delays in supplying raw materials by the purchasing activity, and finally losing the contractual opportunity and the lack of efficiency of activities for these companies, where this result was in line with the prior study (Gill, and Obradovich, 2012).

7.1 The degree of reliability on the internal control and auditing system in increasing efficiency of activities of manufacturing companies:

When analyzing answers of participants – as shown in Table (4) - on the role of management control and accounting systems in two fiscal yeas: 2009 and 2010, the study discovered following two main problems :

7.1.1 a feasibility of staff cadre procedures (that is, the extent of planning the required cadres of employees for each activity); and

7.1.2 decisions related to separation or combination of divisions within the production activity.

7.1.1 a feasibility of staff cadre procedures:

The bylaw of manufacturing companies stated the type, characteristics and procedures of the internal control and auditing system to protect assets, scope of work, extent of duties and responsibilities, and other formal relationships between activities in the organizational structure. On the basis of these formal management control and accounting systems each activity could identify the required cadre of employees and workers based on job descriptions in line with the planned number of employees. Thus, the manager of each activity held responsible for job continuation within his or her scope of work and accordingly the job was distributed among employees based on job description and work levels in each activity, within the capacity of work for the concerned activity. However, some decisions were taken by top management might not rely on the feasibility of C-V-P analysis in an attempt to reduce costs by reducing the number of cadres of activities and this might not be at the interest of the company, as for instance, the negative relationship was between the amount of production

wastage and the number of workers for the production activity.

Table (4) pointed to the degree of reliability on the internal control and auditing system as elements of management control and accounting systems in increasing efficiency of activities of manufacturing companies. The item of “recruitment appointment procedures” came in the second ranking order of importance after the item of “formal communication” based on participants’ perceptions (mean of 3.70 and SD of 0.51%), while the item of “procedures of warehousing” (mean of 3.68 and SD of 0.79%) came in the third ranking order of importance. The majority of participants, 66%, considered the item of “no responses with external contingent factors” as not very important.

Table (4)

The degree of reliability on internal control and auditing procedures in increasing efficiency of activities

Items of the internal control and auditing system	Ranking*	Mean	S %	R Square %
1- formal communication approaches	5	3.93	0.56	0.14
2- procedures of recruitment appointments, and cadre for job description	5	3.70	0.51	0.138
3- procedures of control for warehousing movement	3	3.68	0.79	0.215
4- management decisions and management orders	4	3.60	0.90	0.25
5- formal meeting with different levels of employees	4	3.28	0.95	0.289
6- periodic management meetings	3	3.12	1.82	0.58
7- Internal control reports	3	3.15	1.33	0.42
8- no responses with external contingent factors	1	2.83	1.40	0.495

* Ranking is based statistically on means at 5% significant level and the range of Likert scale from no. 1 not important to no. 5 which is so important.

7.1.2 decisions related to separation or combination of divisions within the production activity:

An attempt was made by the top management to alleviate dysfunctional behaviors, keeping responsibilities within the scope of the head of activity, decisions might affect negatively or positively on management control and accounting systems and their reflection on the efficiency of activities of manufacturing companies. For example, a decision was made to separate the Plastic Directorate (PD) from the Production Activity (PA). Justification for this decision was to keep responsibility with the head of PD who has long experience in compressors and related spare parts of the Plastic Line, compared with the production manager who was specialized in products’ quality affairs. The main objective of this decision was to keep a continuous increase in production and reduce technical errors that were used to happen repeatedly in the PA. This lasted several months until the top management discovered that the performance of PD started to decorate and the head of PD could not overcome production problems leading to more decoration in the whole PA and more percentage of wastage was resulted, thus, the reverse decision was made after one year by combining the PD into the PA. One may believe that the decision was not feasible and did not build on scientific measures with accompanied overheads and marketing costs increases as a result of this decision. On the other hand, the combination decision had advantages on the management control and accounting systems through keeping responsibilities within the PA under the control of PA manager in line with the formal organizational structure. This means that the separation decision was based on informal communication between the head of PD and the CEO outside the span of operational control for the PA.

Accordingly, the research rejected H0-1 that stated: “there are no differences among management participants’ perceptions on the degree of reliability on the internal control and auditing system in increasing the efficiency of activities of the Syrian private manufacturing companies.

7.2 The feasibility of ISO and Hccep system no. 9001 of the year 2000:

Results of the questionnaire pointed to the existence of advantages and disadvantages of the ISO and Hccep

system in manufacturing companies. One advantage was that the ISO procedures resulted from the application of specifications nos. 9001 and 9014 of the year 2000 were a condition for granting yearly ISO certificates in line with the total quality management TQM for manufacturing companies. Usually, representatives of ISO were arranging regular and periodical meetings to monitor the complete application of ISO procedures related to the nature of work of manufacturing companies. These periodic meetings were held with all managers of activities for these companies, including the CEO and ICM (internal control manager) to discuss problems facing managers of activities and available alternatives for possible solutions. This was done by preparing ISO reports signed by all concerned managers and became the milestone to be applied by all managers for the next developing period of time (e.g.: every six months). This process was repeated in the next following period in order to find out the level of execution and listen to managers' justifications, then, prepare what is called : a document amendment, a corrective action, a preventive action, and a deviation permission form, for the concerned activity. These ISO documents were so important to achieve continuous progress within each activity in line with the ISO and Hcecp system and assumed to reflect positively on the performance level and the efficiency of activities in manufacturing companies.

However, one disadvantage of the ISO procedures characterized in so many papers work, the length of time interval of documentation, and the routine process in fulfilling transactions for activities of manufacturing companies. Based on the research interviews discovered that there were agreement among management and accountants towards the importance of the ISO and Hcecp system as an element of management control systems. Another group of research participants indicated that the ISO procedures were not used positively to achieve objectives of the company but they were used instead to meet personal interests among different levels of management with less influence on the elimination of cooking of the books and dysfunctional behaviors, and pointed out that if these procedures were used positively then it is possible to increase the efficiency of activities in these companies.

When applying the Mann–Whitney U Test (two sides) to show differences among groups of participants on the items of management control and accounting systems the research found significant differences related to management cadres (employees and workers) and those related to ISO and Hcecp procedures. Management perceptions differences were among different groups of participants who were getting benefits of the outcomes of internal control reports, levels of disclosure, the degree of transparency, the extent of evaluation of problems of management cadres, and ISO procedures standing for periodic reports as outputs of ISO system, as shown in Table (5).

Table (5)
Degree of reliability of the ISO system on eliminating informal management practices

ISO procedures	Ranking*	Mean	S %	R Square %
1- report on required monthly raw materials	5	3.92	0.67	0.171
2- the ISO report – management representative for ISO	5	3.89	0.62	0.159
3- monthly periodic maintenance report	5	2.95	0.93	0.315
4- consultation office report	3	2.78	0.99	0.356
5- deputy GM report	2	2.21	1.03	0.466
6-control manager report	2	2.17	1.23	0.567
7- disclosure report on the undesired practices	2	2.16	1.28	0.593
8- periodic semiannual meetings of the ISO representative with executive/middle level managers and the CEO	2	2.10	1.25	0.595

* Ranking is based statistically on means at 5% significant level and the range of Likert scale from no. 1 not important to no. 5 which is so important.

Accordingly, the research rejected H0-2 that stated: “there are no agreement among management participants’ perceptions on feasibility of the ISO system in supporting internal control procedures and setting management

rules that help in eliminating informal practices resulted from dysfunctional behaviors in manufacturing companies". Furthermore, the application of the ANOVA tests on the interaction between the research variables (n=25) is summarized in table (6).

7.3 The need to develop management control and accounting systems in manufacturing companies:

Tables (5 & 6) summarize questionnaire and interviews results with participants of the administrative activity, the internal and auditing activity, and the ISO representatives. Participants were aware of the lack of current management control and accounting procedures to achieve the degree of transparency required within executive activities and the top management level, and the lack of management disclosure, leaving the company with data contradiction and misleading. This contingent situation showed a great deal of variation in estimating problems of not following management control and accounting procedures which reflected weak authority excreted for staff in the internal and auditing activity, with a significant importance (F=13%), compared with the authority granted to the accountants and management. The majority of participants agreed on the need to develop current management control and accounting systems through the following:

(i) developing the internal control profession to fill the gap in the profession side by developing procedures of internal control, where considered the internal auditing as part of the internal control system for manufacturing companies.

Table (6)
Variation tests between groups of participants on the role of management cadre decision and ISO procedures –and their influence on costs reduction

Control procedures	Independent variables	Groups of research sample			Differences between groups of research sample		
		managers	ISO representatives /accountants	owners	Managers and accountants	ISO representative/ accountants	Owners and accountants
1- extent of managers' agreement /not agreed on repeatedly management orders	i- cadres ii-ISO Sig. P>	3.66 * *2.41 0.01	*3.58 *2.88	*3.42 *2.96 0.05	B	C	B
2-role of internal controls /weak internal control	i- cadres ii-ISO Sig. P>	*3.66 2.98	*1.84 *2.72 0.05	*2.95 *2.94 0.01	C	C C	B C
3- extent of trust of the ISO system and TQM procedures in conformity with current systems/ distrust with ISO system and procedures	i- cadres ii-ISO Sig. P>	*2.78 2.64 0.05	*2.98 *3.49 0.01		C	C C	B

* Ranking is based statistically on means at 5% significant level and the range of Likert scale from no. 1 not important to no. 5 which is so important.; A,B,C are (Z) in Mann-Whitney test that diffriates significant differences between groups of participants on the basis of probability levels lower than 0.01, 0.05 , 0.1 respectively where $Z = \pm 2.58 / \pm 1.96 / \pm 1.64$ two sides to which H_0 is rejected when Z lower than the calculated Z.

(ii) improving performance measures for various activities and the need to commit with technical and management measures by adopting modern management accounting techniques, such as: Activity-based costing, Activity-based management, Activity-based budgeting, Lean accounting, Sigma 3 and 6, Kizan approach, TQM, in line with cost and management accounting literature (Judeh, 2010).

(iii) precise description of duties and responsibilities within the organizational structure, and modernizing the internal control and auditing system supported by the formal procedures to increase transparency and financial and management disclosures.

(iv) providing financial and nonfinancial information to decision makers based on special reports (such as: the impact of product wastage on production efficiency, market penetration study, and R&D) through formal channels to increase efficiency of activities of manufacturing companies.

Table (7) summarizes results on the extent of agreement among the research participants to develop management control and accounting systems and solve problems related to weak efficiency of activities of manufacturing companies. Participants agreed on the existence of problems of mistaken management practices through:

(i) the absence of proper completion of the warehouse cycle, (ii) the absence of formal and timely reports on actual conformity between financial and warehousing activities, (iii) there was management interruption whenever job cadres were frequently changed, (iv) indifferences of importance of implicit costs resulted from sound formal decision making, with the general agreement was among participants on the importance of such practices and their a negative effect on performance of activities of manufacturing companies.

Table (7)
The extent of agreement among research participants on the need to develop procedures that solve problems of the efficiency of activities

Management control and accounting procedures	Ranking*	Mean	S %	R Square %
1- evaluation of liquidity and financial solvency	3	3.48	1.30	0.374
2- interpretation of accounting income	3	3.38	1.18	0.349
3- providing additional financial and nonfinancial information	3	3.31	1.16	0.350
4- searching as early as possible information on cases of insolvency and bankruptcy	3	3.20	1.20	0.375
5- evaluation of inventory policies and inventory procedures	3	3.18	1.18	0.371
6- raw materials inventory adjustments	2	3.10	1.24	0.40
7- wastage and damage reports and procedures to eliminate them	2	3.08	1.28	0.416
8- operating and management performance evaluation techniques	2	3.06	1.17	0.382
9- changes in assets and liabilities	2	2.86	1.23	0.430
10- bases of adoption of finance and investment policies	2	2.80	1.17	0.418
11- internal contingent factors adaptation, such as types of job processes	1	2.46	1.07	0.435

* Ranking is based statistically on means at 5% significant level and the range of Likert scale from no. 1 not important to no. 5 which is so important.

Accordingly, the research accepted H0-3 that stated: “there are agreement among management participants’ perceptions on the need to develop management control and accounting systems with the aim of increasing efficiency of manufacturing companies”.

8. Conclusions and Recommendations

8.1 Conclusions

Based on the research results, the following are a number of conclusions that reflected the positive role of management control and accounting systems in increasing efficiency of Syrian private manufacturing companies:

- 1.1 focusing on developing procedures of the internal control and auditing system and their relationships with the ISO system in manufacturing companies.
- 1.2 achieving conformity between the path of documentary cycles that had a financial effect on procedures of internal auditing linked with the internal control procedures in order to increase production efficiency and increase the wealth of owners of manufacturing companies.
- 1.3 identifying the problem of dysfunctional behavior between different management levels and solving them by adopting a real use of management control and accounting systems in these companies.
- 1.4 inclusion of financial and management disclosures for material finance and investment decisions and in

particular for those that were related to specific-company's risks and market risks facing manufacturing companies.

1.5 focusing on the internal contingent factors, such as issuance of several written management instructions and orders to increase efficiency of activities of manufacturing companies.

1.6 focusing on the external contingent factors, such as competition factors, IT, legislation related to financial and accounting issues that were so importance in developing management control and accounting systems and increasing efficiency of activities of manufacturing companies.

8.2 Recommendations

The following are research recommendations for Syrian private manufacturing companies:

2.1 the need for the board of directors' sport to establish audit committee to modernize procedures of the internal control and internal auditing system in manufacturing companies.

2.2 adopting a policy of appointment based on scientific qualification for the required vacancy together with a policy of continuous training of employees and workers of these companies with the orientation towards execution of formal control procedures, through written management instructions and orders as a replacement of informal practices within different activities.

2.3 the need to discover new cases to identify internal control and internal auditing procedures for nonmanufacturing companies to enhance the effectiveness of activities based on the international internal auditing standards.

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