



Economic Dynamics and Use of Management Control Tools in Hotels in the City of Bukavu

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Abstract

Focused on the economic dynamics and the use of budget management tools by SME in the hotel sector in the city of Bukavu, our study began with a pre-survey with the aim of establishing a representative sample of our population study. The latter being made up of hotels in the city of Bukavu, we applied the technique of the random number table and 42 people were subsequently selected to answer our questions. The hypothetical deductive approach allowed us to understand that the majority, e.g., 21 out of 42 hotels in Bukavu, do not use management control tools correctly for various reasons. Several situations would be key factors to allow or prevent managers of hotels in the city of Bukavu from using management control tools properly, we see among other things, the knowledge of the existence of this or that other tool, the understanding of the usefulness of a management control tool, the level of education of the manager, the ability to read and interpret the summary financial statements, the degree of communication or collaboration of the work teams within the establishment hotelier.

Subject Areas

Business Management

Keywords

Dynamic, Conjuncture, Tools, Management Control, SME, ISP, ISTD, DRC

1. Introduction

Françoise Giraud specifies that: “the management tools are never completely de-

terminated; they are not kitchen recipe. Their construction requires a guiding thread; new management tools are regularly introduced on the market, often justified by changes in the context. How to distinguish the fashion effect from the real innovation? How do these new tools position themselves in relation to traditional tools: are they complementary or substitutes [1]?

We have in turn, carried out a systematic and global analysis with the hotel companies of the city of Bukavu to appreciate the real importance and the limits of this application and its relaxation by the stakeholders in the sector.

At the creation of any economic entity, the promoter sets objectives that are not only financial but also essentially organizational in order to be able to prosper on the market and gain more market share in the face of present and potential competition. Any establishment, whether small or large in size, must apply some management control tools such as a car driver who, via the dashboard, obtains information about the state of the vehicle before starting, follows the movements during the trip by serving as firewalls and other indicator signals to the destination station.

The business travel cycle at the hotel includes breaking points during which a multitude of solutions and tools are offered. This fragmentation of the cycle leads to the volatility of the data used for reporting, and consolidating flows becomes more difficult due to these multiple sources of data. In view of this observation, the avenues for optimization go through the consolidation of reservation and payment flows and the production of optimum reporting and reconciliation with an advanced level of detail. The greater the clarity, the more the company will be able to rationalize its processes, thus limiting its hidden costs and optimizing its prices, taking into account its savings objectives in its negotiations, but also the needs of its travelers, the reality of its activity and market constraints. If each player tries to provide tools and processes that meet the needs of companies, the implementation of hotel expense control solutions is a vast project and is still unknown to most companies. It requires a real awareness of the company the potential for optimizing its costs and a willingness to engage in an analytical process that can lead to real change management [2].

It emerges from this explanation that the hotel sector is, until today, very complex and precious at the same time by the fact that the mastery of its management requires the understanding of several complex aspects linked either to the cycle of purchase or sale of accommodation, the diversity of booking channels, the lack of visibility of the several products offered within hotels, still obsolete and unsuitable information systems, the fragmentation of the offer.

For this first aspect, the process of buying and selling accommodation goes through three cycles of the process and at each cycle of this process, there is a potential breaking point and new constraints to be taken into account for the company; these cycles are in particular: the pre-stay, the during stay and the post-stay. These many breaking points give rise to a multi-intermediate model responding to the same need but via different tools and often based on various strategies and economic models.

In the organizational behavior literature, the use of the term control is ambiguous. Much of the confusion stems from the fact that ‘control’ can also mean ‘direct’. Defined precisely, control corresponds exclusively to the task of ensuring that activities produce the expected results. In this sense, control is limited to guiding the achievement of the results of activities, being informed of the results actually obtained, and taking corrective action if necessary” [3].

To define management control, it is necessary to clarify the meaning that should be attributed to the term control. As P. Drücker, often considered one of the founding fathers of management control, points out, “the word control is ambiguous. It signifies the ability to direct oneself and to direct one’s work. It can also mean the domination of one person by another. It is, therefore, useful to specify the general objective of the approach as well as its object, *i.e.*, “what we are trying to control”.

In the regular conduct of a company, the leaders set themselves various objectives to be achieved in the case of an airline pilot, the conduct plans or objectives will be achieved thanks to the intervention of all the teammates of the cabin or members of the crew with a single conductor and maneuver controller. The pilot directs, controls and is at the base of the good or bad landing of the device. Indeed, the manager is obliged to follow more closely and better all the movements within and around his company; this is called management control to achieve the performance of the predefined plans or objectives.

Thanks to various tools, management control consists of managing the achievement of results, which are expressed in economic terms (profit, financial balance, creation of value for the shareholder, etc.). Its primary function is not to exercise coercive surveillance over the members of the company, but to steer the achievement of the organization’s objectives. But the achievement of the results objectives is not exempt from risks, and the more the external factors are hostile, the more the control is difficult. This is why it generally implies more than the mere achievement of a result; it is most often associated with the idea of performance, that is to say obtaining results despite the unfavorable influence of external events, to risk control [1].

A management control system (budgets, dashboards, etc.) is an assembly that fits itself into a larger whole. Everything is based on the rules of the game that the management wishes to enforce and on which the quality of management control will largely depend. The rules of the game are different from one company to another. The management style is one of them, and it can evolve over time with the passage of different management teams [4].

Quoted by Brigitte DORIATH, Henri Bouquin situates management control as an interface between strategic control and execution (or operational) control, “guarantor of consistency between strategy and daily life”. According to him, “the key position of management control does not reduce its role to a technical dimension of coordination, planning and monitoring: it leads it, and these are the conditions laid down for its success, to aim for motivational functions-assessment and education of the actors concerned” [5].

Claude Alazard and SEPARI Sebine demonstrate that “controlling a situation means being able to master it and direct it in the desired direction”. Any control aims to measure the results of an action and to compare these results with the objectives set a priori to know if there is agreement or divergence. The control must therefore lead, if necessary, to a return upstream to rectify the decisions and actions taken [6].

From this meaning, we admit that in a company, control is a process that combines the provision of information in the form of standards, the monitoring of their implementation, their verification and the making of appropriate decisions.

Control is, therefore, a process that can be summarized in three stages; these three stages are identified by specific questions and tasks:

- Finalization: What objectives? What resources? How can these resources be best used? How to evaluate the results?
 - Steering: during the action, what corrections should be put in place if necessary to redirect the process according to the chosen goals?
 - Evaluation: what measurement of results? What efficiency? What efficiency?
- The control process affects all decisions and actions of a company. Thus it is possible to apply these three steps on the three levels of decision highlighted by I. Ansoff: strategic decision, tactical decision, operational decision

Focusing on the performance and management control aspect of companies, it is necessary to emphasize this extract according to which “the management control function cannot be understood without reference to the business environment which forces them to evolve and to adapt. In this context, the departments address new requests to management control in terms of performance analysis and management of the value/cost pair. The role of management control is then oriented toward managing performance and change. These new attributions will give rise to new skills for the management controller [6].

Management is currently understood in a context seeking to marry the cost-value couple in this dynamic, the manager knowing that he is evolving in a highly competitive environment both from the point of view of price and other parameters that can influence competitiveness in the market. Must drive quality while minimizing costs, and reduce lead times while distributing products and services over a larger space.

To this end, the manager seeks to pilot two equally important concepts in the pursuit of the objectives, which are performance and value.

Since performance is defined in management as the achievement of organizational objectives, we understand that the manager must therefore seek overall performance, which integrates several levels of evaluation:

- For production, it is the permanent improvement of productivity, therefore physical performance, associated with a high level of quality;
- For sales, it is competitiveness in the market or the value-cost difference;
- For finance, profitability can be defined in several ways.

The value of a product in the sense of management does not concern the difference between the cost of purchase and the turnover achieved but roughly the usefulness provided by the functions of a product which brings us to say that the value of a product concerns the product itself and the company in general.

The current objective of management control is to be a permanent information and management system for the entire organization.

Decision-makers do not only ask management control to calculate costs and measure results a posteriori but to constantly monitor.

Decision-makers not only ask management control to calculate costs and measure results a posteriori but also to constantly monitor the performance of all activities to help decision-making in real-time throughout the strategic process and operation.

The main question of this study is thus stipulated: do the hotels of Bukavu really practice the tools of management control?

From this question, we then put together a survey questionnaire with questions on the following topics:

- Knowledge by Bukavu hoteliers of management control tools;
- Management control tools used in hotels in the city of Bukavu;
- Factors influencing the use or rejection of management control tools in hotels in the city of Bukavu;
- The performance measurement model used by hotel managers in the city of Bukavu.

Management control is a process allowing an organization to steer the gradual achievement of its performance objectives while ensuring the convergence of the actions undertaken by the different entities of the structure. This approach covers the following:

- A work of defining and measuring performance, both at the overall level of the company and for each of the entities that make it up. These two levels of measurement must be consistent, *i.e.*, the entity's contribution must be defined based on the overall objectives;
- A management dynamic over time or control process, subdivided into two main stages: planning and monitoring of results. These two phases are also interrelated, since the planning serves as a reference for monitoring results [1].

2. Materials and Methods

2.1. Location of Research: City of Bukavu

Our investigations were carried out in the city of Bukavu, mainly with hotel establishments. The city of Bukavu is made up of three municipalities, in particular, the municipality of Ibanda, Bagira and Kadutu, and in all these municipalities, we meet hotel establishments that necessarily have to use management tools for their performance objectives.

Working on the new tourist cartography of the city of Bukavu, EFUTO USUNGO

has listed all the hotels and flats of the city of Bukavu, locating them each on a map with all possible geographical coordinates. However, its results show a number of 34 hotels and flats. Nevertheless, new hotels appeared after this publication and we have the hotel Rivière Ruzizi, Bois noir, S&L, Nediva, Kivu Raha, Mulambi, Belvédère 2, which brings the number to 42 hotels present in the city of Bukavu [7].

2.2. Conduct of Investigations

Several field trips allowed us to be in direct contact with our study population, business leaders and managers or department heads within hotels.

A survey questionnaire was made available to them and affected a randomly drawn sample. It was 100% or 42 people due to one respondent per hotel.

The questionnaire contained questions relating to and/or:

- Knowledge by Bukavu hoteliers of management control tools;
- Management control tools used in the hotels of the city of Bukavu;
- Factors influencing the use or rejection of management control tools in hotels in the city of Bukavu;
- Performance measurement models used by hotel managers in the city of Bukavu.

During the surveys, the people to be surveyed were drawn at random. The random number table served as a guide to facilitate all actors to be part of the survey.

3. Results

To find out the level of knowledge of hotel managers in the city of Bukavu on the various management control tools, we sent them a few questions in order to understand what they understand and know about management control tools in the pursuit of organizational goals. Their opinions with different research intentions will all be contained in a table with the response proportions to each variable. We asked the same questions to 42 people in total and they each had to answer according to the work reality of the company they work for. The variables here are questions making up our survey questionnaire that we have put into sentences.

3.1. Knowledge of Management Control Tools by Hoteliers

According to these results (**Table 1**), 52% of our respondents have knowledge of some management control tools. On the other hand, within these companies, only 30% of operational team members are informed of their usefulness and only 7%, *i.e.*, in three companies, only the department heads have the ability to enforce and track performance goals.

3.2. Different Management Control Tools Used by Hotels in the City of Bukavu

Table 2 contains the opinions of the responsible employees and heads of different

Table 1. Knowledge of management control tools by hoteliers.

Variables	Numbers	Percentage
Do you have knowledge of some management control tools?		
Yes	22	52%
No	20	48%
Are all the operational teams within the hotel familiar with these different tools and their usefulness?		
Yes	13	30%
No	29	70%
Possibility of implementation and monitoring of performance objectives by each department head		
Yes	3	7%
No	39	93%

Source: Our field investigations.

services in the hotels of the city of Bukavu. They expressed their general understanding of the management control tools that they manage to apply in their organizations.

According to these results, the importance of designing management control tools is evident at 100% by all respondents, and the income statement and the budget are appreciated at 50% as instruments that can make it possible to assess the results in a hotel; we also understood that respondents express 55% of their choice to use the income statement as a management control tool.

3.3. Factors Influencing the Use or Rejection of Management Control Tools by Hotels in Bukavu

Table 3 includes the data collected on the situation favoring the consideration by some and the non-consideration by other hotel managers of the city of Bukavu of management control tools.

From this table, the respondents show 71% that when making organizational decisions, only the bosses constitute the decision-making body within the hotels of the city of Bukavu and on the other hand, 35% of the same population are agree that management control tools are very useful for any organization aiming for the effectiveness of its objectives.

3.4. Performance Measurement Models Used by Hotel Managers

Table 4 indicates that the performance measurement models are divergent within the hotel establishments of Bukavu. By way of illustration, respondents cited the sectoral evaluation indices for activities, turnover and the dashboard as the main models. By listing some advantages of the budget dashboard, respondents generally proved that it is one of the essential tools for monitoring the performance of objectives.

Table 2. Different management control tools used by hotels in the city of Bukavu.

Variables	Numbers	Percentage
Different management control tools used by hotels in Bukavu		
Budget	12	28%
Management accounting	23	55%
Dashboard	7	17%
The balanced score card or the EVA	0	0%
Is there a link between strategic plans and the tools used by hotels?		
Yes	20	48%
No	22	52%
Instruments for assessing results in hotels in Bukavu		
Year-end balance sheet	6	14.28 %
The income statement and the budget plan	21	50 %
The operational plan and year-end financial statements	10	24%
Differences between achievements and initial objectives	4	9.52%
Year-end turnover	0	0%
All these instruments	1	1.42%
Tools for managing objectives by hotels		
1): Its initial capital		
2): Annual turnover		
3): We simply compare the turnover figures of the different financial years		
Importance of designing management control tools before each exercise		
Yes	42	100%
No	0	0%

Source: results of our field investigations.

4. Discussion and Conclusion

Referring to the literature on management control tools and taking into account the results of our investigations, we present the judgments made on the results in connivance with the empirical literature.

Francoise Giraud (2005) [1] specifies that: “the management tools are never completely determined; they are not “kitchen recipes”. Their construction requires a guiding thread; new management tools are regularly introduced on the market, often justified by changes in the context. Based on the results of our survey and we can affirm that the managers of hotel establishments in the city of

Table 3. Factors influencing the use or rejection of management control tools by hotels in Bukavu.

Particularities of the monitoring and control model within the company		
1): The management and accounting department study the possibilities and together define the lines between the objectives and the level of achievement of the results. Before any conclusion, he calls on the proposals of each service.		
2): The director and the accountant do it from start to finish and the others will only execute the objectives of the plan		
The decision-making body within the hotels of Bukavu		
General management	12	29%
Commissary and logistics	0	0%
Reception and accommodation management	0	0%
Catering management by the head waiter	0	0%
The chef	0	0%
The boss alone without consulting the operational departments	30	71%
Appreciation of management control tools as a tool for steering objectives		
No response	6	14.28%
They are very useful for any organization aiming for the effectiveness of these objectives	15	35.71%
They allow, where appropriate, to compare the results with the objectives set beforehand	14	33.33%
Some have a quantified vision of the objectives and facilitate their management	1	2.38%
Thanks to management control tools, control is effective because deviations are defined in relation to objectives	6	14.28%

Source: our field surveys.

Bukavu practice with a lower score the management control tools and whatever the type of tools adopted, these first express the desire to see their businesses perform over the years. These do it in a divergent way; they are obliged to use

Table 4. Performance measurement models used by hotel managers.

Existence of budget dashboard		
No response	12	28.57%
Yes	9	21.42%
No	21	50%
Role of the budget dashboard in the company		
1): To indicate the level of budget execution in relation to objectives.		
2): They allow us to know the most productive services in order to improve by referring to our action plan		
3): It allows us to monitor the achievement of corporate objectives in a clear and orderly manner		
Other models for measuring the performance of year-end results		
1): activity sector evaluation indices.		
2): Based on the maximization of turnover or the return that they condition		
3): The dashboards are synthetic and provide clear information		
Appreciation of the achievement of objectives		
All are well done	5	11.9%
Some were not reached	17	40.47%
None reached	6	14.28%
We have achieved them at least	14	33.33%

Source: our field investigations.

them correctly to hope for the overall performance of their objectives.

Claude Alazard and SEPARI Sebine (2010) [6], all control aims to measure the results of an action and to compare these results with the objectives set a priori to know if there is agreement or divergence. The control must therefore lead, if necessary, to a return to the upstream to rectify the decisions and actions taken. Our results also came to feel this reality by the fact that in the search for the second paradigm of our study, it was noted that the importance of designing management control tools is 100% manifest by all respondents. , the profit and loss account and the budget are appreciated at 50% as instruments that can make it possible to assess the results in a hotel; we also understood that the respondents express at 55% their choice of using the profit and loss account as a management control tool.

Charles Horngren *et al.* (2009) [8] say that to be effective; management control must be: closely aligned with the strategy and the objectives of the organization; adapted to the structure and hierarchical chain of the organization; and capable of encouraging managers and employees to do their best to achieve the objectives set by senior management. Measuring this acceptance with our results, we say that the management formula taken by the hoteliers of the city of

Bukavu is not the right one in view of the fact that 71% of our study population denounced the fact that the bosses of the companies are the only decision-making body in the hotel establishments of Bukavu.

For the use of management control tools by hoteliers in the city of Bukavu, we found that 50% of respondents do not use any management control tool against 21% who use some and 29% have nothing answered this question.

The sustainability of the company and the maturation of the markets generally create comparability of the production processes and standardization of the products, so that the production costs become strategic and determining information. On the other hand, in the start-up or growth phase, markets, which are still often fragmented, limit the comparison of individual situations, which facilitates the existence of cost distortions. The cost domination strategy is then considered to be ineffective (J. A. C. Baum, S. J. Mezias 1992) [9].

Francoise Giraud (2005) [1], When there is no management control system in the company, the clarification of the nature of the performance constitutes the dominant function of the planning phase. Where a system is already in place, this work is still important. Indeed, it is not uncommon, in practice, to observe management control systems built on the basis of unclear or unshared objectives. Furthermore, even when the system has been built on the basis of serious reflection on the nature of the targeted performance, it is necessary to fight against its obsolescence by regularly re-examining the relevance of the objectives for the future, in order to remain in step with changes in the environment. This phase of reflection on the mission and the long-term objectives of the company corresponds to strategic planning. To try to achieve long-term objectives, it is useful to stagger their achievement over time by defining closer and more tangible intermediate objectives, which will mark the way. Strategic planning is thus relayed by operational planning, which breaks down medium-term objectives (often around three years), then by a budget, which pursues this short-term (generally one year) breakdown.

The circumstances facilitating the use or not of management control tools by the hoteliers of Bukavu are indeed the lack of will of the managers in most cases and the lack of information of some.

Managers should mobilize organizational efforts and allow the actors of the company to know the organizational objectives of the hotel upstream, conduct them by mutual agreement with all the members, each in their sector of intervention and according to the type of objectives. Assigned before proceeding with their downstream evaluation. This task, which must be done constantly, will allow hotels in the city of Bukavu to be competitive in the tourist market of the sub-region.

Let us conclude with this meaning found in Marie-Noëlle Désiré-Luciani; they affirm that business leaders and managers are those who have the greatest interest in understanding and using management control, a tool first designed for them to achieve the results on which they will be assessed.

Management control is, therefore, a general management function;

- The management control function is the permanent verification of the fact that the organization is moving towards the objectives chosen by its manager while ensuring that the resources are used effectively and efficiently;
- The management control function is the counterpart of the delegation of responsibilities and constitutes its formalization;
- The management controllers are the first auxiliaries of the management control function;
- Management control systems are one of the main means by which an organization can ensure that the strategy will be well implemented.

Conflicts of Interest

The authors declare no conflicts of interest.

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