The Effect of the Management Financial Control Systems on the Performance of the Companies Accepted in Tehran's Stock Exchange

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ABSTRACT

The purpose of the present research is to examine the effect of a series of the management financial control tools including budget performance, variance analysis, standard costing and etc on nine performances (return on investment, profitability, cash flows from the activities of the company, costs control, development of the products, sales value, market share, development of the sales markets and development of the human resources) in the companies accepted in Tehran's stock exchange.

The method of the research is a survey one in terms of data collection and is a descriptive one in terms of the data analysis and it was conducted using the questionnaire technique, the five-point Likert spectrum and the library resources. SPSS Software, duplicate 19 and F statistic and its level of significance were used to analyze data. The desirable sample size was 80 companies and 150 questionnaires were distributed among the samples to achieve this sample size and finally after collecting and evaluating the questionnaires, 74 questionnaires were accepted.

The results of the research show that the management financial control systems affect on the rate of profitability, costs control and development of the human resources, but they don't affect on the return on investment, cash flows, development of the products, market share and the sales value of the companies.

KEYWORDS: management control systems, return on investment, company's profitability, sales value, development of human resources

INTRODUCTION

The primary purpose of financial reporting presented as financial statements is to meet the information demands of the users. With the development of the industry of investment in the stocks of the companies accepted in Tehran's stock exchange more than ever, investors are the main users of the financial reports in this class of companies that use the information to make decisions about investments. One of the aspects noted by the investors is the desirable performance of the company that is directed, monitored and controlled by different measures. Achieving to it and useful information and making sure of following the obligations to achieve the formulated objectives need providing arrangements, policies and mechanisms by the management of organizations and companies.

For this purpose, the importance of performance has become more than ever and it will be noted seriously and this performance is affected by various activities such as strategies and policies of the company. On the other hand, management financial control systems affect on the company's performance and consequently, on the decisions of the investors and creditors that coordinate the policies and strategies of the organization to achieve the objectives.

So in this research, we examine the effect of the variables of the financial control system such as absorption costing, activity-based costing, variable costing and etc on the return on investment, profitability, cash flows, costs control, development of the products, sales value, market share, development of the sales markets and development of the human resources.

Problem description

One of the concerns of the investors is to achieve the desirable performance. Hence, paying attention to this subject is vital for the development and growth of the companies. Performance is measured by different indexes and its realization makes it possible for the managers of the organization to achieve useful information and the objectives specified through policies and mechanisms.

The research is to ask the opinions of people with accounting and management careers about the management financial control systems in certain conditions. In other words, it has examined the effect of the management financial control systems on the companies' performance.

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The theoretical foundation of the research
Management control systems
Controlling and evaluation is a process during which the results of the performance and the company's activities are examined and monitored so that the actual performance can be compared with the desirable performance. This process gives the necessary feedback to the managers to be able to evaluate the results and if necessary, take the improving actions.

Controlling is an activity through which the predicted operations are compared with the operations performed and they are modified if there is a difference between what is performed and what must be performed. It is by controlling that managers become aware of the realization of the purposes and activities and pursue them, if necessary, modify them. Controlling is the working tool of the managers at all levels of the organization from top to bottom. Without an effective control system, an organization can't use its resources correctly and can't achieve its missions [2].

One of the deficiencies of the methods of controlling and evaluating the business strategies and the organization's programs is the one-dimensional view on the subject, i.e. the financial matters of the organization are only controlled, while the integrity of the management control systems requires that various aspects of the organization's performance be viewed together. Without taking the organization's clients into account and without paying attention to the creativity, innovation, organizational learning and internal processes of the organization, the financial matters can't show a perfect image of the organization. The balanced scorecard model is an instrument to evaluate and control the programs that is comprehensive enough and can compensate for the control's one-dimensional deficiencies [2].

Return on investment
The most popular criterion to measure a company's performance is the return on investment (ROI) in terms of the profitability. The return on investment can be calculated by the formula: return on investment= total assets/net profit. The return on investment has many advantages and is a unique value that changes affected by any event. This rate shows how the manager of a sector uses the assets of the sector to create profit and is a common index that can be compared with other sectors of the company and business units. According to this rate, managers are encouraged to use the assets available effectively and buy new assets only when they are ensured that they will increase the company's profit. Nevertheless, the return on investment has several important and clear limitations. Although this rate is objective and accurate, it can be easily manipulated and changed. The return on investment can be calculated both in short and long terms, but it is usually used for short term objectives [12].

Company's profitability
In the earlier definitions, the theoreticians in the field of the financial management have defined increasing the accounting profit of a company as the main aim of the financial management. However later, they noticed that maximizing the profit is not the desirable aim, because profit is affected by accounting procedures and is somewhat fictitious, changeable and vague. A profitability-based aim has some defects as follows: profit is a short term aim, profit does not take the temporal value of the money into account and profit does not consider the risk posed on the business unit against the revenues earned. According to these defects, some consider maximization of the stakeholders' wealth as the desirable aim of the company [7].

Cash flows from the activities of the company
Free business unit cash flows are a criterion that can relate the business unit to other groups outside of the organization. The basic assumption is that the value of the business unit is due to its ability to create cash flows from continuous operations and other cash flows due to the investment. Value as the reduced cash flows is the best scale that produces transparency and a balance between the benefits of all of the interest groups, because in this way, the claim of any beneficiary is valued in terms of the currency unit. This valuation method needs to have a very comprehensive view about several periods of the business unit and complete information about the future is clearly needed to determine it [3].

There are two types of cash flows in a company: 1. Input cash flow. 2. Output cash flow. Input cash flow includes all of the funds resulted from investment and includes two parts: operational input cash flows and other input cash flows. Output cash flow is all of the funds used to implement a project and includes buying new assets, installation cost and the working capital. In addition, financial costs and the residual value of new assets are not considered when calculating the net investment (output cash flows) [7].

Development of the new products
The technology and the demands of a company's customers can't always rely on the products available due to the rapid changes of the position of the competitors. Customers are always looking for newer and more advanced products and the company has to produce new products that meet customers' needs, tastes and
expectations. For this reason, any company needs the program of the development of the new products. Every company can obtain new products in two ways: 1. Ownership that is resulted by buying another company, getting the monopoly, or renting the production of the products by another company or another person, 2. Using the marketing, research and development sections of the company to emphasize the new products [9].

Market size and market share
Market size and market share depend on the number of the buyers available with three characteristics: interest, income and access [9].

Sales value
The sales values are predicted in two different ways: prediction based on previous information and prediction when there is no previous information. There are different methods for the two types of sales prediction mentioned above. Choosing a method depends on the availability of information, budget, accuracy and experience and the skill of the predictor, and they can be classified into two quantitative and qualitative methods. Qualitative predictions are more based on judgment and experience, while quantitative predictions are often based on information [9].

Development of human resources
Development of human resources predicts regularly the future supply and demand of the organization for the employees. Estimating the number and the type of employees needed, the human resources unit can plan the selection, employment, education, career and other activities better. The human resources planning that is referred to as “career planning” makes the human resources unit able to equip the organization with the right people at the right time [5].

The main task of a human resources manager is to select the right person for the right career and make the characteristics of the employees closer to the career characteristics and obligations. A good unit of human resources management must know how to use organizational surveys and polls and other tools for collecting the opinions and feedbacks of the organization's employees to evaluate the level of the satisfaction of the employees from their tasks and the whole organization. Human resources managers must also use job analysis to get information about job description and the quantitative and qualitative requirements of any job. If tasks are assigned to the employees without the required skill, or the careers are not good defined and designed, the best strategies will fail [12].

Costs control
The way a company is managed and developed is more important than its customers and products. The cash flows of a company are very important. The cash flow includes essentially any money earned from selling the products and is spent as the costs such as the employee's salaries, rental, operating machine costs, etc. One of the worst mistakes made by the companies is that when their income is low, they postpone paying the bills and debts as late as it is possible, while controlling the costs is not impossible and it only needs doing research, organizing, planning and a desire to perceive the market better [11].

History of the research
In a research, the role of technology in modern approaches in the management and the development of the human resources, Alavikia (2011) mentions that the dimensions in which the information technology affects on the development of the human resources are professional development, adaptation to the change, and innovation [10].

In a research, the examination of the relationship between companies' performance and the liquidation of the stock market, Hosseini et al. (2010) examined the two variables using the representation and payment feedback theories and the results of the research show that there is a strong significant relationship between the measures of the liquidation and the company's performance. Also comparing two measures of performance (return on investment and Tobin's Q ratio), it was observed that due to using market values, Tobin's Q ratio is a more suitable measure for studying the relationship between the performance and the liquidation of the companies' stocks [8].

In a research, the examination of the relationship between the measures and indexes of the selected performance evaluation in the investment companies accepted in Tehran's stock exchange, Tehrani et al. (2011) evaluated the performance of the investment companies based on Sharp, Trinro and Sourtilio indexes and used the volume of transactions, liquidation, portfolio size and variety to examine the efficiency of the investment companies more accurately. The results of the research show that controlling the level of the systematic risk existing in the market by these companies is better than the level of the standard deviation to their portfolio efficiency, and also the portfolio volume of transactions of these companies affect positively and significantly on their efficiency [6].
In a research, the examination of the relationship between the strategic management of the human resources and the companies' performance, Afaje and Esmaeilzadeh (2009) examined that whether a strategic attitude to the management of the human resources is better than the traditional attitude in terms of performance. The results of the research show that companies following the activity of the strategic management of the human resources have better performance than those not following this activity and using the actions and principles of the strategic management of the human resources improves the companies' performance [1].

The purpose of the research
The purpose of the research is to examine the effect of the management financial control systems on the return on investment, profitability, cash flows, costs control, development of the products, sales value, market share, development of the markets and development of the human resources of the companies accepted in Tehran's stock exchange.

Hypotheses
H1: management financial control systems affect on the return on investment in the companies accepted in Tehran's stock exchange.
H2: management financial control systems affect on the rate of profitability in the companies accepted in Tehran's stock exchange.
H3: management financial control systems affect on the cash flows in the companies accepted in Tehran's stock exchange.
H4: management financial control systems affect on the costs control in the companies accepted in Tehran's stock exchange.
H5: management financial control systems affect on the development of the products in the companies accepted in Tehran's stock exchange.
H6: management financial control systems affect on the sales value in the companies accepted in Tehran's stock exchange.
H7: management financial control systems affect on the market share of the companies accepted in Tehran's stock exchange.
H8: management financial control systems affect on the development of the markets of the companies accepted in Tehran's stock exchange.
H9: management financial control systems affect on the development of the human resources in the companies accepted in Tehran's stock exchange.

Method of the research
In this research, the descriptive method is used that includes collecting data for the hypothesis or answering the questions related to the current circumstance being studied. The required data about the theoretical basis and the history of the research were collected using the library studies, and the data required for testing the hypotheses were collected by the realizing questionnaire and five-point Likert spectrum. It is evident that the domain exports analyze the validity of the test. If a domain expert confirms the test after analyzing the validity, the test can be used. We gave the questionnaire of the research to some accounting professors and experts in Iran's Universities to determine the validity and after examining, the validity of the questionnaire was confirmed [4]. For calculating the reliability of the questionnaire of the research, first at a limited level and at the time interval 10 days, the questionnaires were distributed among ten testees two times and then, they were collected. Cronbach's Alpha coefficient was used to calculate the reliability and the reliability of the questionnaire was obtained 79%.

The independent variable of the research is the management financial control system. The dependent variable is the performance of the companies including the return on investment, company's profitability, cash flows from the activities of the company, sales value, costs control, development of the products, market share, development of the company's markets and development of the human resources. For testing the hypotheses, first the 12 financial control tools (table 1, appendix) were considered as an independent variable and then, their effect on 9 dependent variables were measured separately using the linear regression method (table 2, appendix).

Population and the statistical sample
The population of the research includes the companies accepted in Tehran's stock exchange. For obtaining the sample, the companies were examined that met the following criteria:

a. They are accepted in Tehran's stock exchange before 2001 and their stocks are exchanged from the early 2001 in the exchange.
b. Their stocks are active in the exchange during 2001 and there is no pause more than three months.
c. The employees of their accounting unit can be accessed and interviewed directly. Taking these conditions into account, the selected sample size was obtained 80 companies. According to the prediction of the non-cooperation of the testees, about 150 questionnaires were distributed among the people to achieve the desirable sample size. From them, 95 questionnaires were returned back and finally after examining the questionnaires, 74 questionnaires were accepted to be used in the data analysis.

Testing the hypotheses

The first hypothesis
1. Management financial control systems affect on the return on investment in the companies accepted in Tehran's stock exchange.

\( H_0 \): if the companies use the management financial control systems, the return on investment is not affected.

\( H_1 \): if the companies use the management financial control systems, the return on investment is affected.

Table 1. testing the statistic of the effect of the management financial control systems on the return on investment

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>R Square</th>
<th>Adjusted Square</th>
<th>R</th>
<th>( \beta )</th>
<th>Sig.</th>
<th>F</th>
<th>Sig. F</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.004</td>
<td>0.02</td>
<td>0.27</td>
<td>0.693</td>
<td>0.158</td>
<td>0.693</td>
<td></td>
</tr>
</tbody>
</table>

According to table 1, R Square is 0.004 that shows that about 0.004 of the variations of the dependent variable are due to the variations of the financial controls. On the other hand, F statistic and Sig. F are 0.158 and 0.693, respectively that show that at the level of confidence 99%, the regression model is not statistically significant and according to the probability of the independent variable (management controls) that is 0.693, at the level of confidence 95%, \( H_0 \) is supported and our claim that the management financial control systems affect on the return on investment in the companies accepted in Tehran's stock exchange is rejected.

The second hypothesis
2. Management financial control systems affect on the rate of profitability in the companies accepted in Tehran's stock exchange.

\( H_0 \): if the companies use the management financial control systems, the rate of profitability is not affected.

\( H_1 \): if the companies use the management financial control systems, the rate of profitability is affected.

Table 2. testing the statistic of the effect of the management financial control systems on the rate of profitability

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>R Square</th>
<th>Adjusted Square</th>
<th>R</th>
<th>( \beta )</th>
<th>Sig.</th>
<th>F</th>
<th>Sig. F</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>0.092</td>
<td>0.07</td>
<td>1.13</td>
<td>0.046</td>
<td>4.231</td>
<td>0.046</td>
<td></td>
</tr>
</tbody>
</table>

According to table 2, R Square is 0.092 that shows that about 0.092 of the variations of the dependent variable are due to the variations of the financial controls. On the other hand, F statistic and Sig. F are 4.231 and 0.046, respectively that show that at the level of confidence 99%, the regression model is statistically significant and according to the probability of the independent variable (management controls) that is 0.046, at the level of confidence 95%, \( H_0 \) is rejected and our claim that the management financial control systems affect on the rate of profitability in the companies accepted in Tehran's stock exchange is supported.

The third hypothesis
3. Management financial control systems affect on the cash flows in the companies accepted in Tehran’s stock exchange.

\( H_0 \): if the companies use the management financial control systems, the cash flow is not affected.

\( H_1 \): if the companies use the management financial control systems, the cash flow is affected.

Table 3. testing the statistic of the effect of the management financial control systems on the cash flow

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>R Square</th>
<th>Adjusted Square</th>
<th>R</th>
<th>( \beta )</th>
<th>Sig.</th>
<th>F</th>
<th>Sig. F</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>0.001</td>
<td>-0.023</td>
<td>0.556</td>
<td>0.872</td>
<td>0.026</td>
<td>0.872</td>
<td></td>
</tr>
</tbody>
</table>

According to table 3, R Square is 0.001 that shows that about 0.001 of the variations of the dependent variable are due to the variations of the financial controls. On the other hand, F statistic and Sig. F are 0.026 and 0.872, respectively that show that at the level of confidence 99%, the regression model is not statistically significant and according to the probability of the independent variable (management controls) that is 0.872, at the level of confidence 95%, \( H_0 \) is rejected and our claim that the management financial control systems affect on the cash flow in the companies accepted in Tehran’s stock exchange is supported.
confidence 95%. $H_0$ is supported and our claim that the management financial control systems affect on the cash flows in the companies accepted in Tehran’s stock exchange is rejected.

**The fourth hypothesis**

4. Management financial control systems affect on the costs control in the companies accepted in Tehran’s stock exchange.

$H_0$: if the companies use the management financial control systems, the costs control is not affected.

$H_1$: if the companies use the management financial control systems, the costs control is affected.

<table>
<thead>
<tr>
<th>Table 4. testing the statistic of the effect of the management financial control systems on the costs control</th>
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<tbody>
<tr>
<td>Hypothesis</td>
</tr>
<tr>
<td>4</td>
</tr>
</tbody>
</table>

According to table 4, R Square is 0.103 that shows that about 0.103 of the variations of the dependent variable are due to the variations of the financial controls. On the other hand, F statistic and Sig. F are 4.84 and 0.033, respectively that show that at the level of confidence 99%, the regression model is statistically significant and according to the probability of the independent variable (management controls) that is 0.033, at the level of confidence 95%, $H_0$ is rejected and our claim that the management financial control systems affect on the costs control in the companies accepted in Tehran's stock exchange is supported.

**The fifth hypothesis**

5. Management financial control systems affect on the development of the products in the companies accepted in Tehran's stock exchange.

$H_0$: if the companies use the management financial control systems, the development of the products is not affected.

$H_1$: if the companies use the management financial control systems, the development of the products is affected.

<table>
<thead>
<tr>
<th>Table 5. testing the statistic of the effect of the management financial control systems on the development of the products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis</td>
</tr>
<tr>
<td>5</td>
</tr>
</tbody>
</table>

According to table 5, R Square is 0.007 that shows that about 0.007 of the variations of the dependent variable are due to the variations of the financial controls. On the other hand, F statistic and Sig. F are 0.278 and 0.601, respectively that show that at the level of confidence 99%, the regression model is not statistically significant and according to the probability of the independent variable (management controls) that is 0.601, at the level of confidence 95%, $H_0$ is supported and our claim that the management financial control systems affect on the development of the products in the companies accepted in Tehran's stock exchange is rejected.

**The sixth hypothesis**

6. Management financial control systems affect on the sales value in the companies accepted in Tehran's stock exchange.

$H_0$: if the companies use the management financial control systems, the sales value is not affected.

$H_1$: if the companies use the management financial control systems, the sales value is affected.

<table>
<thead>
<tr>
<th>Table 6. testing the statistic of the effect of the management financial control systems on the sales value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis</td>
</tr>
<tr>
<td>6</td>
</tr>
</tbody>
</table>

According to table 6, R Square is 0.003 that shows that about 0.003 of the variations of the dependent variable are due to the variations of the financial controls. On the other hand, F statistic and Sig. F are 0.105 and 0.747, respectively that show that at the level of confidence 99%, the regression model is not statistically significant and according to the probability of the independent variable (management controls) that is 0.747, at the level of confidence 95%, $H_0$ is supported and our claim that the management financial control systems affect on the sales value in the companies accepted in Tehran’s stock exchange is rejected.
The seventh hypothesis
7. Management financial control systems affect on the market share of the companies accepted in Tehran's stock exchange.

\[ H_0 : \] if the companies use the management financial control systems, the market share is not affected.

\[ H_1 : \] if the companies use the management financial control systems, the market share is affected.

<p>| Table 7. testing the statistic of the effect of the management financial control systems on the market share |</p>
<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>( \beta )</th>
<th>Sig.</th>
<th>F</th>
<th>Sig. F</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>0.017</td>
<td>-0.006</td>
<td>-0.479</td>
<td>0.4</td>
<td>0.723</td>
<td>0.4</td>
</tr>
</tbody>
</table>

According to table 7, R Square is 0.017 that shows that about 0.017 of the variations of the dependent variable are due to the variations of the financial controls. On the other hand, F statistic and Sig. F are 0.723 and 0.4, respectively that show that at the level of confidence 99%, the regression model is not statistically significant and according to the probability of the independent variable (management controls) that is 0.4, at the level of confidence 95%, \( H_0 \) is supported and our claim that the management financial control systems affect on the market share of the companies accepted in Tehran's stock exchange is rejected.

The eighth hypothesis
8. Management financial control systems affect on the development of the markets of the companies accepted in Tehran's stock exchange.

\[ H_0 : \] if the companies use the management financial control systems, the development of the markets is not affected.

\[ H_1 : \] if the companies use the management financial control systems, the development of the markets is affected.

<p>| Table 8. testing the statistic of the effect of the management financial control systems on the development of the markets |</p>
<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>( \beta )</th>
<th>Sig.</th>
<th>F</th>
<th>Sig. F</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>0.046</td>
<td>0.024</td>
<td>0.843</td>
<td>0.16</td>
<td>2.044</td>
<td>0.16</td>
</tr>
</tbody>
</table>

According to table 8, R Square is 0.046 that shows that about 0.046 of the variations of the dependent variable are due to the variations of the financial controls. On the other hand, F statistic and Sig. F are 2.044 and 0.16, respectively that show that at the level of confidence 99%, the regression model is not statistically significant and according to the probability of the independent variable (management controls) that is 0.16, at the level of confidence 95%, \( H_0 \) is supported and our claim that the management financial control systems affect on the development of the markets of the companies accepted in Tehran's stock exchange is rejected.

The ninth hypothesis
9. Management financial control systems affect on the development of the human resources in the companies accepted in Tehran's stock exchange.

\[ H_0 : \] if the companies use the management financial control systems, the development of the human resources is not affected.

\[ H_1 : \] if the companies use the management financial control systems, the development of the human resources is affected.

<p>| Table 9. testing the statistic of the effect of the management financial control systems on the development of the human resources |</p>
<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>( \beta )</th>
<th>Sig.</th>
<th>F</th>
<th>Sig. F</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>0.151</td>
<td>0.131</td>
<td>0.991</td>
<td>0.009</td>
<td>7.492</td>
<td>0.009</td>
</tr>
</tbody>
</table>

According to table 9, R Square is 0.151 that shows that about 0.151 of the variations of the dependent variable are due to the variations of the financial controls. On the other hand, F statistic and Sig. F are 7.492 and 0.009, respectively that show that at the level of confidence 99%, the regression model is statistically significant and according to the probability of the independent variable (management controls) that is 0.009, at the level of
confidence 95%, $H_0$ is rejected and our claim that the management financial control systems affect on the development of the human resources in the companies accepted in Tehran's stock exchange is supported.

**Conclusions**

One of the aspects noted by the investors is the desirable performance of the company that is directed, monitored and controlled by different measures. So in this research, the issue is examined that whether the companies accepted in Tehran's stock exchange will get the desirable performance (return on investment, profitability, cash flows, costs control, development of the products, sales value, market share, development of the sales markets and development of the human resources) if they use the management financial control systems. And finally, the following result is found:

The management financial control systems affect on the rate of profitability, costs control and development of the human resources, but they don't affect on the return on investment, cash flows, development of the products, market share and the sales value of the companies.

**Suggestions**

Since the effect of other tools on the performance must be also examined to understand the subject better, it is suggested that the effect of the management nonfinancial control systems on the performance is also measured.

It is suggested that the users are also asked whether using management financial control systems affect on the performance of the companies.

It is suggested that the effect of the management strategies on the performance of the companies is also examined.

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## Appendix

### Table 1. management financial control tools

<table>
<thead>
<tr>
<th>No.</th>
<th>Tools</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>budget performance</td>
</tr>
<tr>
<td>2</td>
<td>variance analysis</td>
</tr>
<tr>
<td>3</td>
<td>Multiple overhead costing resources</td>
</tr>
<tr>
<td>4</td>
<td>Multiple activity bases for allocating overhead costs</td>
</tr>
<tr>
<td>5</td>
<td>Using activity bases other than the working hours of the human workforce, machine and output</td>
</tr>
<tr>
<td>6</td>
<td>Multiple service costing resources</td>
</tr>
<tr>
<td>7</td>
<td>Multiple activity resources for allocating service cost resources</td>
</tr>
<tr>
<td>8</td>
<td>Calculating standard cost variance</td>
</tr>
<tr>
<td>9</td>
<td>Reporting all of the variances to the management</td>
</tr>
<tr>
<td>10</td>
<td>Budgeting jointly at the lower levels of the management or the employees</td>
</tr>
<tr>
<td>11</td>
<td>Using variable costing</td>
</tr>
<tr>
<td>12</td>
<td>Using absorption costing</td>
</tr>
</tbody>
</table>

### Table 2. measures of the performance

<table>
<thead>
<tr>
<th>No.</th>
<th>Components</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Return on investment</td>
</tr>
<tr>
<td>2</td>
<td>Profitability</td>
</tr>
<tr>
<td>3</td>
<td>Cash flows from the activities of the company</td>
</tr>
<tr>
<td>4</td>
<td>Costs control</td>
</tr>
<tr>
<td>5</td>
<td>Development of the new products</td>
</tr>
<tr>
<td>6</td>
<td>Sales value</td>
</tr>
<tr>
<td>7</td>
<td>Market share</td>
</tr>
<tr>
<td>8</td>
<td>Development of the sales markets</td>
</tr>
<tr>
<td>9</td>
<td>Development of the human resources</td>
</tr>
</tbody>
</table>