BUDGETING COSTS IN PIECE PRODUCTION: FEATURES AND POTENTIAL[1]

Lecturer **Anca Antoaneta VĂRZARU Ph.** D
Dan Constantin VĂRZARU Ph. D Student
University of Craiova
Faculty of Economics and Business Administration
Craiova, Romania

Abstract: In the face of a world economy characterized by open markets, trade liberalization and the explosion of new information and communication technologies, organizations are forced to reconsider their control practices and management control to improve performance and competitiveness. The complexity of the concept (Morin, 2004) is the fact that it unifies several sizes, i.e. social, political, economic and organizational dimensions. New management instruments seek long term performance by balanced cause-effect operation type on all these dimensions. This aims understanding the developments in the management control system and the identification of the factors which have marked this development to identify a model that would allow the choice and design of an optimum system and budgetary control of costs in an organization which has the specific production of batch production and small series. Another objective is to identify and emphasize the structural and functional features of the budgetary system of costs in the context of industrial enterprises specialized in the production of large batch products.

JEL classification: M10, M41

Key words: budget, management control system, batch production, performance, costs

1. INTRODUCTION

Done without reserves or rejected by practitioners of the management control, the budget has become subject to an important controversy from the mid 1990s. An investigation organized by two organizations of consultancy (IFOP and DFCG) in 1994 revealed that most European enterprises use this technique of planning and control, but few shall be declared completely pleased with their performance. Investigation revealed also that almost one third of these enterprises have expressed a desire to reform their budgetary practices by improving or accelerating procedures, and a proportion of 10% said they were willing to give up entirely to the state budget.

The desire to reform management control was taken over by Hope and Frazer (1997), who in an article from the magazine "Managerial Accounting" have started a favorable movement "management without budgets", based mainly on emerging instruments, such as Balanced scorecard, Rolling forecasts, benchmarking etc.

A few years later the reflection on management without budgets have called for an autonomous organization, Beyond Budgeting Round Table (BBRT), which in addition to the initiators Hope and Fraser drew names of some other researchers in an academic environment, such as Bromwich, Lebas, Otley, Shaw, Horngren and Johnson. Other researchers from the same environment have undertaken their efforts on studying management without budgets and research programs for a better understanding of current practice in terms of budgetary management (Berland, 1999; Bescos, 2004; Ekholm and Wallin, 2000; Hansen , 2003; Hansen and Van der Stede, 2004; Thomas, 2003; Villesèque-Dubus, 2005).

Criticism addressed to budgets are multiple and they start with procedures too cumbersome and too expensive for a reduced value created, from chronic shortage of connection with the strategy and continue with the creation of conditions for opportunistic behaviors, with their mismatch to the organizational structure of type network and the new economic era of information, with suffocation of the initiative of individual and organizational learning, with the exclusive character to quantify the financial performance, with a disproportion to uncertainty that marks the environment today etc.

All of these disadvantages does not mean that the budgets and the current management control must be abandoned, and this is the point of view of both researchers, as well as the organizations. The above criticism

[1] This work was cofinanced from the European Social Fund through sectoral operational Program Human Resources Development 2007-2013, project number POSDRU/159/ 1.5/S/140863, Competitive researchers in Europe in the field of humanities and scio-economic sciences. A multi-regional research network

are not applicable in all circumstances and in all organizations (Bescos et.al., 2004; Hansen et.al, 2003; Thomas, 2003).

In this competition between saving and abandoning budgetary principals appears a common position of researchers and practitioners of management control, namely that using the instruments of the budget at the beginning of the 21st century it cannot be like a hundred years ago, with the implementation in the biggest American companies. He must no longer remain the main instrument for planning and control in any formal system management control, but must be completed or sometimes replaced with new ones, when budgetary shortcomings appear.

Our initiative propose in the first part, highlighting the evolution in the management control system and its own instrument, the budget costs, and identification of the main factors which have led this development. By appealing to the contingent approach, to the influences of these factors and statistics of answers that the management of the organizations offered during these developments, it is possible to identify a model to facilitate decision-making process of choosing and structuring the management control system and the budget of costs.

A second objective is associated with the identification of the particularities of the management control system and the potential of budget costs within an industrial enterprises specialized in the production of some unique products of large dimensions with high delivery prices.

The methodology of research includes general approaches and specific concepts, instruments and methods to achieve budgeting and tracking of costs, research-action method and a case study.

2. THE MANAGEMENT CONTROL SYSTEM AND THE BUDGET COSTS: FROM BASIC INSTRUMENT TO TOTAL DENIAL

In spite of the growing attention of the specialists to the new techniques of management, budgetary practices are nowadays far from being gone. Completed and sometimes subordinated to other instruments of planning and control, the budget is always the first instrument to forecasting and control of financial equilibrium and accounting performance of the organization (Ekholm and Wallin, 2000; Hansen et.al, 2003; Hansen and Van der Stede, 2004).

Budgets have certainly lost its importance in the circumstances where short-term financial performance is not the main objective of the company and have integrated, for example, new instruments, such as Balanced Scorecard. However, their role is crucial in cases where financial equilibrium remains the main objective. Also, all of the managerial functions (planning, organization, coordination, training and control), which is associated traditionally, does not need to be attributed entirely and easily. They are affected by many factors of the contingency, such as environmental turbulence or leadership style, some of these features are not compatible with each other, while others are better achieved by new management tools. In other circumstances, the budget is used today not only for traditional role or economic, but also for its influence on psychological and social human element, for the purposes of strengthening individuals and organizations behaviors (Gignon-Marconnet, 2003).

As a result of these transformations it may therefore be concluded that the place of the budget instrument in the device of management control may not coincide with the assigned in classic theory, that of transformation strategies and action plans in appropriate digital objectives and this new place is the subject of this analysis.

Starting from the idea that the nature of budgets is not immobile, but rather as the result of some other developments and will continue in the future, there are three questions that will allow a better delimitation of the research object. They concern the crisis of confidence on the usefulness budgetary instrument and traditional skills of management control, its ways of expression and influence, budgetary developments from the traditional to the modern control today.

The last question presents a particular interest for this paper and can be divided into three other queries to facilitate construction of an appropriate response. Due to the fact that today budgets are used in a set of complementary tools of management control or some traditional budget features are met by instrument panels or by other systems of financial and non-financial highlights and, this question can be recast in three steps. The first phase refers to how the budget was designed place in the tool management and to its traditional connection with other instruments of control, and the second to identify the factors that determine the place and role of the management control and their compatibility with certain structural configurations. In the end, the interest is directed to the importance that they hold budgets in these configurations in relation to other instruments of management control.

The answers to the first two general questions imply a temporal study of characteristics of budgetary technical characteristics of its context or from its initial uses in industrial enterprise up to now. The answer to the third general question and its components involves first a review of academic literature on the budgetary

instrument and of the factors which determine its role in management control. Then, a new model of explanatory role of budgets in relation to other instruments of control could be built taking into account the contemporary paradigm of the management and control of the new conditions in today's evolving enterprises.

Given the contingency revealed in previous studies, but also criticism of the contingency budget, the analysis that we want to achieve in respect of current budgets within the framework of the control of management will be achieved through a model appropriate model. Such a model will highlight, on the one hand, the main factors of the contingency and, on the other hand, the characteristics of budgetary system and its connections with other instruments of control.

Any changes in the economic environment since the beginning of the last century are considerable. Customer will dictate how today's market conditions, the organizations are forced to constantly innovate, to develop human resources and to reorganize the operating mode to adjust to a special offer. The considerable development of services sector has changed requirements in terms of management and highlighted the role human resources. The evolution of new techniques of information and communication requires the appearance of new instruments of management. Today's budgets build up more and more weaknesses, different from those specific years 1970-1980, which focuses around their concept, but also their technical implementation.

A first imputation refers to reductionism of accounting and financial indicators which are included in the budget, while the strategy shall be expressed otherwise if it is desired to be closer to the field, to the operational activities and operational concerns (Kaplan and Norton, 2001; Senez, 1996). Thus, a critics most often encountered is that the budget expresses in misuse the strategy (Berland, 2002; Bescos et.al., 2004; Chauvot, 2001; Deschamps, 1997; Hope and Fraser, 2003; Marcino, 2000), being unable to represent the complexity key factors of success and the levers of action which are able to control. Quantification of financial performance should therefore be enriched and supplemented with tools which include non-financial assessments.

Hope and Fraser (1999) revealed the inadequacy of the classic budget to modern structure of the organizations, and Chenhall (2003) has carried out an interesting analysis of research relating to an theory which dealt with characteristics of the management control systems. He notes that a large proportion of these research associates budgets and accounting management with a mechanistic structure, while the organization with an organic structure must focus on social control, on control of behaviors, on the culture or smaller or participative budgets. These types of control must be supported by individual and organizational learning, which are clogged by budgets.

Another reproach brought to the budgets is that although they are financial instruments, they cannot allow previewing, measurement and control of value creation for shareholders (Hope and Fraser, 1999). The organization must manage intangible assets increasingly important, which form a substantial part of its value, but which are invisible for accounting and for budgets.

Such a critic questions itself the capacity of budgetary indicators to provide means of action to ensure the measuring of the last financial criteria of performance, i.e. the shareholders value.

Same Hope and Fraser (1999) believe that the main reason for the budgets to "must dissapear" consists in the difficulty for their implementation in an uncertain environment. In the budgetary system planning and control are two closely related functions. The planning is the basis on which is to be carried out management control through budgets. How planning systematically fails in its efforts to provide a framework relatively stable and truly in a turbulent and complex, environment, means that budget figures are unrealistic shortly after they have been fixed, which means tracking problems of false targets, in assessing the performance and motivation (Berland, 2002).

In conclusion, there are two major conceptual problems that could cause a profound change in theory budgets. The first is uncertain environment, which makes it difficult the planning and requires the use of other indicators than those accountants, as well as the implementation of a more strategic control. The second issue concerns the changing of the organizations vision, of its way of management, by increasing the importance attached to the organizational learning, key factors of success which are not necessarily financial and the need of more flexible controls, practiced by culture or by behaviors.

3. THE EMERGENCE OF NEW INSTRUMENTS OF CONTROL AND THE REALITY OF BUDGETARY CONTROL

The development of new instruments for the control and modernization of the old is the second important factor that provides new arguments to the believers of the management control. The ABC method and its derivatives ABM and ABB, Balanced scorecard, Rolling forecasts, benchmarking operated, by their appearance, a motion questioning the traditional management control.

With all changes of opinion promoted in the literature review in favor of a no budget management, several European researchers (Ekholm and Wallin, 2000; Lyne and Dugdale, 2004; Villesèque-Dubus, 2005) have shown that this solution is not yet approved by the organizations and the budget and budgetary control remain deeply rooted in daily lives.

The reasons for maintaining traditional budget can be economic and organizational (forecasting financial balances, delegate responsibilities and tracking key factors of success or the risk factors strategic levels), but also social and psychological (behavioral orientation, securing individuals and reducing ambiguities).

The budget may even remain a privileged instrument in an organization with a modern structure, but it must be capable to adapt to a traditional approach (Thomas, 2003). However, in this case, budget process implies the existence of the context of incompleteness of contracts within the organization, an imperfect knowledge of the environment and therefore a need to share knowledge and skills. It can thus way actively participate in the development of duplicate additional adjustments through redistribution of initiatives and sanctions.

The same author believes that the novelty comes from the use of transverse budget in the organizations that conducted the study, which is totally removed from traditional hierarchic-functional way frequently associated to products and markets. Transverse budget is a budget on activities, processes, projects, which implies a vision and non-functional matrix of the organization.

Bescos (2004) shows that there is a contingency between criticism addressed to budgets and configurations of the characteristics of the external environment and internal parameters of the organization. Changing the used instruments will serve a better adaptations of the management control to these conditions of the contingency.

In a study carried out to organizations which have applied the management system without budgets or have diversified their own system by introducing new non-financial instruments, Berland (2004) shows that there is a connection between criticism against budget and functions that enterprises assigned to this traditional instrument. It reveals that budgets are less criticized when served to planning and scheduling, and become a source of complaint in the case in which managers insist in addition to their use in evaluation of performance and coordination of structures.

In all cases budgets are used as balanced scorecards, while interactive and diagnosis features are assigned to the two instruments vary as appropriate. It may be suggested here that budgetary instrument did not lost its priority in favor of new techniques only for certain organizations, namely those that require contingency factors. On the basis of this fact it can be said that it is necessary a different cohabitation between budget and its main competitors of the modern control instruments, i.e. Balanced scorecard.

In their cohabitation between budgets and newcomers it can distinguished three cases. In the first case, very close to the classical situation, the budgets remain the main instrument of planning and control. This means, first of all, that the basic non-financial aims shall be determined on the basis of the budgetary objectives. In turn, budgetary objectives, accounting and financial, represent the essence of what it is believed that means a good performance for the enterprise. Key factors of success for achieving this performance are also primarily financial.

The second case is a specific situation in which the budget is part of a wider planning and control device and with strategic vocation, organized mainly around Balanced scorecard. The share budgetary objectives is this time balanced with non-financial indicators (Kaplan et Norton, 2001). Proper performance is charged with using the financial parameters of the activity, and key factors of success are considered, in their majority, as non-financial. The two authors highlight, on the one hand, the strategic budget, which is part of the process of planning and strategic control and is incorporated in the balanced scorecard, and operating budget, which is ready to provide its manager course. It should be emphasized that the two types of budgets represent only a part of the system of planning and control, i.e the financial part.

The third situation is that of equality existing between budgets and balanced scorecard, the two complementary instruments.

On the occasion of 10 years of evolution of balanced scorecard, Choffel and Meyssonnier (2005) have presented a summary of the three ideal types of use of the balanced scorecard, which is very close to the three cases described above (table 1).

Table no.1

Theoretical proposal concerning patterns of use of the balanced scorecard in management

	Ideal Type 1:	Ideal Type 2:	Ideal Type 3:

		Centralizaed management without budgets	Decentralized management less instrumentalized based on a shared culture	Budget management but evolutionary pilotage of processes or projects
Theoretical proposals	1. Strategic balanced scorecard	Disclamer Strategy	Uniform design of the strategy and of balanced scorecard	
	2. Expansion of the balanced scorecard	*Top-down approach* and alignment	*Botom-up approach* and coordination	Modelling and alignment (*top-down and bottom-up approach*)
	3. Balanced scorecard and budgets	Balanced scorecard is a central system of piloting	The instrument panel is an instrument among others	
	4. Systems of incitement and presentation systems (indicators)	AssessmentsIndividual coupled with balanced scorecard	Without connection (hitch)	Collective assessment based on aggregated indicators
	5. Identified contingency factors	Debut cycle of life; ERP technology; centralized power	*	
	6. Number of indicators	Numerous indicators		Indicators in limited numbers
	7. Flexibility of indicators	*	Flexibility of indicators adapted to a turbulent environment	

Source: CHOFFEL D. et MEYSSONNIER F. (2005), "Dix ans de débats autour du Balanced Scorecard", Comptabilité, Contrôle, Audit, Vol. 11, no. 2, décembre, p. 61-81.

On the occasion of 10 years of evolution of balanced scorecard, Choffel and Meyssonnier (2005) have presented a summary of the three ideal types of use of the balanced scorecard, which is very close to the three cases described above (table 1).

4. CASE STUDY ON CONTENT, STRUCTURE AND THE IMPORTANCE OF THE BUDGET EXPENDITURE IN THE TRACKING SYSTEM PERFORMANCE IN AN INDUSTRIAL ORGANIZATION LARGE BATCH JOB

Foray into the historical development of the budget, since his debut in enterprise practices, moving through its consolidation as a preferred instrument of the management control to its disproof allowed highlighting the three main sources of impulse, the three motors of change.

A first such source is the organizational conditions, components such as the strategy, structure and technology, which can to cause requirements more or less emphasized by forecasting and tracking financial parameters activity. Thus, an organic organizational structure, adapted to a competitive strategy of differentiation will result in, perhaps, a certain moderation in the use of classical budgets. Structure and strategy can thus directly influence budget use, but they can also convey an indirect influence, practiced by the environmental conditions on which they depend.

External environment may, by its competitive and technological conditions, encourage direct foresight activity, thus facilitating the implementation of budgets in their traditional form.

When presenting a more turbulent and highly competitive conditions, the environment may require an adaptation of reflux and its mode of application.

A strong influence on the degree and the use the classic budget has a socioeconomic paradigm which joins the management of the enterprise or the one that is in the process of building alone or with the aid of external personalities, involved in the design of the management system. Thus, a leadership that is attached to traditional values of financial optimization through control tasks and the results will use, probably, emphatically the traditional budget. When the leadership joins a new paradigm that defines environment as increasingly uncertain, claiming the strategy built from the bottom up and presents the organization as a learning structure that will probably use a lesser extent the budget, compared with other innovative instruments, in order to convey a proactive representation of control.

From the presentation of the three sources of change it can be said that in organizations where the environment is considered unsafe, the organization relies on flexible controls and the strategy is to distinguish

them from the competition, traditional budgets will be less adapted (Bescos s.a., 2004). They will be dependent on an instrument as Balanced scorecard or will be supplemented by non-financial scorecards. Budgetary planning will be done on shorter periods (semester or trimester) or even a sliding horizon, transforming the budget in a real Rolling Forecasts.

Management controle system and the role that the budget costs fills within the organization. S.C. Popeci Utilaj Greu S. A. has been the subject of an examination through it was desirable to identify the mode that its leadership responds to its theoretical challenges and
adapts to the requirements of the contingetal factors which acts in this respect.

The object of the organization is the manufacture of machinery, equipment and subassemblies for heavy mining industries, metallurgy and wood, oversized machine tools, various metal constructions. The dimensions and weight of impressive products required on the market determines also the specific type of production, which is one of batch production. Therefore, it is normal for the company to carry out each year a small number of pieces of each product ordered by the beneficiaries (maximum 5-6), but the nomenclature of manufacture is very rich, as of 200-250 products and sub-assemblies annually.

The number of employees of the organization (an average of 650 employees during the last 3 years) and specific activity influenced the seize of the structure, which can be considered as average. To characterize relations between management and employees we analyzed a survey in accordance with Mintzberg's approach, wereby we concluded that the structure of the society can be seen as a mecanistic bureaucracy type, but also with some adhocratic accents.

Regarding the strategic aspects, it can be noted that the company emphasizes diversification option, but puts a particular emphasis on quality and profit, so that the products
and any services it provides are not among the cheapest. Such a strategic option is also supported by the fact that the organization has turned into a single supplier on the Romanian market, but also it is quite known on the European market, which puts a particular emphasis on quality of the products.

The technology used within S.C. Popeci Utilaj Greu is specific to heavy mechanical industry that produces custom-made products or batch production, which packs much labor for processing. Also, raw materials, materials and sub-ensemblies substance entering their products also have a share important value.Relatively stable position on the market, driven by strong basic material and high capitalization specific to this production sector is anticipating, in general, an environment less turbulent, with a competition which cannot be characterized by intensity and significant difficulties created for organizations evolving here. The organization produces only those products requested by customers, so that its production plan is safe to a large extent. Input threshold investment is one of the factors that keep competition to a reasonable level.

Regarding the leadership position to new paradigms related to organizational learning,
human capital and performance, direct discussions have highlighted its efforts on the line of knowledge content, and their consequences for the good progress of the organization, but and the conditions which have not yet permitted their implementation. The most cited were the relatively stable environment in which evolves the organization, its relatively small size in terms of the number of staff and an organizational culture that is not yet ready to promote a significant change in the behavior of human factor within the sense required by the use of the newest control instruments.

All these aspects have led to the currentsituation, in which the management favors traditional values of financial optimization, controls quite closely the implementation of tasks and results. For such a position is understood that the organization places a particular emphasis, within the framework of its management control system, on budgets and in particular on the budget costs. Aware of the fact that the system of planning and tkeeping track of the costs must constantly adapt to the structure of exploitation activities (Horngren, Datar and Foster, 2006), the management of the organization resorted to adapt to constantchanges that have occurred on line centers of responsibility. The calculation method chosen and specific for this type of production is the method on the controls, which is based on classification of expenditure on the items calculation.

Of each types of manufacture, the batch production and small series is the most complex in terms of flow and flow of data, the specific documents of S.C. Popeci Utilaj Greu produces "custom", receiving two types of requests:

- with specification and/or manufacturing, provided by the beneficiary ;
- without specification and/or manufacturing, which are made with its own forces or obtained by the supplier with the cooperation of various specialized companies.

Another specific batch production, which manifest within S.C. Popeci Utilaj Greu is that of participation in auctions on most new products that they manufacture, for which is unknown the expected total costs or delivery prices. The efforts are specific, because the answers should be offered in a relatively short notice, in which it is impossible for detailed knowledge of consumptions directly related to materials and lobor

costs required to execution. The only possible solution is an estimate as close as possible to the reality of these inputs. The risk of non-recovery of these efforts is quite high, because in many cases it is possible to not win the auction. For those positions were the products were made are used the old rates, with small revisions of inflation influence on the cost of materials and staff wages.

To analyse and identify how the method cost orders in applied in S.C. Popeci Utilaj Greu we used the approach proposed by Horngren et.al (2006).

- *Identification and the choice of the cost object*. The subject (carrier) costs is easily identified in the method commands. In most cases, the command by which the beneficiary requires execution, delivery and in many cases putting it into operation, is the subject of an internal commands which keeps or divides the quantity initially required. This solution of division is required, in spite of some additional efforts of evidence, in order to know as earlier as possible the effective costs of a product. Otherwise, for an external command of 5 pieces of a certain product, it be opened three internal controls, one for a piece and two for two pieces.

For each internal command opens a record sheet for each center of responsibility involved in the implementation of the product. In this worksheet shall be recorded the expenditures within each center of reponsability, the expenditures of centers located upstream product execution and will be allocated the indirect costs.

- *Identification of direct costs of an order*. Defined according to the possibility of identifying and assigning directly to a product (command), these expenses represent the consumption of raw materials, parts and subassemblies used in the construction of product, which are found, for the most part, in its substance, the costs of labor workers, models and parts of the sample necessary for the execution in certain situations. The unique nature of the production requires the use of universal equipements that requires some tools, devices and special controllers (tools, devices and controllers) to process parts and subassemblies components of these products. These tools, devices and controllers shall be carried out within the company or ordered from other suppliers. When are carried out in their own toolroom they are included in the costs for the workshop costs, and if they are purchased from the outside are included with a share in product command.

The models are important accessories necessary to cast some subassemblies of the product to various external partners. Carried out as a rule by them, these models are expensive
and are not included in the price of the castings, being included in costs in a proportion to the quantity of product ordered by third parties.

Parts of the sample represents a new feature of certain production processes, in which a machine adjustment shall be made by the use of a part of the sample, many times destroyed entirely during this operation. Its cost is included in the column of direct expenditures in a proportion which will take into account from the command.

- *Choosing databases for the allocation of indirect costs on the command*. The most commonly used basis for the allocation of overhead costs (Horngren et.al, 2006) in most companies of the world was "number of hours of direct labor", followed at some distance by "expenditure on direct labor". The analyzed company has chosen the second base, but with a small amendment, in the sense that these expenses are to be found at their raw, i.e. Including social expenditures. It is to be mentioned that in the case of this organization appear two lots of overheads, i.e. common manufacturing expenditure and general expenses of the enterprise. The basis for expenditure common distribution of the departments is the one mentioned above, while general business expenditure is used as a base total cost of the workshop.

- *Identify indirect costs associated with each allocation base*. As mentioned in the previous paragraph, the organization has chosen two lots of overheads, i.e. Common expenditure of workshop and general expenses of the enterprise.

-*The calculation of the uniform share for the allocation of indirect costs on the command*. These shares are the subject to a forward calculation in November - December of next year. Basically, in this period is forecast all of the expenditure of the organization, the latter being separated in the common expenses and general expenses of the enterprise. Main spending centers are represented by the following workshops:

- Heavy mechanical processing;
- Lightweight mechanical processing;
- Assembling;
- Sealed mechanical construction;
- Tool house.

The organization of management control appealed from the separation of the mechanical processing in two centers of expenditure for a quite simple reason. The common expenses are generally high, passing normally 50% of the total expenses of the workshop.

However, it should be noted that within this workshop is used to process large assemblies that require a high consumption of energy and time, but also smaller items,which can be the subject of independents commands of the beneficiaries. An average rate would also affect these products to a large indirect expense, which would increase costs and prices above the market average. This division of overhead costs on the two workshops avoid such a situation and allows the enterprise to engage in making smaller products and lower prices to maintain their competitiveness on the market. Otherwise, competitiveness would remain only for those products which require heavy processing, but also to the overall costs they would have to incur an underload with overheads, which ultimately would lead to a proposal of possible lower prices.

– *Calculation of overhead costs allocated to command.* Common expenses shall be determined for each workshop in the form of shares percentage calculated on gross direct labor equivalent. The allocation of expenses monthly recorded is based on the these levels planned and the actual amount of labor consumed.

The calculation of the total cost of command by adding all direct and indirect costs charged to it. The total direct costs are aggregated with that of common costs of manufacturing workshops and general expenses of the organization, thus taking the cost of the organization.

A problem faced by organizations who practice method of calculation on commands (normal costs option) is related to the inherent settlements of indirect costs at the end of the year and which should affect all of the commands carried out in the course of a calendar year (Horngren et.al, 2006). In almost all cases should be revised the dimensions of overheads on the basis of the actual shares percentage, determined by dividing the actual expenditure to the total amount of actual labor within that year. If the new rate, the effective rate is higher than planned additional costs will be added to each command, which is a less desired. Profit will increase if this tax will be lower, because adjustments will occur which will reduce the indirect costs of all commands made during the year.

Another factor to be noted form this analyse concerns a possible combination of budget costs with other instruments of modern control, such as Balanced scorecard or different versions of the board picture. The management of the company has not adopted yet more sophisticated management instruments, but retains a central board picture that provides quantified information about the quantified activities of production, sale, procurement and
human resources. Such information has, in most cases, an intense financial component.

5. Conclusions

Management of enterprises registered important changes on control performance, adapting the control system to identify and mobilize all resources in a compatible optical type
"cause and effect".

This change was made possible as a result of intense research to identify other indicators, in addition to those financial, by which human capital and the organization to direct better efforts in the direction of individual growth and organizational performance.

From classic financial budget solution, the main component of the management control system, it has been passed to a management system of performance control with new instruments, as Balanced scorecard, ABC method etc., which provides alternatives to major change.

Challenging the classical system of management control had as main motivations and sources the environment changes, changes of paradigm of the management in terms of performance and rôle of human capital in adding value, but also the emergence of instruments
to facilitate their implementation in practice.

The transition from the classic budgets budgets to control "without budgets" is a long process, that depends on many factors of the contingency related to the internal conditions of the enterprise (strategy, structure, technology), to the external environment (market specificities, the intensity of competition) and socio-economic paradigm supported by management.

The study of influence of these factors allowed the identification of the management control system content and the leading role it holds within organizations that are specialized in the production of batch products. This budget has reached a high level of training and is by far the most used instrument of control and mobilization in this context.

Budget planning costs in the organizations specialized in the production of batch products allow the estimation fairly close to the reality of the costs and prices, in order to participate in a timely invitations in auctions, thereby facilitating the execution of all products received by the invitations or direct commands.

References

Alazard, Cl., Separi, S. *Contrôle de gestion*, 7e édition, Dunod, Paris, 2004

Avril O. *Contrôle de gestion dans les PME: points essentials et objectifs*, Dossier: Gestion d'entreprise, no 38, Paris, 2009

Bescos P.L., Dobler P., Mendoza-Martinez C., Naulleau G. *Contrôle de gestion et management*, Editions Montchrestien, E.J.A., Paris, 1991

Bouquin H. *Le côntrole de gestion, 8e édition*, Presses Universitaires de France, Paris, 2008

Demeestere R., Lorino Ph., Mottis N. *Contrôle de Gestion et Pilotage de l'Entreprise*, 3e edition, Edition Dunod, Paris, 2006

Dolan S., Saba T., Jackson S., Schuler R. *La gestion des resources humaines. Tendances, enjeux et pratiques actuelles*, 3e edition, Editions du renouveau, 2002

Drury C. *Management and cost accounting*, Ed. Chapman&Hall, Londra, 2000

Dupuy, Y. Rolland, G. *Manuel de controle de gestion*, Edition Dunod, Paris, 1991

Ehlinger S., Chabaud D. La cartographie cognitive : un outil de creation de valeur pour le knowledge management, în Dupuich-Rabasse F., *Gestion des competences et knlowledge management*, Edition Liaisons, Paris, 2002

Fernandez A, *L'essentiel du tabelau de bord*, Editions d'Organisation, Paris, 2005

Foucher R, Morin D. *Les effets de l'orientation strategique, des pratiques de grh et des croyances concernant la formaton sur les pratiques de formation du personnel dans des PME quebecoises*, Rapport depose a la Commission des partenaires du marche du travail. Fonds national de formation de la main-d'oeuvre, Quebec, 2006

Framholtz E.G., Main E.D *Current issues, recent advancements, and future directions in human resource accounting*, Journal of Human Resource Costing and Accounting, vol.4, n° 1, Spring,1999

Goold M., Campbell A. *Making Matrix Structures Work: Creating Clarity on Unit Roles and Responsibility*, European Management Journal, 2003

Guerrero S. *Les Outils des Ressources Humaines. Les savoir-faire essentiels en GRH*, Edition Dunod, Paris, 2004

Lorino P. *Metode set pratiques de la performance. Le guide de pilotage*, Editions d'Organisation, 2001

Martory B. *Contrôle de gestion sociale. Salaires, masse salariale, effectifs, compétences, performances*, 5e edition, Edition Vuibert, Paris, 2007

Martory B., Crozet D. *Gestion des ressources humaines. Pilotage social et performances*, Edition Dunod, Paris, 2001

Martory B. *Tableaux de bord sociaux. Pilotage, animation, decision*, Editions Liaisons, Paris, 2004

Pettygrew A., Whipp R. *Managing change for competitive success*, 8th edition, Blackwell Publishing, USA, 2004

Pichault F., Nizet J *Les pratiques de gestion des resources humaines*, Editions du Seuil, Paris, 2000

Pierrat C Immatériel et comptabilité, în Colasse B. (dir.) (2000), *Encyclopédie de comptabilité, contrôle de gestion et audit*, Paris, Economica

Schuller R., Jackson S., *Strategic human resource management*, 2nd edition, Blackwell Publishing, USA,2007