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Management accounting tools as an effective mechanism in promoting corporate governance

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Abstract:

Corporate governance and management accounting are among the most important administrative methods on which the economic institution relies in managing its business, and interest in them has increased with the increase in the size of institutions and the complexity of their operations, as each of them provides the necessary information that prevents any fraud, embezzlement or manipulation, in an effort by the institution to protect its property and control its various operations as well as reduce any potential risk, which may arise due to conflicts, errors or any other reason.

The results of the study showed that corporate governance and management accounting tools are modern and effective mechanisms that enhance control and transparency, which contributes to preventing manipulations and errors and improving institutional performance. The study also found that the integration between corporate governance and management accounting tools enhances institutional sustainability, and enables institutions to adapt to economic and organizational variables, which increases their competitiveness and growth.

Keywords: corporate governance, management accounting, control systems, risk management, management methods

Preface:

Throughout history, economic institutions have undergone fundamental transformations that have touched their various aspects, both in terms of their size and the complexity of their activities, and in terms of their management methods and control mechanisms. With the rapid development of the global economy, these institutions are facing increasing challenges that require advanced systems to ensure their efficiency and sustainability.

Among the most prominent of these transformations is the separation of ownership from management, as it is no longer possible to rely on only one individual to ensure the proper functioning of the institution, especially with the great expansion of companies in recent decades. This separation has led to the need for sophisticated control systems that ensure the achievement of the strategic objectives of the institution and preserve the interests of the various parties concerned. In this context, the role of management accounting tools has increased as an effective means of providing financial and non-financial information to support decision-making and achieve higher levels of transparency and accountability.

Separating ownership from management also created new challenges, including conflicts of interest between owners and managers, which necessitated the adoption of the concept of corporate governance as a regulatory framework aimed at reducing these risks, ensuring a balance of interests between the various parties, and enhancing institutional performance. Here, the importance of management accounting tools in supporting governance is highlighted by providing accurate information that helps in planning, control and rational decision-making, which contributes to achieving sustainability and enhancing the confidence of investors and stakeholders in the institution.

Based on the above, the following problem has arisen:

To what extent do management accounting tools contribute to enhancing corporate governance, and how effective are they in improving transparency and accountability within economic institutions?

This key problem can be broken down into the following sub-questions:

- What is meant by management accounting tools and what is their role in supporting the decision-making process?
- What is the concept of corporate governance and what are its components?
- What is the relationship between management accounting tools and corporate governance, and how can they be employed to ensure enhanced corporate oversight?

➢ **Importance of the study:**

The importance of the study is shown by the growing global interest in the concept of corporate governance and its adoption as one of the main pillars in the management of various institutions, as governance has become a vital tool to enhance transparency, accountability and efficiency in business management. In addition, the importance of the study is highlighted by the rapid development of the role of management accounting tools in light of the successive economic and organizational changes, which require meeting the needs of parties related to the institution, whether direct such as shareholders and customers, or indirect such as society and investors.

In this context, the study is of great importance as it highlights how resources can be used effectively to balance meeting the expectations of different parties and maintaining the sustainability of the organization. The study also highlights the need to develop advanced accounting and management mechanisms that enable organizations to achieve their strategic objectives while ensuring overall satisfaction and value realization

➢ **Study**

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The study aims to identify the concepts of corporate governance and management accounting tools, and analyse the complementary relationship between them as effective mechanisms in the management and administration of institutions. The study also seeks to clarify how to employ management accounting tools to enhance corporate governance practices, in a way that supports transparency, efficiency in resource management, and meeting the expectations of parties related to the institution, which contributes to achieving sustainability and outstanding performance in light of evolving economic and regulatory requirements.

First: Conceptual Framework for Corporate Governance

1. Corporate Governance Concept: Origin, Evolution and Dimensions:

The term governance is the translation of the English original Governance, and the term Corporate Governance is called corporate governance, and its translation has been mentioned in different terms such as: good or servant management, corporate governance, and the method of exercising power in companies. However, the Arabic Language Academy proposed the word corporate governance as a translation of this term in late 2002 and it has since been used in most writings.

The real beginning of the concept of corporate governance is due to the famous report issued by the Cadbury Committee in the United Kingdom in 1992 entitled The Financial Aspects of Corporate Governance. According to this report, corporate governance means the set of financial and non-financial control systems through which the company is managed, directed and controlled. As soon as this report was issued, many countries (including Japan, Spain, France, Greece, South Africa, Canada, Germany, Indonesia and Brazil) issued their reports to reform the practice of corporate governance and include reports with a code of best practices or the so-called Code of Best Practice. (Al-Mutairi & Bin Saad, 2002, p. 33)

The first official recognition of this concept was in 1999 when the Organization for Economic Cooperation and Development (OECD) issued a report entitled Principles of Corporate Governance, which defined corporate governance as the design and organization of the relationship between the company's management and performance, shareholders and stakeholders. It is concerned with formulating the company's structural objectives and ways to achieve them, and the means and methods of following up and evaluating performance at various levels, and providing appropriate indicators for management and the Board of Directors to track and follow up the achievement of the beneficial objectives of the company, its shareholders and other stakeholders, and enable these parties to follow up. Finally, they encourage or push management towards the efficient use of resources. (Al-Kayed, 2003, p. 50)

Then came the crisis of bankruptcy of major companies in the United States of America, the most famous of which is Enron at the end of 2001, (Robert, 2006, p. 72) to make the concept of corporate governance occupy a large area of interest of various countries and organizations and the serious pursuit of its application. However, the concepts related to it have multiplied due to its multidimensionality and its impact on various organizational, economic, financial, social and ethical aspects of companies.

At the international level, The Business Roundtable has defined it as the ethical behavior of managers and others who participate or are granted the authority to generate and maintain wealth for all stakeholders of the company. ((BRT), 2002)

Many writings have also dealt with the concept of governance from different dimensions, some of which view governance as representing contractual relations between parties interested in the project, and expressing the protection of minority shareholders (Fawzi, 2003, p. 40), with a focus on the legal and ethical aspects of governance. Some of them focused on the social aspect, where governance is seen as representing the allocation of part of the acquired wealth by business enterprises for the benefit of society and the state (Al-Haris, 2002, p. 62). It is also defined as the system through which the work of the organization is directed and monitored at the highest level in order to achieve its objectives and meet the necessary standards of responsibility, integrity and transparency. This focuses on the two dimensions of oversight and control included in governance. It is also defined as a situation, process or system that protects the integrity of all behaviors and integrity of behaviors within the company, which was considered as a management process exercised by the supervisory management authorities, whether inside or outside the companies. (Nasr Ali & Shahata, 2007, p. 6)

The good application of corporate governance is based on the availability and quality level of two sets of controls: one related to the external environment surrounding the company and called external controls or determinants such as the set of laws and legislation of the state and the efficiency of the financial sector and the role of government agencies in the control of companies, while the second group, the internal determinants or controls, related to the internal environment of the company such as decision-making and determining powers and responsibilities within the company and reducing conflicts of interest and others (Hammad, 2007).

Through the previous definitions, the researcher can conclude that governance is represented in a set of internal and external controls and mechanisms that regulate the relationship between four main parties in the facility, namely the Board of Directors, Management, Shareholders and other stakeholders. It aims to activate the actions of all these parties towards exploiting the economic resources available to the company by reducing the risks and damages of potential conflicts of interest between them and the company in order to achieve the best possible benefit to them and to society as a whole, and is based on a system of values of disclosure, transparency, ethical behavior, control and accountability.

2. Principles of corporate governance and their application:

With the increasing importance of governance, especially in the economies of countries that are undergoing economic reform and need to attract more investments to achieve the necessary growth rates, and then need greater transparency to gain investors' confidence in their markets, the issue of corporate governance jumped to the top of priorities in various countries and international economic organizations, where the Organization for Economic Cooperation and Development as an international organization, in cooperation with some governments, the World Bank, the International Monetary Fund and representatives of the business sector, investors, professional unions and the International Accounting Standards Committee, played a major role in this field by: announcing what is known as governance principles in May 1999, then amending them in June 2004, and contributing to the dissemination of governance principles in various countries of the world through the formation of the World Council of Corporate Governance and the establishment of a website that presents the results of conferences and discussions on governance in various countries.

The principles of corporate governance developed by the Organization for Economic Cooperation and Development are the most famous and widespread in various countries and academic studies. This is perhaps because these principles provide guidelines used by the governments of different countries in evaluating and improving the legal, institutional and regulatory frameworks of companies without entering into detailed directives – as they left detailed directives to policymakers and legislators in each country according to their environmental and economic conditions. They also focused on companies whose shares are traded on the stock exchange, although they are also useful within certain limits to improve governance methods in other companies, regardless of their legal form. In addition, they take official status as issued by an international organization that has their weight.

The basic principles of governance according to the OECD Declaration are the following elements: (Center for International Private Enterprise, 2003, p. 63)

- Shareholders Rights.
- Equitable Treatment of Shareholders.
- The role of other stakeholders.
- Disclosure and Transparency.
- Board Responsibilities.

A sixth principle of corporate governance related to the general framework of governance was recently added, and it was placed in priority number one to be the first principle. It came under the title: The availability of an effective corporate governance framework. This framework contains a set of guidelines and procedures and a guide to applying the principles of corporate governance, such as verifying compatibility with the prevailing legislative and economic systems, and that the supervisory and supervisory bodies responsible for implementing the law have the authority, integrity and resources necessary to carry out their duties in a professional manner and in an objective manner, and to ensure that disclosure and transparency are achieved.

In the framework of providing general guidelines for the application of governance, it should also be noted that the Institute of International Finance (IIF, 2002) has issued a unified code that specifies the important legislative items that must be available in the laws of companies and the capital market. Legislation was also issued in the United States of America called the Sarbanes-Oxley Act, stressing the importance and need for companies to adopt periodic and rapid mechanisms to achieve effective disclosure and transparency. It also dealt with the formation of audit committees composed of independent members to follow up the work of auditing companies in full impartiality, in addition to noting the importance of establishing an independent body that follows up and monitors the performance of accounting companies and offices to ensure the efficient performance of their tasks. (Al-Sayed, 2004)

As for the elements of the application of these principles, many studies have dealt with them from different perspectives. For example, (Shleifer and Vishny 1997) focused on the internal

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controls of corporate governance in advanced market economies, assuming the quality of external controls of laws and legislation and the need for companies to abide by these laws and executive regulations. Credit Lyonnais S.A., 2002) proposed a framework for what corporate governance should be classified into seven main sections, including: discipline, transparency, accounting accountability, independence, responsibility, justice, and social awareness. This framework was studied and applied to a group of companies in twenty countries covering various countries of the world. The study concluded that companies with high governance have outstanding performance and thus achieve a higher return than the return achieved in the companies represented.

3. Role of Accounting in Corporate Governance:

Corporate governance seeks to design and regulate the relationship between the company's management and its performance, shareholders and interested parties. The accounting information system is the system entrusted with providing the necessary information that enables these parties to follow up the performance of management and evaluate its efficiency. Therefore, it can be said that the financial reports, with the information they provide, represent one of the most important components and tools necessary to activate governance mechanisms. This is clearly shown in the principles of corporate governance as announced by the Organization for Economic Cooperation and Development, where the principle of disclosure and transparency was one of the five basic principles of governance. The other four principles of governance also included in their details many matters related to accounting and auditing, such as shareholders' rights, special interests and board responsibilities.

In this, (Sloan , 2001, p. 334) it is clear that financial accounting and corporate governance are closely interrelated. There are many milestones or basic principles of accounting, such as: the use of historical cost, the criterion of reliability, the principle of verification, and the principle of conservatism, which are difficult to understand and understand unless the individual adopts a corporate governance point of view.

Hence, the application of the principles of corporate governance in an effective manner requires the creation and provision of an appropriate accounting structure, as these principles include many important financial and accounting frameworks, and this is also clearly evident in the two corporate governance manuals in Egypt, where it included many accounting controls such as: the role and functions of the internal audit department, the auditor, the audit committee, control and follow-up of performance, equal treatment of shareholders and the right of the minority to obtain the necessary information to assist them in making investment decisions, in addition to the basic rules related to transparency and disclosure, whether in the annual or quarterly financial statements and financial indicators in performance reports, and that this disclosure is made in a timely manner.

Accounting interest in corporate governance has increased in a serious attempt to restore the confidence of users of financial information represented by all stakeholders, especially shareholders and stock market dealers, in the accuracy and integrity of the information disclosed by the management of the economic unit through the published financial statements and reports, and thus the quality of those reports approved by the auditors appointed by the general assembly of the company. Accounting research has also addressed the role of governance in multiple areas. (Tehami, 1994, p. 178)

4. • Corporate Governance:

The good application of corporate governance depends on the availability and quality of two sets of determinants:

a) **Internal Determinants:** refers to the rules that determine how the decision is made and the distribution of powers within the organization between the General Assembly, the Board of Directors and the executives, the availability and application of which reduces the conflict of interests of these parties. (Farhan & Al-Mashhadani, 2011, p. 46)

b) **External Determinants: The** general climate of investment in the country, which includes, for example: (Jawhadu & Mayo, 2010)

- Laws regulating economic activity.
- The efficiency of the financial sector (banks and the capital market) in providing the necessary financing for projects.
- The degree of competitiveness of commodity markets and production elements.
- The efficiency of the regulatory bodies (the Capital Market Authority and the Stock Exchange) in tightening control over institutions.
- Availability of liberal professions institutions such as law firms, auditing, credit rating, financial and investment consulting.

Second: Introduction to management accounting and its tools:

1. Administrative Accounting:

Management accounting is defined as "the process of identifying, measuring, reporting and analysing information about the economic events of the organization or the process of providing financial and operational information to the managers and employees of the organization. This process must be derived from the information needs of the internal departments of the organization that must guide their investment and operational decisions. (Atkinson & Bankar , 2000, p. 3)

2. **Characteristics of management accounting:** One of the characteristics of management accounting is:

a) **Appropriateness**: The appropriateness of the accounting information for the subject of use is of important significance so that it can be used when studying the problem and taking decisions on it whenever the accounting information focuses on the same subject whenever this results in a shortening of time and effort .Hence, the importance of management accounting information in the field of decision-making and control is highlighted. Therefore, this information is based on the following considerations:
   - Collect and measure activity-related data.
   - Classification and classification of that data in formats suitable for operation.
   - Summarize information appropriately and make decisions.

b) **Timing**: It means that the need for accounting information is related to the time of its use. If we assume that the organization has contracted with one of its customers to provide him with products at regular intervals every first month at his request, this requires obtaining accounting information related to the cost of those products for each accounting period. This means determining the profit of the organization from this contract, and the feasibility of the link is measured in such a case.

Therefore, the appropriate timing is what gives the information value or loses its effectiveness if it is presented at an inappropriate time. The appropriate timing is the degree of timeliness of the decisions made by the user of the information to be transformed into effective decisions (Soufiane & Al-Sharaa, 2002, pp. 22-23).

c) **Accuracy**: There is no doubt that the accounting information that needs to be prepared takes a long period of time to be presented to its users. It is characterized by a high degree of accuracy .It prefers its theory, which requires a short period of time and is characterized by a lesser degree of accuracy ,as human errors increase due to the haste in its preparation. The degree of accuracy in the information also affects the value of that information, and the amount of future use of it on an ongoing basis. The modern manufacturing environment has enriched us, and the use of computers on a large scale has not only sacrificed one of them, but has been characterized by a combination of accuracy, timeliness and comprehensiveness.

d) **Credibility**: They raise the question of the degree of trust in the information and its content, the degree of objectivity when collecting the information and moving away from change to a reasonable degree that increases the amount of credibility of the information. There is no doubt that increasing the degree of trust in information means increasing the degree of objectivity and decreasing the degree of change, and vice versa. Therefore, information preparers should work to continuously improve the degree of credibility by improving the degree of objectivity at a faster rate than the degree of ammunition.

e) **Information economics**: According to the principle of cost and benefit, the benefits of using information should be greater than the cost of obtaining it, that is, the process of obtaining information should have an economic justification, that is, the value of the information is greater than the cost of the information as we have previously shown.

f) **Measurability and Usability**: The information must be measurable financially, quantitatively or descriptively, whether it is a measurement of the quantity of information or the cost or value of the information, taking into account the factors affecting the validity, accuracy and integrity of the accounting information. (Makram, 2008, p. 16)

3. **Management Accounting Functions:** They are the same as management functions as they perform: (Makram, 2008, p. 24).

- Planning: To work and develop prior mechanisms for the management accounting system and also to set certain goals that the management is obligated to implement to achieve the desired goal.
- Mentoring: By advising and supplying management with data that helps them make decisions .
- Coordination: Coordinating efforts between different departments and coordinating efforts between different departments.
- Supervision: Supervising the implementation of plans, goals and strategies.
- Control: Through follow-up, feedback, analysis of deviations and taking corrective action on some matters that require attention.

4. **Administrative Accounting:**

The main objective of the management accounting system can be summarized as follows:

- Providing appropriate information in helping management make rational decisions. ” Information means data that has been analysed and scrutinized based on scientific principles and methods. The appropriate information is the information that reaches the management in a timely manner to make the decision, that is, long enough before the decision is made to study and think. In order for the management of the facility to carry out planning, control and decision-making activities, it needs different information obtained from various sources, whether financial experts, economists, production and procurement departments, warehouses, marketing and accountants in the facility. The main objectives of the management accounting activity include: (Mustafa Youssef & Others, 2012, p. 32) ·
- The time at which the information reaches the decision time: Providing the necessary information to assist managers in making decisions and planning, for example: "The decision to open a new production line is affected by estimates of the cost of establishing the line and the cost of maintaining it during its operation, as well as estimates of costs and revenues associated with operation, which help in the budgeting process for this line".
- The extent of information success in reducing uncertainty at the decision-maker: Assisting managers in controlling operational activities. The control process is carried out through the availability of comparative data between actual performance and planned performance specified in the budget, then identifying differences or deviations, analysing their causes, and taking corrective actions.

5. Management Accounting

A. The role of management accounting in the accounting system:

The modern view of the accounting system confirms that it is a coherent integrated system. This system serves two main types of decision makers and users of information issued by the system :

- Type I: External users – that is, their work and interest are located outside the facility. This type includes the owners of the project "such as: shareholders for joint-stock companies, partners in joint-stock companies and the people in general in government companies or organizations, lenders (such as: suppliers, banks, and bondholders), markets in which the enterprise sells its goods or services, from which its factors of production are purchased (such as: raw materials markets), regulatory bodies (such as: the Central Auditing Organization), and institutions to which the members of the establishment belong (such as: labor institutions, crafts, and social, political and economic organizations of all kinds).
- The second type: Internal users – those whose main work and interests are located within the facility, that is, they are the managing and implementing members of the facility.

B. The role of management accounting in assisting management:

Management accounting is one of the departments of accounting science and looks at the study of the accounting data necessary for the management of the company and its relationship to the process of making management decisions and integrating the two into a general framework based on the functions of planning and control in order to achieve the company's objectives at the lowest cost, most productive and greatest profitability .From this point of view, management accounting, through its reports, provides actual and estimated data on the company's business to managers at various administrative levels within the facility in order to enable them to carry out their main

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administrative functions on the one hand ,and achieve the main objectives of the company with the highest possible efficiency on the other hand.

It states: (Hilton, 2001, p. 5) " The administrative functions that the administration must pay attention to and follow up on a daily basis are, in short:

- Decision-making: By taking the appropriate decision from the available alternatives.
- Planning: By developing a financial and operational description of all the company's activities and expected projects.
- Directing operational activities: By developing daily plans to complete the company's work and projects, following up and supervising them, correcting deviations and preventing problems in the application to ensure that each person completes the tasks assigned to him.
- Control: By comparing expected performance with actual performance and ensuring that activities and projects are completed as planned to achieve the company's objectives.

It has been determined that (Youhanna & Al-Rizq, 2006, pp. 17-21), from the point of view of management accounting, the planning process is divided into the following stages:

- Defining Objectives
- Study of predictions:
- Pooling resources
- Arrangement of Investment Alternatives:
- Developing action plans and policies:
- Preset objectives:
- Measure actual performance
- Comparison of actual performance with target:
- Take the necessary decisions to correct deviations:

C. The role of the management accountant in decision-making.

Management accounting is that information system that is based on providing reports that are useful in making a decision or even helping management make a decision such as expansion, purchase decisions, manufacture, the decision to add new energy or the closure of a department.

The role of the accountant is to provide reports in this regard that are appropriate in terms of the appropriateness of those reports and data for decision-makers and to assist them in making the decision by providing advice and advice.

Submitting these decisions in a timely manner so that the decision-making is sound, as timing is of great importance in the success of such decisions. One of the studies showed that the delay of the management accountant in submitting reports on the opening of a new branch greatly affects the success of the decision and also the appropriateness in terms of the content of the reports. As the report is a message directed to a decision-maker with a certain cultural background, the management accountant must take it into account and not assume that the user is aware of all the reasons and backgrounds. Rather, he must provide the report in a simple and understandable form. The production manager needs a report that differs in content and content, and even the form of an estimate submitted to the Chairman of the Board of Directors to take into account the degree of certainty of reliability in relying on the data, so that it is mostly estimated data affected by the

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extent of those reports in terms of experience, personal judgment, cultural background and areas of interest. Update the financial data as well as the report on all that is useful in making the decision.

Second: Manifestations of overlap between management accounting tools and corporate governance:

Through this research paper, he tried to show some points of linkage and integration between management accounting tools and corporate governance, on the basis that management accounting tools mainly look at how to strengthen the competitive position of the facility, and follow and apply the principles and principles of corporate governance in a sound manner that works to achieve the interests of the owners of the facility and other stakeholders, which reduces the opportunity of the facility to go bankrupt and then stay and continue in the global market. The overlapping variables between them are addressed as follows: (Hussein, 2002, p. 119).

1. **Activity-based cost system (ABC)** This system has captured the lion's share of research and discussion, starting with the writings of Johnson and Kaplan and the many articles that followed for Cooper, Kaplan and other writers at the academic and applied level by many companies. Researchers have concluded that following the activity-based cost system will lead to a more accurate estimate of the cost of products and the consequent rationalization of the administrative decision. This system will support the management of the facility in activating its decisions, which are governed by the principles and methods of governance that must be followed until the facility crosses the path of safety that helps it survive, grow and continue in the market and works to achieve the interests of owners and other parties related to the facility.
2. The **theory of restrictions (TOC)** deals with the search for choke points within production lines and addressing them to achieve a balance between energies at the level of production lines. This leads to improving the efficiency of internal operations and thus maximizing the return of internal operations, which ultimately affects increasing profitability and achieving the interests of owners and other parties. This is supported by the existence of a set of laws and laws that stem from the application of governance that regulates relations between the interests of different parties.
3. **Resource Consumption Accounting (RCA)** works to optimize the utilization of the facility's resources by determining the planned and actual cost based on the resources consumed to serve customers measured in quantitative form. This cost flows from resource pools to various cost measurement topics, which are activities, processes, products, or customers , taking into account that the interrelationships overlap between resources so that each supplier may benefit another supplier and benefit from another supplier, and there are some resources that may benefit the subject of cost measurement directly, and therefore it is an analysis based on supporting the nature of cost, and shows the management the areas of idle /excess energy. This approach will support the competitiveness of the facility and help it identify the interests of suppliers, creditors and bondholders, as it requires the need for resources and how to finance them, which supports the principles and methods of governance that are based on taking into account the interest of these parties.
4. **Targeted cost (TC)** is an important cost management tool that looks at the possibility of reducing costs at the level of the product design journey and emphasizing its quality in light of the full competition to generate profitability in light of the competitive price. Following this tool

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will increase the competitiveness of the establishment and help it achieve the goal of survival, growth and continuity, support consumers and increase their confidence in dealing with the establishment. This is also supported by the existence of governance methods and principles that work to ensure that the management of the establishment achieves a balance between the parties of different interests, including consumers (Hussein, 2002, p. 122).

5. The **real-time production system (JIT**), which is a system that depends on reducing inventory levels to a minimum and working to make it equal to zero if possible, and thus works to reduce the costs resulting from storage. However, it imposed on the cost system the existence of a set of problems that were hidden in the presence of inventory. This requires the need to establish strong relations of trust with suppliers and creditors to ensure the supply of the required raw materials at the required time, and to strengthen strong relations of trust with consumers in order to continue to deal with the facility. These relations between the company's management and other parties, suppliers, creditors and consumers, are governed by governance principles and methods that work to ensure that the management achieves the interests of these stakeholders.
6. **Product life cycle costs (LCC)**, which is based on studying the stages of the value chain and the costs of each stage and working to study the possibility of reducing costs at each stage, which positively affects the profitability of the facility and enhances its competitiveness in the market. This method will help the management of the facility in maximizing the living quality and value of the company's shares in the long term, which is one of the requirements and objectives of corporate governance.
7. Total **Quality Control (TQC**) The application of the total quality control system by the management of the facility will help ensure the achievement of higher levels of quality of the systems applied in the facility and the quality of its operations and final products. This will enhance the competitiveness of the facility as a result of achieving a larger market share and meeting the desires of consumers. This is in line with the corporate governance objectives that give shareholders assurance that the management of the facility seeks to achieve the interests of the parties dealing with the facility, including consumers (Hussein, 2002, p. 125).

Fourth: The role of corporate governance and management accounting tools in strengthening institutional control

Research and studies on the subject of corporate governance from the control side often deal with the subject of auditing only, although the latter has proven its limitations through the limited governance focused mainly on achieving returns and reducing conflicts between managers and shareholders, while there are, according to the governance system, other parties, whether inside or outside the institution, the institution is obliged to achieve their satisfaction. The second criticism of the audit process is related to the failure of the auditor's task itself, as it can overlook the exploitation of all the resources and efforts necessary to carry out an effective audit process, because the customer, for example, in his opinion, cannot judge the seriousness and effectiveness of the audit process. From this point of view, the concept of management accounting tools emerged as one of the mechanisms of good governance.

1. **Contribution of management accounting tools to the strategic management of the institution:**

The decision is based on the information. The quality of the information determines the quality of the decisions taken in the institution, and in the event that the information is wrong or incomplete, this may lead to making wrong decisions that may cost the institution a lot. Therefore, the information must precede the decision itself, where the available data are analysed and the conditions are studied

And the results related to each decision to be compared and choose the most appropriate for each situation. Accordingly, the management controller often develops the strategic plan, which includes at the same time the principles of effective governance, allowing the identification of strategic options for the institution in the medium and long term. Within this framework, annual budgets are established in line with the established strategy (Desire & et autres, 2013, p. 111).

As the management accountant is a key player in the management process of the institution, he plays an important role in defining and defining the strategic plan of the institution, being well acquainted with the tasks of the institution, its products, its markets and fields of activity, and the characteristics of each field in terms of risks and profits, as well as the capital allocated to each of them. It has sufficient information to allow it to identify the most priority and important elements, and to predict the results to be obtained. The information possessed by the management controller can also be used as references for predictive research and studies that support the development of the strategy in the future.

In addition, when contributing to the development of the strategic plan, the internal processes of the institution are bypassed and opened to the outside, and to the rest of the stakeholders and the relationship with the institution from workers, customers and suppliers. Without neglecting the preservation of the environment and the societal role of the institution. (Tchokanaka , 2015, pp. 24-25)

2. The contribution of management accounting tools to the definition and implementation of the organizational structure of the institution:

Two basic forms of corporate governance systems are distinguished according to the ownership structure on which the institution is based, which is either a centralized structure (internal system), as the ownership structure in this system depends on the concentration of capital in the hands of a specific number of shareholders representing mostly banks or family institutions. In this case, these shareholders are the ones who meet the need of large institutions for funds, and therefore control and control the institution and its functioning, as they own the majority of shares and thus the majority of voting rights, and they also have a direct and significant influence on the board of directors through their direct representation in it (Grégory , 2010, pp. 18-19).

Either it is a dispersed structure (external system), which is characterized by the presence of a large number of shareholders, each of whom owns a small number of shares, and it depends on the complete separation of ownership and control, and in this case it imposes great legal protection for shareholders, which imposes the adoption of transparency standards and the provision of reliable financial information, and therefore managers are more likely to declare and give the correct information. (Olivier & Guillaume , 2005, p. 267)

In line with this, the management accountant determines and develops an organizational structure that is consistent and adapted to the ownership structure of the institution, and is practical

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to implement the strategy chosen by the managers. It also identifies the various links within the institution between the directorates and multiple centers, which determines the appropriate management systems and monitors the performance of the various units and their heads through continuous update and development in the management information system that enables comparison between the level of performance of the various administrative units. In this way, the application of calibration becomes an internal governance mechanism on the one hand and promotes external communication on the other.

Thus, the complexity of the environment in which the institution is active has increased the importance and effectiveness of the role of management accounting tools, which enables access to the various circumstances in which the ownership structure is determined, and the appropriate organizational structure for each situation.

3. Contribution of management accounting tools to management control through the Board of Directors:

Once a specific strategic plan is adopted and approved, it is necessary to start implementing it effectively and quickly. The role of the management controller is to ensure consistency between the strategic decisions taken, and the policies and procedures followed at various levels of the institution in order to implement these decisions. The management accountant monitors the optimal use of efforts and resources, and the extent to which they are directed within the general framework of the strategy, by setting the appropriate budget and work procedures in coordination with the practical levels.

Thus, the systems of management accounting tools are at the service of all stakeholders in the institution, and satisfying the requirements of these parties is determined and taken into account during the practical and organizational progress of the institution, which is translated through the different levels of performance, which is shown by the dashboard. (Tchokanaka , 2015, pp. 27-29)

4. The Contribution of Management Accounting Tools to Enhancing Transparency and Market Efficiency: (Idem, pp. 29-30)

After determining the strategy to be followed, and determining the various procedures that have been adopted, the management controller contributes to raising the level of performance in the institution, by explaining and clarifying to the working units (workers, departments) the methodology followed and the systems that will be developed to measure the results obtained. The management controller also works to discover activities that do not give added value in the institution, and therefore will be deleted, or restructured, within the framework of managing relations cause and effect.

In a decentralized framework, the reports issued by the management accountant allow to ensure that the responsibility centers respect the agreements that have been signed. Thus, these reports are a means of control that:

- The attention of the facilitators is focused on the objectives that have been delegated to those responsible.
- Summarizes information to be provided to higher officials peacefully.

- Allows to ensure that the delegated objectives have been achieved, as well as to judge the performance of the facilitators.

Budget monitoring is also an essential tool in the process of implementing and following up on the strategy, as it allows for the integration of problems related to delegation of authority, control and encouragement of individuals. Thus, budget monitoring enables managers and financial officers to correct their judgments, make their decisions, and implement procedures that show them the most appropriate to reach the goals set in advance.

Conclusion:

By presenting this research paper, it can be concluded that corporate governance and management accounting tools are modern and effective mechanisms that institutions rely on to achieve their strategic objectives. These mechanisms aim to prevent manipulations and mistakes that may be committed by employees, managers, or any party related to the organization, which may lead to internal conflicts or problems that negatively affect the value and performance of the organization. To achieve this, organizations rely on effective control systems that enable them to monitor processes and correct errors before they worsen, while ensuring that all stakeholders are treated fairly.

In this context, management accounting tools play a pivotal role in enhancing corporate governance, providing advanced mechanisms for oversight, planning and strategic direction. These tools contribute to enhanced transparency and accountability within organizations, reducing the likelihood of administrative manipulations or errors. Corporate governance supported by management accounting tools also supports rational decision-making that enhances the efficient use of resources and preserves the rights of all parties related to the institution.

Thus, the integration of corporate governance and management accounting tools is key to achieving corporate sustainability and maximizing its value. This integration not only ensures the continuity of the enterprise, but also helps it keep pace with accelerating economic and organizational changes, enhancing its competitiveness and achieving growth in the contemporary business environment.

Study Recommendations:

The study recommends strengthening management accounting systems and corporate governance to effectively achieve the strategic objectives of institutions. This can be accomplished through the following:

1. **Providing Modern Material and Technological Resources:** Supporting management accounting and governance systems with advanced financial analysis tools and artificial intelligence technologies, enhancing data accuracy and decision-making speed.
2. **Enhancing Awareness and Commitment:** Fostering employee commitment and sense of responsibility through awareness training programs and involving them in decision-making processes to ensure their acceptance of these systems and readiness to implement necessary reforms.

3. **Promoting Transparency and Oversight:** Integrating management accounting tools with governance principles to minimise irregularities and enable early error detection, thereby strengthening institutional accountability.
4. **Achieving Integration between Management Accounting and Governance:** Embedding these systems into the organisational culture to ensure sustainability and improve institutional performance in a dynamic business environment.
5. **Enhancing Communication with Stakeholders:** Establishing strong and transparent relationships with shareholders, customers, and the community to build trust and enhance the institution's competitiveness.

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