

THE MANAGEMENT BY EXCEPTION APPLIED TO THE BUDGETARY SYSTEM TO CONTROL PERFORMANCE

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Abstract. *The management by exception represents the simplified management model based on the ascendant flow of information which reflects the deviations from the operational programmers and the key decisions established by the companies' managers. The deviations discovered are distributed on hierarchic levels, except for those deviations representing exceptions, which need to reach the general managers. Management by exception also applies to the budgetary system, combined with a responsibility accounting. To attain the objective of the general budget, the company must coordinate the efforts of all its employees. The method requires the delegation of responsibilities to each manager. The main stages involved in a management by exception are: foreseeing the objectives, defining the allowed deviations, comparing the results with the levels foreseen and making decisions to increase the economic profitability and consequently the firm's performance.*

Keywords: management by exception, budgetary system, responsibility delegation, operational programmers

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1. Introduction

J.J. Servan-Screiber said about management that "it is the youngest of sciences and oldest of arts". As a science, management means: "the study of the management process in order to systematize and generalize some concepts, laws, principles, rules, conceive new systems, methods and techniques able to contribute to an increased efficiency of the activities carried out to achieve certain objectives" [14], or "the study of the management processes and realities within organizations, to discover laws and principles governing them and to conceive new management systems, methods, techniques and modalities, able to assure the obtaining and the increase of competitiveness [9]. As an art, management is based

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