Lisbon School of Economics & Management
Universidade de Lisboa

MASTERS IN
MANAGEMENT AND INDUSTRIAL STRATEGY

MASTER'S FINAL WORK
INTERNSHIP REPORT

MANAGEMENT CONTROL SYSTEMS IN THE PREMIUM RETAIL SECTOR

MANUEL LOPES PESSANHA CABRAL NATÁRIO

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ABSTRACT

This report presents the outcomes of an internship carried out in the planning and management control area of company x, a leading business in the premium retail sector in Portugal. The main objective of the study was to examine how the organisation's management control system (MCS) supports strategic alignment and operational decision-making. The research aimed to identify the effectiveness of key control tools, such as budgeting, rolling forecasts, KPIs, and dashboards, while also analysing the evolving role of the controller within the organisation.

The methodology followed a case study approach based on participant observation, document analysis, informal interviews, and active engagement in the daily operations of the management control department. The intern was directly involved in strategic processes, particularly during the transition from QlikView to Microsoft Power BI, and contributed to the design and implementation of new dashboards, as well as the preparation of periodic performance reports. The internship experience allowed for a critical evaluation of the current control system, highlighting both strengths (e.g. structured processes, participative budgeting, quality of reporting) and limitations (e.g. partial system integration, time delays in data consolidation). The results showed that the implementation of customised dashboards significantly improved reporting efficiency and decision-making responsiveness across departments. The role of the controller was confirmed to extend beyond technical functions, acting as a mediator and business partner, in line with recent academic literature.

The contributions of the study are twofold. For the organisation, the internship supported the optimisation of its reporting system and strategic control processes. For academia, the case offers empirical insight into the challenges and opportunities of applying MCS theory in a real-world retail context. While the findings are not universally generalisable due to the single-case design and limited timeframe, they nonetheless provide valuable implications for both practitioners and researchers.

Keywords: Management Control Systems, Retail Sector, Strategic Alignment, Business Intelligence, Internship Report

RESUMO

Este relatório apresenta os resultados de um estágio realizado na área de planeamento e controlo de gestão da empresa X, uma empresa de referência no setor do retalho premium em Portugal. O principal objetivo do estudo consistiu em analisar de que forma o sistema de controlo de gestão (SCG) da organização apoia o alinhamento estratégico e a tomada de decisão operacional. Procurou-se avaliar a eficácia dos principais instrumentos de controlo, como o orçamento, o rolling forecast, os indicadores-chave de desempenho (KPIs) e os dashboards, bem como analisar a evolução do papel do controller no seio da organização.

A metodologia seguiu uma abordagem de estudo de caso, baseada em observação participante, análise documental, entrevistas informais e envolvimento direto nas atividades do departamento de controlo de gestão. O estagiário participou ativamente em processos estratégicos, destacando-se a transição do sistema de Business Intelligence de QlikView para Microsoft Power BI, e colaborou na conceção e implementação de novos dashboards, assim como na elaboração de relatórios periódicos de desempenho.

A experiência permitiu uma avaliação crítica do sistema de controlo existente, evidenciando pontos fortes (como processos estruturados, orçamentação participativa e qualidade do reporting) e limitações (como integração parcial dos sistemas e atrasos na consolidação dos dados). Os resultados demonstraram que os dashboards personalizados melhoraram significativamente a eficiência do reporte e a capacidade de resposta das decisões departamentais. Confirmou-se também que o papel do controller ultrapassa as funções técnicas, assumindo uma função de mediação e de parceria estratégica, em linha com a literatura académica recente.

Os contributos do estudo são duplos: por um lado, apoiou-se a organização na optimização do seu sistema de reporting e controlo estratégico; por outro, gerou-se conhecimento empírico sobre a aplicação da teoria dos SCG num contexto prático do setor do retalho. Apesar das limitações decorrentes do desenho de caso único e da duração limitada do estágio, os resultados oferecem implicações relevantes para profissionais e investigadores.

Palavras-chave: Sistemas de Controlo de Gestão, Setor do Retalho, Alinhamento Estratégico, Business Intelligence, Relatório de Estágio

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1 INTRODUCTION

In today's competitive and dynamic environment, management control systems (MCS) play an increasingly central role in ensuring that day-to-day operations remain aligned with the strategic objectives defined by senior management. The growing pressure for efficiency, agility, and value creation has transformed management control from a purely financial monitoring function into a genuine strategic support activity. In this context, the finance department assumes a critical role, acting as a bridge between operational areas and top management by providing analyses, forecasts, and information essential for well-informed decision-making.

This report is the result of a curricular internship undertaken within the planning and management control area, offering the intern a unique opportunity to closely observe how an MCS operates in a complex organisational environment and to contribute, with a critical and proactive perspective, to improving the existing tools and processes. This practical experience also provided valuable insight into how theoretical knowledge translates into real organisational practices.

The retail sector, in particular, exhibits distinct characteristics that further underscore the importance of effective management control. It is a sector characterised by tight margins, high product and staff turnover, strong seasonality, and a constant need to adapt to consumer preferences and market dynamics. These specificities require MCS to be rigorous enough to maintain financial discipline, yet flexible enough to respond swiftly to fluctuations and external uncertainties. In response to these challenges, trends such as the use of rolling forecasts, advanced business intelligence tools, the integration of qualitative and ESG indicators, and the positioning of the controller as a strategic business partner have gained prominence.

This study is relevant both from an academic and an organisational perspective. Academically, it contributes to a deeper understanding of the adjustments needed to apply theoretical principles in practice, validating or questioning the recommendations found in the literature. For the host organisation, the internship represented an opportunity to reflect on the strengths and weaknesses of its control system and to implement concrete improvements that enhanced the utility and effectiveness of its instruments. For the intern, it was also a personal and professional development experience, allowing the acquisition of technical, analytical, and interpersonal skills while gaining a clearer understanding of the strategic contribution of management control to organisational success.

The general objective of the internship was to understand how the company's management control system supports the execution of organisational strategy and to contribute to its enhancement. More specifically, the internship aimed to identify the mechanisms through which management control supports decision-making, to analyse the limitations and challenges faced by the finance department in this role, and to propose practical improvements to increase the efficiency, usefulness, and responsiveness of the system.

The results of this work are expected to strengthen the alignment between financial control and strategy, promote best practices, and highlight areas for improvement that may serve as a reference for future developments of the system. For the academic community, this study provides an empirical example of how theory materialises in practice, illustrating the nuances and challenges of implementation in a particularly demanding sector such as retail. For the intern, the experience allowed the consolidation of theoretical knowledge, its application in real situations, and the development of key competencies for a future professional career.

This study focuses specifically on the finance department, particularly on the planning and management control area, covering the processes of budgeting, forecasting, reporting, and performance analysis. Although there was interaction with other areas of the organisation, topics such as taxation, legal matters, or human resource management are outside the scope of this study. Additionally, the internship took place between November 18, 2024, and May 9, 2025, amounting to a total of 1000 hours, which also constrains the conclusions to this specific temporal and geographical context.

The report is organised into five chapters. The present introductory chapter outlines the theme, its relevance, the objectives, scope, and structure of the work. Chapter 2 synthesises the main concepts, tools, and functions of MCS, with particular emphasis on the specificities of the retail sector. Chapter 3 explains the methodology adopted, justifying the choices made. Chapter 4 describes the host enterprise, the activities carried out during the internship, the improvement proposals implemented, and the results achieved, including a critical discussion comparing theory and practice. Finally, Chapter 5 presents the conclusions and recommendations, reflecting on the contributions of the work, its limitations, and potential avenues for future research and organisational improvement.

Annexes and other supplementary materials are included at the end of the document, providing additional information to support the analyses and conclusions presented.

2 LITERATURE REVIEW

This chapter presents the literature review that theoretically underpins the analysis carried out in this study. MCS have been extensively studied as an essential mechanism to ensure alignment between strategy and operations, making sure that organisational activities contribute to the objectives defined by top management. The chapter aims to clarify the main concepts, instruments, and practices associated with MCS, highlighting how these contribute to strategic execution, with particular focus on the retail sector.

The review is organised into six main sections. The first explores the definition and objectives of MCS, contextualising their evolution and strategic functions. The second analysis examines the main instruments used in practice, such as budgets, financial forecasts, key performance indicators (KPIs), dashboards, and digital systems. The third section discusses the role of MCS within the strategic cycle, showing how it supports the planning, execution, and monitoring phases. The fourth examines the reporting mechanisms and how these support strategic decision-making. The fifth section considers the specificities of the retail sector and how these influence MCS practices. Finally, the theoretical-conceptual framework that guides the empirical analysis of the case study is presented.

Through this review, the aim is not only to synthesise the state of the art on the topic but also to identify the most relevant dimensions to assess how MCS contribute to strategic execution in a retail company. This theoretical framework will enable an understanding of the observed practice, an interpretation of the results obtained, and the substantiation of the improvement proposals presented later.

2.1 The Management Control System: Concept and Objectives

MCS have been widely studied as one of the most relevant mechanisms for aligning organisational activities with strategic objectives. In its most basic sense, an MCS is understood as a set of formal and informal mechanisms designed to ensure that individuals' behaviours within the organisation are directed towards the realisation of the overarching strategy (Merchant and Van der Stede, 2007). This concept therefore incorporates both the technical dimension, relating to instruments and procedures, and the behavioural and cultural dimension, associated with motivation and employee engagement.

Historically, MCS emerged as a financial monitoring tool, focused on measuring and controlling costs and safeguarding invested capital. During the early stages of the industrial revolution, controls were essentially restrictive, aimed at ensuring the survival and profitability of relatively stable manufacturing operations (Anthony and Govindarajan, 2007). However, the evolution of markets, globalisation, intensifying competition, and environmental volatility have required the transformation of MCS into more flexible and strategically oriented systems, integrating both financial and non-financial variables.

The central objective of contemporary MCS is not merely to ensure compliance with financial targets but also to foster behaviours that strengthen competitiveness and innovation. In this sense, Merchant and Van der Stede (2007) describe three fundamental functions of MCS: (1) planning, which consists of setting goals and forecasting resources; (2) monitoring, which entails measuring performance and comparing it with standards; and (3) correction, which involves adopting corrective measures when results fall short of expectations. These functions are complemented by a transversal communication function, essential to ensure that strategic objectives are understood and internalised at all organisational levels.

Recent contributions to the literature also emphasise the role of MCS in facilitating innovation processes. Bernd and Beuren (2022) argue that enabling MCS, those designed to be flexible, user-oriented, and focused on learning, can contribute to creating an organisational climate that encourages innovation, collaboration, and proactive behaviour. Unlike traditional coercive MCS, these systems place greater emphasis on dialogue, decentralisation, and employee empowerment. Consequently, MCS serve not only as tools of control, but also as instruments that stimulate exploration, experimentation, and value creation, particularly in contexts demanding continuous adaptation, such as retail.

MCS are also characterised by a balance between formal mechanisms, such as rules, budgets, and reports, and informal mechanisms, such as organisational culture, shared values, and leadership (Sandelin, 2008). While formal mechanisms provide structure and discipline, informal ones foster voluntary adherence and cooperation, indispensable in highly dynamic and competitive environments.

In the retail sector, MCS gain even greater importance due to the specificities of the industry: narrow margins, high turnover of products and staff, significant seasonal fluctuations, and intense competition (Sandino, 2007). To remain competitive, retail companies rely on MCS that not only control costs but also enable rapid adaptation to market changes, facilitating price adjustments, inventory optimisation, and agile resource allocation (Kol, 2013). Furthermore, when MCS are implemented, they have the potential to strengthen operational learning and support innovation in key areas such as logistics, customer experience, and store operations, critical domains in the retail business model (Bernd & Beuren, 2022).

Moreover, the role of MCS as tools for organisational learning is also emphasised in the literature (Simons, 1995). By providing systematic feedback on performance, MCS make it possible to identify areas for improvement, test strategic hypotheses, and promote continuous innovation. This aspect is particularly relevant for retail organisations, which often face pressures to innovate in products, store formats, and customer experiences.

Finally, MCS play an integrative role, aligning the interests and objectives of different departments and roles. In complex organisations such as those in the retail sector, this integrative function prevents departments from pursuing isolated objectives to the detriment of overall performance. Thus, MCS should not be seen merely as financial control mechanisms but as strategic systems that coordinate, communicate, and motivate the organisation towards its defined goals.

In summary, contemporary MCS go beyond the traditional view of mere financial verification mechanisms to establish themselves as strategic instruments that support strategy execution and promote organisational learning. In the retail sector, given its specific characteristics, the effectiveness of MCS can determine the survival and success of the organisation. This integrated perspective will be explored throughout this work, showing how MCS contribute to the alignment between strategic objectives and day-to-day operations.

2.2 Instruments of the Management Control System

MCS materialise in practice through a set of instruments that translate organisational strategy into measurable operational objectives. These instruments are the tangible tools that enable organisations to plan, monitor, and adjust their performance, ensuring that actions undertaken remain aligned with the defined strategy. According to Merchant and Van der Stede (2007), the most common instruments include budgeting, financial forecasting, KPIs, and dashboards. These elements form the backbone of MCS, but the way they are combined and used determines their effectiveness and their ability to support strategic execution.

The budget traditionally remains the central instrument of MCS, serving as a financial plan that guides resource allocation over a given period (Anthony and Govindarajan, 2007). It establishes spending limits, defines investment priorities, and translates strategic goals into concrete operational values. However, despite its widespread use, the budget has been criticised for promoting rigidity and conservative behaviours, discouraging innovation and hindering the organisation's ability to respond to rapid market changes (Hope and Fraser, 2003). In response to these limitations, complementary practices have emerged, such as rolling forecasts, which involve periodic and continuous revisions of financial forecasts, enhancing the organisation's ability to adapt to external changes (Sandelin, 2008).

Another fundamental group of instruments are KPIs, which allow the monitoring of critical aspects of performance, both financial and non-financial. While financial indicators, such as gross margin, return on investment, or cash flow, remain relevant, non-financial KPIs have gained importance as organisations increasingly recognise the need to measure qualitative variables such as customer satisfaction, operational efficiency, and process quality (Kaplan and Norton, 1996). In the retail sector, for example, indicators such as inventory turnover, sales per square metre, and product return rates are essential to capture the business's dynamics (Kol, 2013).

Dashboards have emerged as an evolution in how indicators are presented and monitored, integrating multiple KPIs into a visual and intuitive interface that facilitates understanding and real-time monitoring. These instruments have proven particularly effective in environments with high operational variability, such as retail, as they enable quick decisions based on up-to-date information (Vazquez-Noguerol and García-Arca, 2025). The visual and interactive quality of dashboards helps communicate strategy and mobilise employees around the defined objectives.

Technological advances have also transformed MCS instruments. The adoption of Enterprise Resource Planning (ERP) systems and Business Intelligence (BI) solutions has significantly improved data collection, processing and analysis capabilities (Merchant and Van der Stede, 2007). These technologies facilitate predictive analyses and scenario simulations, enabling managers to anticipate risks, identify opportunities and adapt their strategies accordingly. More recently, artificial intelligence and big data have further improved MCS by facilitating more proactive decision-making. For instance, Singh and Whitaker (2025) demonstrate how AI can detect anomalies in SAP logs to improve supply chain responsiveness, and Kayode et al. (2025)

showcase real-time inventory control via AI-integrated point-of-sale (POS) systems. These technologies strengthen the strategic role of MCS in dynamic retail environments.

Sandelin (2008) also introduced the notion that the instruments of control should be conceived as a "control package" (MCS), emphasising that their effectiveness depends on how they are integrated. Isolated instruments can generate contradictory or redundant effects, whereas a well-structured package ensures coherence and comprehensiveness. For example, an overly rigid budget can be balanced by more flexible, continuous financial forecasts, and financial KPIs should be complemented by qualitative indicators to fully reflect organisational performance.

In the retail sector, the design of the control package must take into account the specificities of the market. Sandino (2007) showed that companies whose MCS are aligned with their competitive strategy, whether cost leadership or differentiation, tend to achieve better results. Retailers focused on efficiency prioritise metrics related to cost and inventory control, while those oriented towards customer experience place greater emphasis on satisfaction and loyalty indicators (Kol, 2013).

In addition to traditional instruments, recent literature highlights the incorporation of emerging practices, such as benchmarking, the integration of environmental, social, and governance (ESG) metrics, and the use of big data to enrich the decision-making base (Bhimani and Willcocks, 2014). These trends reflect the growing concern of organisations with sustainability, social responsibility, and continuous innovation as components of their strategy.

In short, the instruments of management control are more than mere operational tools: they are how strategy is translated into concrete actions. Their selection, combination, and use must be carefully planned and adapted, taking into account both strategic objectives and the characteristics of the sector and the organisation itself. In retail, the volatile and competitive nature of the market makes it even more crucial to design a package of instruments (MCS) that is both rigorous and flexible, ensuring that the company can respond effectively to constant changes in the environment.

2.3 The Role of the MCS in the Strategic Cycle

MCS play a central role in the operationalisation and success of organisational strategy, acting as the link between strategic formulation and daily execution. Traditionally, the literature attributed this role primarily to the controller, conceived as the technician responsible for collecting and processing accounting data and preparing reports for management. Over time, however, a significant conceptual shift has occurred: the MCS has come to be understood not merely as a set of technical tools or as the responsibility of the controller alone but as an integrated system that supports the different phases of the strategic cycle, planning, execution, and monitoring, thereby strengthening the alignment between operations and strategic objectives (Simons, 1995; Nilsson et al., 2020).

During the strategic planning phase, MCS helps translate long-term objectives into concrete goals, defining priorities and guiding the efficient allocation of resources (Anthony and Govindarajan, 2007). Planning instruments, such as budgets, financial forecasts, and scenario analyses, provide an objective basis for anticipating outcomes and setting expectations. In retail, this function assumes particular importance given the need to anticipate narrow margins, manage seasonality, and prepare logistics for high product turnover (Kol, 2013). Technologies such as ERP systems and Business Intelligence tools have substantially increased the accuracy and usefulness of planning by integrating historical data and market information to support more realistic goal setting (Bhimani and Willcocks, 2014).

In the execution of strategy, MCS act as a mechanism of coordination and discipline, ensuring that day-to-day decisions remain coherent with the objectives set. Simons (1995) emphasises that MCS align organisational behaviours with strategy, promoting common goals and mitigating potential conflicts between departments. This role is crucial in contexts such as retail, where operations, logistics, and marketing often have distinct priorities. A well-designed MCS ensures that these departments collaborate in pursuit of the overall strategy, fostering integration and efficiency (Nilsson et al., 2020). At the same time, MCS also enables flexibility during execution by providing near real-time operational information through interactive dashboards or dynamic reports, so that managers can adjust actions swiftly in response to market changes (Vazquez-Noguerol and García-Arca, 2025).

Finally, in the monitoring and feedback phase, MCS consolidates information generated by operations and enables an assessment of the effectiveness of the current strategy. The systematic measurement of results, based on financial and non-financial KPIs, shows whether objectives are being met and identifies areas for improvement (Kaplan and Norton, 1996). In addition to guiding immediate corrective actions, this feedback supports an ongoing process of organisational learning, allowing adjustments and refinements to strategy in light of results and external conditions (Simons, 1995). In the retail sector, monitoring takes on specific characteristics due to the frequency of required decisions and the amount of data available daily. Metrics such as category sales, store margins, inventory turnover, and promotional campaign results are analysed in very short cycles to ensure that the organisation remains competitive (Sandino, 2007).

Thus, contemporary MCS should be understood as facilitators of a virtuous cycle in which planning, execution, and monitoring mutually reinforce one another. This dynamic not only ensures that daily operations remain aligned with organisational strategy but also provides the company with the ability to adapt agilely and in an informed manner to changes in the competitive environment. In retail, this capacity for alignment and adaptation is critical to maintaining competitiveness and organisational sustainability.

2.4 Reporting Mechanisms and Decision-Making

Reporting mechanisms constitute one of the most critical dimensions of MCS, as they provide the necessary information to support informed and timely strategic decisions. The literature emphasises that the quality, relevance, and timeliness of reported data are crucial for managers to adjust operations, correct deviations, and identify opportunities in good time (Merchant and Van der Stede, 2007; Bhimani and Willcocks, 2014). In today's highly dynamic markets, such as retail, the demand for fast reports and near-real-time forecasts has become the norm rather than merely a competitive advantage (Macchion, 2021).

One of the most commonly highlighted challenges concerns the quality and timeliness of the information available to management. As noted by Inamdar (2012) and Bhimani & Willcocks (2014), many traditional reporting systems still produce data with significant delays, undermining managers' ability to respond quickly to changes in the competitive environment. In addition to delays, data quality can be compromised by human error, inconsistencies in collection processes, and a lack of integration between different technological systems. These problems not only limit the reliability of analyses but also consume resources that could be devoted to more strategic activities, forcing managers to spend valuable time on data verification and reconciliation.

To mitigate these limitations, the adoption of dashboards has emerged as a powerful tool to support rapid decisions. Vazquez-Noguerol and García-Arca (2025) demonstrate how well-designed dashboards, integrating financial and operational KPIs into intuitive interfaces, improve understanding of results and enable quick reactions to deviations. These solutions facilitate real-time performance monitoring and make data accessible at all management levels, promoting greater transparency and strategic alignment. In retail in particular, dashboards displaying daily sales per store, product margins, stock levels, and promotional campaign effectiveness are essential for day-to-day management and the execution of competitive strategy (Kol, 2013; Sandino, 2007).

Another fundamental aspect of modern reporting mechanisms is the integration of internal and external data to enrich the decision-making base. According to Chen et al (2012), the ability to combine internal operational data, such as costs, sales, and productivity, with external data, such as consumer trends, macroeconomic indicators, or even social media interactions, broadens managers' strategic perspective and makes decisions more robust. Bhimani and Willcocks (2014) further point out that digitalisation and big data tools enable the processing of massive volumes of information and the identification of patterns and correlations that would not be perceptible through traditional methods. In retail, for example, integrating weather forecasts with historical sales patterns can significantly improve demand forecasting accuracy and allow for more precise inventory adjustments (Kayode et al., 2025; Singh and Whitaker, 2025).

Beyond the technical aspects, the literature highlights the importance of how information is communicated. The effectiveness of reporting mechanisms depends not only on the technology but also on the clarity and relevance of the reports for their users. Overly detailed or poorly structured reports can overwhelm decision-makers and obscure the most strategically relevant information (Simons, 1995; Nilsson et al., 2020). Therefore, careful selection of KPIs, customisation of dashboards for different audiences, and standardisation of metrics are recommended practices to increase the usefulness of MCS as decision-support tools.

In the retail sector, the typical challenges, such as narrow margins, seasonality, and high turnover, heighten the need for effective reporting mechanisms capable of delivering the right information at the right time for agile and well-founded decisions. The growing adoption of solutions based on artificial intelligence and predictive analytics helps anticipate scenarios, prepare the organisation for unexpected events, and reinforce alignment between operations and strategic objectives (Han, 2025; Dombashov, 2025).

In summary, reporting and monitoring mechanisms are essential components of MCS, not only because they ensure financial discipline and transparency but above all because they support rapid and well-informed strategic decisions. The quality, timeliness, and integration of information, facilitated by dashboards, big data, and digital technologies, are key factors for MCS to fulfil their function of supporting strategy, particularly in a competitive context such as retail.

2.5 Management Control in the Retail Sector

The retail sector presents a set of distinctive characteristics that impose unique challenges on MCS and their practical application. It is a sector characterised by high competitiveness, narrow margins, strong pressure for efficiency, wide product diversity, high inventory turnover, and significant seasonality (Sandino, 2007). These specificities influence how MCS should be designed, implemented, and managed to support the execution of organisational strategy.

One of the most evident aspects is the constant pressure from reduced margins, which forces retailers to exercise strict cost control and to continuously optimise operational processes. This reality requires control instruments that reconcile precision and flexibility, allowing for detailed performance monitoring and the ability to adjust quickly to market fluctuations. Sandino (2007) showed that retailers aligning their MCS with their competitive strategy, whether differentiation or cost leadership, tend to achieve better results. Companies pursuing cost leadership prioritise efficiency indicators, such as inventory turnover and operating costs per square metre, while those focused on differentiation emphasise metrics such as customer satisfaction and loyalty.

The high turnover of products and employees in retail constitutes another significant challenge for MCS. Inventory changes frequently to follow trends and seasons, requiring accurate forecasts to avoid stock surpluses or shortages (Kol, 2013). Simultaneously, high staff turnover necessitates constant training so that employees understand the control instruments and the strategic objectives they support. This aspect reinforces the importance of communication and organisational learning mechanisms within MCS (Simons, 1995).

Sales seasonality, common during festive periods, promotional campaigns, and certain times of the year, increases the complexity of financial planning and monitoring. The traditional rigid annual budget may prove inadequate to cope with such fluctuations, necessitating complementary tools such as regularly updated forecasts and dashboards that allow real-time tracking of sales (Vazquez-Noguerol and García-Arca, 2025). The COVID-19 pandemic further heightened this need for adaptability. According to Macchion (2021), retailers were forced to rapidly reconfigure their MCS to deal with supply chain disruptions, new health requirements, and abrupt changes in consumer behaviour.

Another central aspect in retail is the interdependence between the company and its external partners, suppliers, distributors, and logistics operators, who make up the supply chain. Van Veen-Dirks (2009) highlights the relevance of inter-organisational governance mechanisms to ensure that all actors are aligned with the retailer's strategy. This external coordination requires an MCS that not only monitors internal performance but also fosters collaboration and transparency throughout the supply chain (Bhimani and Willcocks, 2014).

Moreover, the proximity to the end customer, a distinguishing feature of retail, requires organisations to capture and react quickly to changes in customer preferences. Customer satisfaction metrics, service times, and service quality have become indispensable indicators to complement traditional financial metrics and ensure that the customer experience aligns with the company's competitive strategy (Kol, 2013).

In summary, MCS in retail must be designed to cope with a highly dynamic, competitive, and customer-centred environment. The integration of appropriate instruments, flexibility to face seasonality and disruptions, coordination along the supply chain, and incorporation of qualitative metrics are key factors for effective management control in this sector. Understanding these specificities is fundamental to assessing how MCS contributes to strategic execution and to identifying opportunities for improvement in one of the most challenging and volatile sectors of the economy.

2.6 Theoretical–Conceptual Framework

The literature on management control demonstrates that the effectiveness of MCS in strategic execution depends on the interaction of three main dimensions: the control instruments used, the role of the controller within the organisation, and the specific characteristics of the sector in which the company operates. This conceptual framework underpins the empirical analysis of the present study, serving as an interpretative map to understand the practices observed during the internship and to propose improvements grounded in theory.

The first dimension relates to the MCS, which operationalises organisational strategy through formal mechanisms such as budgets, financial forecasts, KPIs, dashboards, and supporting technological systems (Merchant and Van der Stede, 2007; Sandelin, 2008). The literature emphasises that the mere presence of these instruments does not guarantee their effectiveness: it is the way they are combined into a coherent package aligned with strategic objectives that determines their usefulness (Sandelin, 2008). In sectors such as retail, where challenges include narrow margins, seasonality, and high product turnover, the selection and integration of these instruments must reflect these characteristics, balancing rigour and flexibility (Sandino, 2007; Kol, 2013). Therefore, the analysis of the company should assess not only whether the instruments are implemented, but also whether their configuration adequately addresses strategic needs, including emerging practices such as rolling forecasts, benchmarking, the use of ESG metrics, and advanced data analytics tools such as big data, all recommended in the literature as opportunities to improve the effectiveness and adaptability of MCS (Bhimani and Willcocks, 2014; Dombashov, 2025).

The second dimension of the conceptual framework focuses on the role of the controller, whose evolution in the literature reflects the growing strategic importance of MCS. The contemporary controller is described as a business partner who works to align operations with strategy by mediating between departments, interpreting data, and supporting informed decision-making (Ratnatunga and Alam, 2011; Akroyd et al., 2016). This role includes not only technical tasks, such as producing financial reports, but also pedagogical and political activities, such as fostering financial literacy within the organisation and resolving conflicts of interest between departments (van Veen-Dirks, 2009; Goretzki, Lukka and Messner, 2013). In retail, the demands imposed by market volatility and the need for quick decisions make the controller's role even more critical to ensure sustained performance. Continuous development, through training and the acquisition of strategic and technological skills, is recommended to enhance the controller's capacity to contribute to improved alignment between control and strategy.

The third dimension encompasses the specificities of the retail sector, which strongly condition control practices. Characteristics such as narrow margins, intense competition, seasonality, and dependence on external partners require MCS to be more dynamic and comprehensive (Sandino, 2007; Macchion, 2021). The need to coordinate interests along the supply chain (van Veen-Dirks, 2009) and to respond rapidly to changes in consumer behaviour demands that MCS incorporate inter-organisational governance mechanisms, qualitative metrics, and digital technologies for data collection and analysis (Kol, 2013; Chen, Chiang and Storey, 2012). All of these have been identified as good practices to mitigate the sector's inherent limitations and to create opportunities for improvement. Contemporary literature also highlights the importance of dialogue and collaboration between functions as an integral part of the MCS, strengthening the effectiveness of strategic decisions (Nilsson, Petri and Westelius, 2020).

This conceptual framework is based on the premise that the effectiveness of MCS in strategic execution results from the interaction of these three dimensions. A well-designed package of instruments, a controller acting as a strategic partner, and adaptation to the sector's specific characteristics contribute to aligning organisational behaviour with the defined strategy, even in challenging contexts. This alignment is not automatic: it is influenced by factors such as the quality of information systems, organisational culture, the analytical capacity of controllers, and the maturity of the governance structure.

Furthermore, the literature reviewed highlights that these three dimensions should not be analysed in isolation but as parts of an interdependent system. For example, sophisticated instruments without a competent controller to interpret them may have limited effectiveness; conversely, a skilled controller with inadequate or poorly integrated instruments will also struggle to support strategic execution. Similarly, practices that work well in other sectors may prove ineffective in retail if they do not account for the specificities of this market.

Thus, the present study adopts this conceptual framework as the basis for evaluating the reality observed during the internship, enabling the identification of not only strengths and good practices but also limitations and opportunities for improvement, grounded in recommendations from the literature, such as technological modernisation, inclusion of qualitative metrics, strengthening cooperation with external partners, and continuous development of controllers. This integrative perspective ensures that the empirical analysis goes beyond describing processes, seeking to understand how management control practices effectively contribute to strategic execution and the challenges faced by the finance department. The framework also guides the formulation of recommendations to strengthen the alignment between control and strategy, based on the theoretical best practices identified.

Therefore, the literature review conducted in this chapter has provided a solid foundation for empirically analysing how MCS contribute to strategic execution, particularly in the context of the retail sector. Three central dimensions were identified to guide this analysis: the control instruments employed, the role of the controller, and the specific characteristics of the sector. Each of these dimensions is critical to the effectiveness of the MCS, but it is their harmonious interaction that ensures organisational behaviours are properly aligned with the defined strategic objectives.

Contemporary MCSs transcend the traditional view of financial monitoring mechanisms. They are designed as integrated packages of formal and informal practices, enabling the planning, monitoring, correction, and communication of strategic execution coherently and flexibly (Sandelin, 2008; Merchant and Van der Stede, 2007). The role of the controller, in turn, has proven essential in mediating between different functional areas, interpreting complex data, and supporting strategic decision-making in a dynamic environment (Akroyd et al., 2016; Goretzki et al., 2013). Byrne and Pierce (2007) also emphasise that this role is neither neutral nor free from tensions: it requires technical expertise, strategic vision, communication skills, and ethical sensitivity to manage potential conflicts between short- and long-term objectives.

The retail sector, with its narrow margins, seasonality, high product turnover, and strong dependence on external partners, imposes specific challenges on MCS. These characteristics demand robust and adaptable systems that can respond swiftly to changes and effectively coordinate both internal operations and external relationships (Kol, 2013; Osmanagić Bedenik, 2015). MCS in retail must therefore not only control costs and ensure efficiency but also incorporate qualitative metrics, promote organisational learning, and support innovation to remain relevant in a highly competitive market.

The theoretical-conceptual framework developed in this chapter integrates these three dimensions and serves as a guide for the analysis of the case under study. It will enable the identification of strengths, limitations, and opportunities for improvement in the organisation's MCS, based on consistent recommendations from the literature, such as more dynamic financial forecasts (rolling forecasts), technological modernisation with dashboards and big data analytics, strengthening of internal financial literacy, inclusion of ESG metrics, inter-organisational governance mechanisms, and the continuous development of controllers.

Thus, the literature review not only clarifies key concepts and best practices identified in recent research but also charts a path for assessing the concrete reality of the internship, creating a bridge between theory and practice. This theoretical framework also offers evidence-based guidance to strengthen the alignment between control and strategy, enabling the empirical analysis to contribute to improving strategic execution in the specific context of retail. Figure 1 presents the conceptual framework.

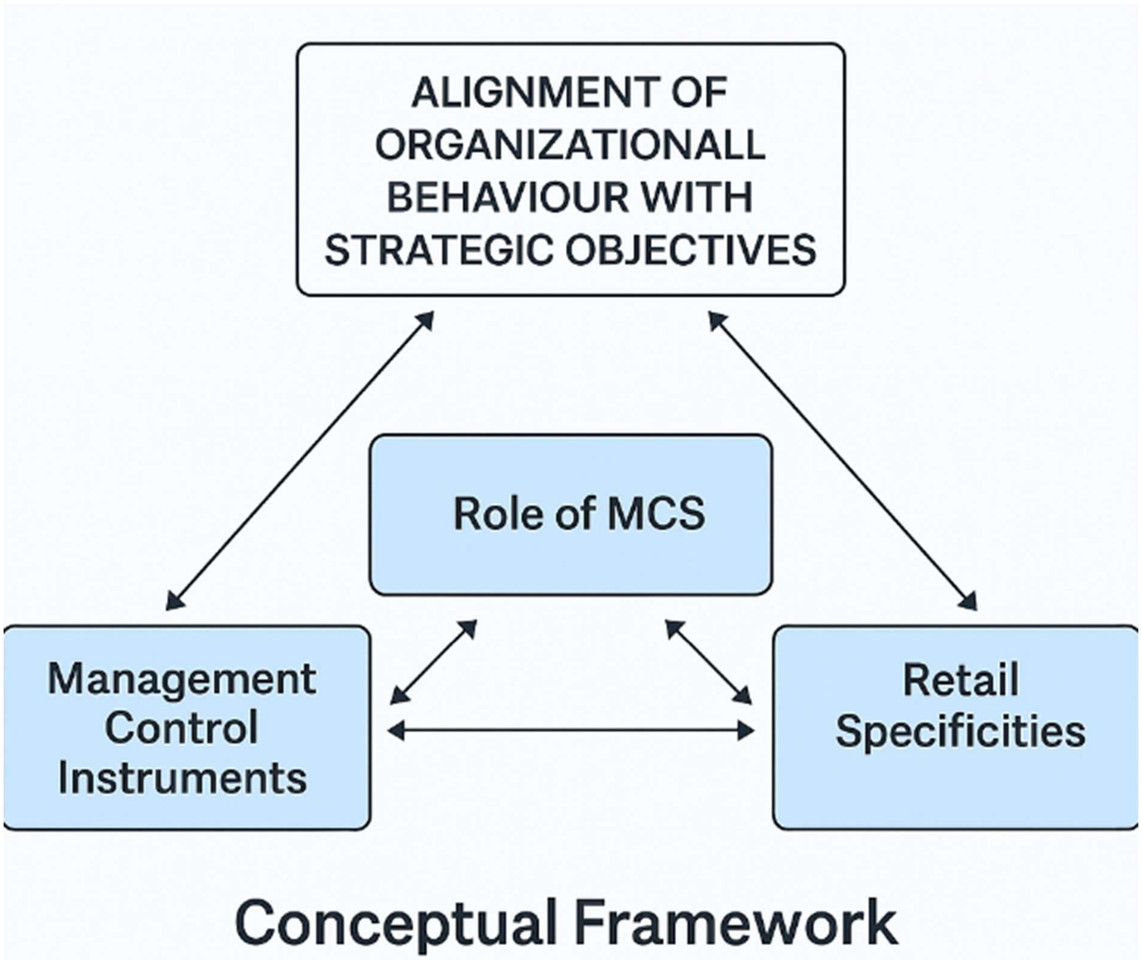

Figure 1: Conceptual framework.

3 METHODOLOGY

This chapter presents the methodology used to investigate how the MCS of a retail company contributes to the execution of organisational strategy. The methodological strategy was designed to analyse the three dimensions identified in the theoretical-conceptual framework, control instruments, the role of the controller, and the specific characteristics of the retail sector, focusing on understanding how these elements interact to align operational activities with strategic objectives.

3.1 Type of work: internship report with an analytical component

This work takes the form of an internship report with a strong analytical component, combining professional practice and academic reflection. The internship aimed not only to support the organisation's operations but also to provide an opportunity to critically analyse how the MCS supports the execution of the organisational strategy, drawing on relevant academic literature.

This dual perspective is consistent with the understanding of Merchant and Van der Stede (2007), who argue that MCS are not limited to technical mechanisms and should be analysed as socio-technical systems that combine formal procedures and behavioural dynamics. This study took an exploratory-descriptive approach, seeking to understand how the MCS contributes to aligning organisational activities with strategic goals in the specific context of the retail sector. The chosen approach reflects the need to capture not only the formal processes and instruments in place but also how they are applied and experienced in practice, taking into account the specificities of the sector and the organisation.

3.2 Research strategy: case study with participant observation

The research strategy consisted of a single case study focused on the organisation where the internship took place. According to Yin (2018), the case study is appropriate for investigating current phenomena that require a contextualised and in-depth understanding, such as how an MCS supports organisational strategy. A participant observation research methodology was adopted, allowing the intern to actively engage in the activities of the management control department while simultaneously observing the formal and informal practices of the MCS.

This approach allowed us to grasp how the control instruments function as a cohesive 'package', the pivotal role of controllers in aligning strategy with operations, and how the retail sector's unique characteristics impact the design and efficiency of the MCS. Participating directly in the daily activities of the management control department allowed the intern to observe behavioural and cultural dimensions that are often invisible to an external observer but essential for evaluating the contribution of the MCS to strategic alignment, as noted by Sandelin (2008) and Merchant and Van der Stede (2007).

3.3 Data collection

The research employed two main data collection techniques: documentary analysis and direct observation. These techniques were applied complementarily, allowing triangulation of the information gathered and increasing the robustness of the results.

Documentary analysis involved a systematic examination of various internal organisational documents, including annual budgets, updated financial forecasts, dashboards with KPIs, internal reports, and presentations to top management. These documents made it possible to assess the formal control instruments in use, the way in which they are integrated as a coherent package, and their alignment with strategic objectives and the needs of the retail sector.

The participant observation took place throughout the internship, with the intern attending management control and finance department meetings with management, budget preparation and review processes, and daily activities of variance analysis, reporting and forecast preparation. This close involvement with internal practices and dynamics made it possible to capture not only formal procedures but also the relationships between functional areas, the role of the controller as mediator and educator, and the practical constraints arising from the retail sector. Participant observation thus helped to reveal less-documented aspects of how MCS supports strategic objectives, such as cultural factors, employees' financial literacy, and the organisation's response to seasonal and market pressures.

For greater clarity and synthesis, Table I presents the data collection techniques used, their objectives, the dimensions of the conceptual framework they aim to address, and the main authors who support their use.

Table I – Data collection techniques and respective purposes

Data collection technique	Main objective	Dimensions of the conceptual framework covered	Theoretical basis
Documentary analysis	To identify and understand the formal control instruments in use and to assess their configuration as a coherent package aligned with strategy.	Control instruments; specific characteristics of the retail sector	Sandelin (2008); Kol (2013)
Participant /direct observation	To observe the practical application of the control instruments, the informal dynamics, the role of the controller, and the interactions between departments.	Role of the controller; control instruments; retail specificities	Merchant & Van der Stede (2007); Akroyd et al. (2016); van Veen-Dirks (2009)

3.4 The intern's role in the organisation

During the internship, the intern played a hybrid role, combining operational functions with an analytical and reflective perspective. As a member of the management control department inside the finance department team, the intern participated in technical tasks related to management control, such as supporting the budget process, analysing variances, preparing dashboards and producing reports for meetings and various departments. At the same time, the intern maintained a critical perspective on the practices and processes observed, systematically recording the dynamics between departments, informal interactions, and how the MCS contributed to aligning operations with strategic objectives.

Participation in both strategic and operational meetings enabled the intern to observe directly how the management control department interacted within the finance department, in addition to other areas of the organisation, and how the controller facilitated the alignment between day-to-day activities and the company's strategy. This involvement provided access to detailed information about management control practices and allowed for the analysis of the specific features of the retail sector, such as inventory management during periods of high seasonality and the need to respond quickly to market fluctuations.

3.5 Considerations on validity, reliability and methodological limitations

The intern's active involvement in the organisation enabled privileged and in-depth access to its internal dynamics, both formal and informal. This embedded position facilitated the observation of daily practices, decision-making processes, and interactions that would likely remain inaccessible to external researchers. However, such proximity also introduced potential methodological challenges, namely the risk of bias stemming from personal engagement in operational tasks and familiarity with the organisational environment.

To address these limitations and strengthen the methodological rigour of the study, several strategies were implemented. Firstly, a dual-source approach, combining documentary analysis with participant observation, enabled the triangulation of data, thus increasing the consistency and credibility of the findings. Secondly, continuous critical reflection was applied throughout the internship period to maintain analytical objectivity and reduce the influence of subjective interpretations. Thirdly, ethical safeguards were rigorously upheld, ensuring the confidentiality of organisational data and the anonymity of employees involved in the study.

This methodological design made it possible to examine the Management Control System (MCS) in an integrated and multidimensional manner, as recommended in the literature. By combining the instrumental, behavioural, and contextual dimensions identified in the theoretical framework, the approach allowed for a nuanced understanding of how control instruments, the role of the controller, and the specific characteristics of the retail sector interact to support the execution of the organisational strategy.

The case study approach provided an in-depth understanding of how the MCS functions within the organisation, while the analytical framework derived from the literature offered a structured basis for evaluating its strategy. Furthermore, the empirical data collected through participant observation and document analysis allowed us to strive for triangulation, ensuring the convergence of our findings, reducing the risk of bias, and increasing the confirmability of our results (Connelly, 2016).

4 INTERNSHIP DEVELOPMENT AND PRESENTATION OF RESULTS

This chapter presents the characterisation of the host company, the initial diagnosis of the MCS, the activities carried out during the internship, the improvement proposals implemented, and the results achieved. Finally, it critically discusses the observed practice in the literature, identifying alignments, limitations, and contributions.

4.1 Characterisation of the Organisation

The company where the internship took place was founded more than 75 years ago and currently managed by the third generation of the family. With a long track record in the retail and distribution sector, the organisation has established itself as a national leader in the premium and luxury segments of the fashion and eyewear sectors, standing out as one of the main references in the Portuguese market.

Since the 1990s, the business has experienced significant growth in the number of stores and brands represented, with strong expansion up until the COVID-19 pandemic. This period led to a strategic adjustment of its portfolio, both in terms of stores and brands, but in recent years, the organisation has resumed its expansion, reinforced its position and continued to increase the number of points of sale and brands under management.

The firm’s mission is to provide clients and stakeholders with excellent service and a unique commercial and relational experience with a focus on customer experience as a distinctive competitive factor, while its vision is to be the benchmark in premium retail management in the world of fashion and eyewear. Its core values are ambition, sustainability, credibility, empowerment, and attitude that guide the organisation’s strategic and operational decisions and are translated into concrete actions such as sustainability campaigns and a strong emphasis on employee engagement.

The group currently employs approximately 650 collaborators, distributed between retail stores and the head office. It operates mainly in the Iberian Peninsula, with a stronger presence in Portugal, in both the retail and wholesale segments of fashion and eyewear.

In the retail segment, it manages about 65 fashion stores, six of which are outlets, and seven proprietary eyewear stores, as well as more than 250 franchised stores. The group represents prestigious brands holding exclusive representation rights for all these brands in Portugal. In addition, it also has stores in the airport. Notably, they launched one brands in January 2025 and another in 2023, showcasing the organisation's ability to renew and expand its portfolio strategically.

Organisationally, the structure consists of a hierarchical chain composed of a president and vice-presidents (administration), business unit chiefs (fashion/eyewear for retail/wholesale), and deputy heads, with functional departments that cut across the entire organisation, such as finance, logistics, marketing, human resources, and information technology (IT). The finance department encompasses three main areas: accounting, treasury and credit control, and planning and management control. The first two have a more operational character, focused on compliance with legal obligations and managing financial flows, while the planning and management control area plays a more strategic role, acting as a partner to senior management by providing financial analyses, supporting decision-making, and advising the leadership on crucial topics to ensure alignment between strategy and operations. The intern was integrated precisely in the planning and management control area, actively participating in strategic activities and supporting senior management.

The company fosters a unique organisational culture, which is informal among colleagues and encourages closeness and collaboration, but formal and respectful towards management. Despite a clearly defined hierarchical structure, there is notable proximity between top management and the rest of the staff, facilitating communication and trust. This aligns with the organisation's emphasis on people-centric values, prioritising employee engagement alongside business results.

The corporation also invests in strong relationships with its stakeholders. With customers, it offers loyalty programmes, such as birthday discounts, and organises an annual event where stock is sold at steep discounts, reinforcing customer loyalty. With brand partners, the organisation maintains long-term, exclusive representation agreements, ensuring strong partnerships and sustained prestige.

The organisation reinforces its values through concrete initiatives, such as annual solidarity actions involving both back-office (head office) and front-office (store) teams, such as the annual planting of pine trees in the Leiria Pine Forest and support for charitable institutions, as well as ad hoc projects, such as beach-cleaning campaigns and other activities aligned with the sustainability and social responsibility principles the company upholds, which also reflect the values of the brands it represents.

4.2 Initial Diagnosis of the Control System

The MCS at company x is based on a robust and participative budgeting process, designed to ensure alignment between the organisation's strategic objectives and operational execution. The annual budget preparation spans approximately three months, during which the finance department, more specifically the planning and control area, plays the most active role, as it designs the budget and facilitates discussions between all departments and senior management to define the key steps. All business areas and departments, represented by their respective heads and deputy heads, contribute to the process, but it is the finance team that coordinates, consolidates, and validates the proposals before submitting them for final approval. To guarantee greater flexibility and adaptation to market circumstances, a quarterly rolling forecast is also carried out, during which assumptions are reviewed, and projected figures are adjusted in light of performance in previous months, if necessary.

Financial and operational analyses and reports are produced at different levels of periodicity and serve different audiences. Planning and management control prepares weekly reports that are distributed to the same recipients and provide timely insights into brand performance, while monthly reports, primarily focused on operational performance, are sent without accompanying meetings, and also monthly reports that assess and track budget execution in its most important lines. The more comprehensive quarterly and semester reports include discussions both formally and informally with the respective business areas and departments, which also monitor corporation performance against the set budget and various forecasts. Finally, annual reports provide a final assessment against the budget and the last forecast, from which conclusions are drawn about what was done well or poorly throughout the year.

These reports are distributed to all departments and business areas, enabling them to monitor results and take corrective measures in the event of significant deviations. A formal meeting is held every six months, involving the departments and senior management, to jointly analyse results, while the informal quarterly meetings are mostly verbal alignments, sometimes held in person, without written minutes, designed to ensure closer and faster tracking of budget execution, these informal meetings are promoted between planning and management control and the marketing, logistics, and IT departments, allowing closer and more timely monitoring of budget execution and the forecast.

The MCS relies on a set of integrated systems that facilitate the collection, processing, and analysis of data. These include an ERP system (with SAP modules) and the Business Intelligence software Microsoft Power BI, used across all areas of the company. Nevertheless, some operational dashboards and additional analyses, built in Excel and based on Power BI data, still require manual updates, which limits their timeliness and efficiency. Until recently, QlikView was also used, but has since been replaced by Microsoft Power BI.

The current system has several strengths, namely the ease of use of the tools, methodological rigour, organised structure of the control process, rapid feedback cycles, and significant flexibility. These characteristics contribute to good coordination among the various stakeholders and to the production of useful information for decision-making. These attributes enable effective coordination among stakeholders and ensure the production of useful and actionable information. Moreover, the departments appreciate the utility of the reports and actively engage in the budgeting process and the monitoring of results, fostering an environment of cooperation and alignment with organisational objectives.

However, there are still some limitations. These shortcomings necessitate time-consuming manual checks and validations, diverting resources away from more strategic activities. Furthermore, it can take between 10 and 15 days for the full consolidation of data to become available, which restricts the final analyses and reports for each period and sometimes impedes a more immediate response to operational challenges. Frequent issues include duplicate sales entries, missing sales records and amounts recorded in the wrong accounts. These issues require time-consuming manual validation by the finance team.

To synthesise the key findings outlined above, Table II provides a consolidated overview of the main strengths and weaknesses of the current control system. This visual summary enhances clarity and facilitates the identification of critical areas for improvement.

Table II: Strengths and Weaknesses of the Current Control System.

Strengths of the Control System	Weaknesses of the Control System
• Ease of use of the tools	• Manual checks and validations
• Methodological rigour	• Timely consolidation of data within 10 to 15 days
• Rapid feedback cycles	
• Flexibility	

In addition to these technical and procedural aspects, a good level of collaboration was observed between the various departments and the planning and management control area, reflected in an open sharing of information and a cooperative attitude on the part of all parties involved. The departments recognise the usefulness of the reports and analyses provided, actively participating in the budgeting process and in monitoring budget execution. Even so, they often compare the received figures with their internal records and challenge the data if discrepancies appear significant.

On top to the formal channels, informal practices, such as phone/team calls, are occasionally used to quickly align on figures before formal reports are finalised. This combination of formal and informal interactions supports the collaborative spirit and ensures that the MCS is perceived not merely as a control mechanism but as a strategic partner in guiding operations towards the business's objectives.

4.3 Activities Carried Out During the Internship

During the internship in the planning and management control area at company x, the intern performed a broad set of tasks with a direct impact on monitoring the firm's performance and supporting strategic decision-making. These activities were divided between the execution of regular reporting tasks and participation in improvement projects, always adopting a proactive and collaborative approach with the various departments.

One of the intern's main responsibilities was the preparation of periodic reports and performance analyses. Throughout the internship, the intern produced five weekly and three monthly performance reports, complemented by five additional internal reports within the department to monitor specific profit and loss (P&L) items, as well as four reports addressed externally to follow up on margins and discounts over sales, departmental performance and performance against the budget. These reports covered all the brands managed by the business and provided operational departments with an up-to-date view of their performance, enabling continuous and evidence-based assessment of execution. They were not merely sent but also discussed, both within the finance department and with other areas, fostering dialogue and a deeper understanding of results. While the quarterly and semester reports were prepared with the supervisor's guidance, the weekly and monthly reports were produced autonomously, reflecting the intern's growing independence. The quarterly and semestral reports monitored in greater detail the main budget items, including fixed and variable personnel costs, headcounts, operational expenses, and effort ratios, comparing the actual figures with those projected in the budget and rolling forecasts. These reports were distributed to the marketing, logistics, and IT departments. They included not only the presentation of financial and operational results but also a critical analysis of deviations from the budget and forecast, identifying the underlying causes, recommending corrective actions, and providing comments to senior management on the reasons for each significant variation.

The intern was also involved in a particularly relevant project for the modernisation of control instruments, specifically the transition from QlikView to Power BI. Of the eight dashboards developed during the internship, five were tailored for the finance department and three for the marketing department. Three of these dashboards already existed in a more basic form but were reworked entirely to improve clarity and usability, while the remaining five were created from scratch, responding to specific needs identified through dialogue with the departments. These dashboards were rebuilt in Excel, using data extracted from Power BI, incorporating the new monthly analysis frequency (instead of quarterly), in a more intuitive layout, simplified terminology, clearer colour schemes, dynamic filters, and metrics that better suited the users' needs in each analysis. The intern faced challenges both in adopting the perspective of end users and in implementing automated systems without prior experience. Nevertheless, the resulting dashboards significantly improved accessibility and comprehension and were adopted by the users who had requested them.

The main innovation of these dashboards was the increased frequency of monitoring, now monthly, allowing deviations to be addressed sooner and fostering a sense of ownership among users. Another significant improvement was the ability to compare monthly effort ratios with the values projected in the budget and forecast, something that had previously only been done quarterly. These changes resulted from intensive brainstorming sessions within the department, during which suggestions and feedback were provided on how to improve execution monitoring.

The intern also maintained constant contact with operational departments, particularly the marketing brand managers and the logistics department. This enabled them to gather qualitative explanations that helped contextualise the deviations identified in the quantitative data. For instance, during the annual analysis of uniform costs, discussions with the brand managers revealed that a significant deviation in uniform costs against the budget was due to an unforeseen increase in staff turnover and the subsequent requirement for extra uniforms. Similarly, the analysis of transport costs charged to the company revealed a significant increase even in months not considered to be peak seasonal periods. This prompted an investigation into the causes of the rise in logistics costs. While these analyses did not result in immediate changes to company policies, they established a stronger basis for monitoring and future strategic decisions.

In addition to technical execution, the intern maintained continuous interaction with various departments beyond marketing and logistics, also engaging with IT and human resources. The collaboration with human resources was particularly relevant in preparing presentations for employees and external stakeholders. Across all these interactions, the intern noted a high level of cooperation and willingness to contribute, with no resistance encountered throughout the process.

The intern played an active role in training and advising end users. They explained the new functionalities of the dashboards, helped to interpret the indicators and promoted the systematic use of available information. Their contribution was particularly valuable in aligning the instruments with operational needs, facilitating data interpretation, and strengthening the link between operations and strategic objectives.

Another critical contribution was the contextualisation of deviations identified in the analyses. In addition to larger deviations, such as those in uniform costs or logistics expenses, the intern also helped explain smaller discrepancies, which were documented in the reports and subsequently presented verbally by the supervisor during meetings. This required close coordination and timely communication to ensure that the explanations were clear and accurate.

In terms of direct impact, the work carried out resulted in an increased frequency of dashboard usage and greater ownership of budgetary responsibilities by the departments. It also improved the ability to analyse deviations and identify the main causes. Although there was no significant reduction in the total time to close accounts, due to external factors such as invoice processing, the analysis processes became more predictable, faster, and more reliable. The average time to prepare the reports, once the data became available, was uncertain and is now stabilised at around three days, which represents an improvement compared to the previous situation, where deadlines were less predictable.

On a personal and professional level, the internship provided an opportunity to develop both technical and interpersonal skills. The intern particularly improved proficiency in Excel and financial analysis, gaining hands-on experience beyond theoretical knowledge, as well as strengthening time management skills to meet tight deadlines. Among the most challenging tasks were the year-end account reconciliation, preparation of the annual budget, and presentation of the previous year's results to senior management, processes that demanded rigour, attention to detail, and resilience.

In summary, the intern's participation in these activities not only contributed to the firm's operational improvement but also provided valuable learning and growth opportunities. The ability to align technical outputs with user needs, foster interdepartmental collaboration, and support strategic objectives reflected a strong commitment to excellence and was recognised by colleagues and supervisors alike.

4.4 Improvement Proposals Presented

In parallel with the activities carried out, the intern identified and formalised several improvement proposals for the MCS. These suggestions emerged both from critical observation of daily practice and from frequent interactions with end users. The proposed improvements aimed to increase the relevance and usefulness of the control instruments, make them more intuitive for users, and enhance the organisation's ability to respond quickly and effectively to deviations.

One of the most significant improvements, which was immediately implemented, was the change in the frequency of analysis of the main P&L statement items. Previously monitored only every quarter, these analyses were changed to a monthly frequency. This adjustment provided managers with a more timely and accurate view of performance and increased the organisation's agility in responding to operational or strategic deviations. This change was made possible by the redesign of the dashboards and the systematisation of reporting processes, which significantly reduced the preparation time of analyses while maintaining rigour and accuracy, also addressing a latent need already perceived by the users, who welcomed the change from the beginning.

A second essential improvement concerned the visual redesign of the dashboards. The pre-existing dashboards, although functional, presented data in a structure and with a colour scheme that hindered rapid interpretation, especially for non-specialists. The intern suggested and implemented a more logical and accessible layout, introducing more contrasting colour schemes, dynamic filters, and greater visual consistency between dashboards. These changes facilitated the reading and interpretation of the data and contributed to an increase in their usage frequency by the departments. Although some users experienced initial difficulties using the new dashboards, these were quickly resolved through guidance and clarification, ensuring smooth adoption. Afterwards, it encouraged end users to consult the dashboards more frequently, reinforcing their usefulness as a decision-support tool.

The intern also recommended the introduction of additional metrics and indicators to enhance the granularity of analyses. For example, effort ratios began to be compared monthly against both the budget and the rolling forecast, enabling a more precise assessment of operational efficiency. Moreover, costs began to be broken down by category and, where applicable, by individual employee, which provided managers with more detailed insights to support targeted corrective actions and reflected recommendations highlighted in the academic literature regarding the integration of financial and operational KPIs.

An additional proposal focused on strengthening the mechanisms for validating and verifying the data underlying the dashboards. Although the integration between SAP and Power BI ensured a robust data flow, the use of Excel for final dashboard production still required manual updates, which carried the risk of errors or inconsistencies. To mitigate this risk, the intern suggested introducing automated system checkpoints to detect anomalies, such as duplicate transactions, missing sales, or incorrect account allocations. While this idea was welcomed by the department and recognised as a valuable enhancement, it was deferred for a future phase, as it required coordination with IT and further technical development. For the time being, data checks continued to be performed manually by the planning and management control area.

In summary, the set of improvement proposals presented, most of which were implemented during the internship period, demonstrated critical thinking and strategic vision, aligning the control instruments with the organisation's operational needs and laying the foundations for future developments of the system. Several of the suggestions also align with good practices discussed in the academic literature reviewed in Chapter 2, further validating their relevance and theoretical soundness.

4.5 Results Achieved and Validation within the Organisation

The work carried out by the intern throughout the internship produced positive results, recognised both by the planning and management control department and by the other departments with which he interacted. The contributions were evident in three main dimensions: enhanced quality and usefulness of tools, improved efficiency and predictability of analysis processes, and stronger alignment between the planning and control and operations areas.

The redesign of the dashboards was one of the most significant outcomes. By introducing a new monthly monitoring frequency, reorganising the presentation of the data, and incorporating metrics more suited to user needs. As a result, the dashboards became more intuitive, easier to interpret, and genuinely useful for monitoring budget execution. Users began to consult the dashboards more frequently, as evidenced by their proactive use of the information for internal meetings, to justify deviations, and to support tactical decisions. This outcome demonstrates not only the acceptance of the changes introduced but also an increase in awareness and a greater sense of budgetary responsibility among operational managers.

The changes also had a significant impact on the behaviour of end users. Departments began asking more questions about the data, requesting new analyses tailored to their needs, and demonstrating an improved ability to anticipate and act upon emerging deviations. This behaviour is consistent with the communicative and pedagogical roles of management control systems, as described by Simons (1995), and underlines the success of the intern in engaging operational areas with the financial figures.

In terms of efficiency, the new structure of the reports and dashboards significantly reduced uncertainty and unpredictability in the preparation of analyses. Although external factors, such as invoice processing or accounting reconciliation, continue to constrain the overall time required to close the accounts, the preparation of control reports became more systematic and quicker, stabilising at around three days after the complete availability of the data. Furthermore, the improvements allowed the financial department to dedicate the second half of each month to more strategic tasks, such as developing projects and conducting in-depth analyses, instead of being entirely consumed by routine reporting. This gain, although modest in absolute terms, is highly meaningful in a context where timely and informed decision-making is critical.

Another important result was the greater integration between planning and management control and the other departments. Continuous contact with marketing, logistics, and IT contributed to improving communication between areas, reducing misunderstandings, and clearly explaining the causes of deviations from the budget. This collaboration reinforced the role of planning and management control as a strategic partner rather than merely a monitoring function, consolidating trust between the parties and fostering a culture more focused on results and continuous improvement.

Beyond the technical and operational contributions, the internship also supported the company’s broader strategic agenda, including its values of transparency, collaboration, and social responsibility. In this regard, an additional dimension of alignment was observed between management control practices and the company’s sustainability culture. Specifically, the integration of social and environmental initiatives, such as charity campaigns, beach clean-ups, and the annual planting of trees, reflects the organisation’s commitment to corporate responsibility. While these activities are not yet formalised within the dashboards or reporting structures, they are nonetheless planned, monitored, and communicated across the organisation, further embedding sustainability into its operational ethos.

No significant negative impacts were identified as a result of the changes. Initially, some users experienced minor difficulties in using the redesigned dashboards, but these were quickly resolved. Furthermore, the proposals did not require formal institutional approval, as they fell within the scope of tools and reports already overseen by the planning and control area. This autonomy contributed to the speed and effectiveness of the implementation. Also, it was noted that the full consolidation of some proposals, such as the standardisation of concepts and the automation of data validations, will require additional effort and coordination with technical and administrative areas, suggesting that the intern's work constitutes an initial step in an ongoing improvement process.

Another important aspect concerns the sustainability of the improvements. The intern ensured that his work would continue to deliver value after his departure, as the remaining members of the department took over responsibility for maintaining and updating the dashboards and processes introduced. This is particularly relevant in ensuring that the benefits achieved are not transient but are embedded in the organisation's routines.

Overall, the results achieved during the internship highlight the positive impact of the improvements implemented, validate the intern's contribution to the development of the MCS, and demonstrate that the work addressed immediate organisational needs while also laying a robust foundation for future progress.

4.6 Discussion of results

The critical analysis of the internship experience, in light of the literature review presented in Chapter 2, made it possible to identify several areas of convergence between the practices of company x and the theoretical recommendations for MCS, as well as some deviations that are explainable by the specific characteristics of the organisation and the sector.

First and foremost, the role of the MCS as a strategic alignment instrument was evident throughout the internship. As argued by Merchant and Van der Stede (2007), the organisation employs formal mechanisms such as budgets, rolling forecasts, KPIs, and dashboards to ensure that operations contribute to strategic objectives. The adoption of a participatory annual budget, involving all department heads and deputies, also strengthens the behavioural and motivational dimension of the MCS, aligning operational execution with the priorities defined by senior management.

The enterprise's practices align with the findings of previous studies (e.g. Hope & Fraser, 2003; Sandelin, 2008), which suggest that the adoption of a rolling forecast as a tool for achieving flexibility enables organisations to respond more swiftly to market changes. This is particularly relevant in volatile and seasonal sectors like retail.

The development and implementation of the redesigned dashboards also reflect the communicative and pedagogical functions of the MCS referred to by Simons (1995), as they facilitated the dissemination and understanding of strategic objectives at all hierarchical levels. The dashboards, created in Excel based on Power BI data, allowed information to be presented more clearly and accessibly, increasing the frequency of use by end users and promoting ownership of results by the departments.

However, the practice also underscored the necessity of adapting theoretical concepts to the specific organisational context. Although the Balanced Scorecard framework (Kaplan and Norton, 1996) and the notion of "control packages" (Sandelin, 2008) offer a valuable foundation, their application at the business required adjustments to accommodate the company's operational and cultural particularities. In practice, these approaches were implemented by combining financial and non-financial tools, including informal qualitative KPIs, integrated with technological systems such as Power BI, SAP, and Excel. The use of KPIs strategically aligned with both efficiency objectives (e.g., gross margin, cost control) and customer and operational satisfaction (e.g., after-sales feedback, return rates) are consistent with the recommendations of Kaplan and Norton (1996) and Kol (2013), who highlight the importance of integrated indicators to reflect the complexity of retail performance. Nevertheless, while the literature increasingly emphasises the relevance of ESG indicators (Kol, 2013; Sandino, 2007), at the corporation, these remain informally monitored through initiatives such as charity campaigns, tree planting, and beach clean-ups, and have not yet been formalised as explicit KPIs.

The role of the controller, as observed during the internship, corroborates the evolution described in the literature, from a technician focused solely on numerical reporting to a genuine "business partner" (Akroyd et al., 2016). Notably, the corporation is currently introducing a new position within the department, intended specifically to embody and formalise this "business partner" role. As argued by Ratnatunga and Alam (2011), the controller in the organisation not only monitors but also actively supports senior management by providing critical analyses and strategic recommendations. Furthermore, the functions identified by van Veen-Dirks (2009), mediating between departments, translating data into accessible information, and facilitating strategic decisions, were evident in practice. Indeed, the controller is increasingly perceived as a strategic partner by senior management, contributing analyses and recommendations that inform and support decision-making (Akroyd et al., 2016;

Ratnatunga and Alam, 2011). However, at the operational level, the controller's role is still at times viewed as that of a "policeman," focused on highlighting discrepancies rather than fostering improvement. The firm recognises this perception and is actively striving to transform it, promoting the controller's role as a facilitator and partner to the operational departments, rather than merely a monitor.

On the technological side, the challenges identified by Inamdar (2012) regarding imperfect system integration and the persistent need for manual validation proved particularly salient. Despite the presence of robust tools (SAP, Power BI, and Excel), technological constraints remain the most significant barrier to the efficiency of the MCS. For instance, data consolidation can take up to 10–15 days, and errors such as duplicate transactions or misallocated postings continue to occur, confirming criticisms of the technical shortcomings and the reliance on manual intervention. Although many of these issues have been mitigated through partial automation and targeted manual corrections, they underscore the underestimated impact of technological limitations in the academic literature. The pressure for rapid reporting and timely analysis, frequently cited as a challenge in retail (Macchion, 2021), was also evident in practice, necessitating creative solutions to balance speed with accuracy. Notably, when quarterly or semester meetings are scheduled early in the month, it sometimes becomes necessary to present certain items using data from different periods, as maintaining full rigour and completing all necessary checks in time proves infeasible. Moreover, the ongoing need to validate and ensure data reliability, as highlighted by Sandelin (2008), continues to constrain the time available for strategic activities and constitutes a central obstacle to achieving real-time analysis and responsiveness.

It is also worth highlighting that, contrary to some organisations described in the literature (Sandelin, 2008), the company does not exhibit significant resistance from operational departments towards planning and management control that perform the MCS. On the contrary, active collaboration is observed, with departments recognising the value of the analyses and dashboards for justifying deviations and improving their performance, which demonstrates the effectiveness of the pedagogical and collaborative approach of the planning and management control department and also reflects the company's strong orientation toward people and its emphasis on maintaining proximity and transparency between management and employees, even within a formal hierarchical structure.

In the specific context of retail, the corporation practices align with the literature's recommendations for this sector (Sandino, 2007; Kol, 2013; Macchion, 2021), notably in dealing with tight margins, seasonality, and high turnover with a more flexible MCS, based on periodic forecasts, dynamic dashboards, and constant interaction with operational departments.

From a critical perspective, the company's informal integration of ESG-related initiatives into its strategic framework reflects an emerging area of management control that remains underdeveloped in practice, despite its emphasis in the literature. Kol (2013) and Sandino (2007) argue for the incorporation of environmental and social metrics into MCS to capture a broader spectrum of organisational performance. Although the group has not yet formalised these initiatives as performance indicators, their recurring presence in planning and internal communication reflects a cultural and strategic awareness consistent with contemporary best practices. This presents a clear opportunity for future development, specifically, the gradual inclusion of ESG indicators in formal dashboards and KPIs, allowing the MCS to more comprehensively reflect the organisation's multidimensional value creation.

From a personal perspective, the internship experience allowed the intern to understand in practice the complexity of MCS and the difficulty of translating theoretical recommendations into immediate operational solutions. The observed practice confirmed the usefulness of theoretical principles in guiding the design and evolution of MCS, demonstrating how good practices, such as using rolling forecasts, integrated dashboards, and the controller's consultative role, have a real impact on organisational effectiveness. However, the experience also highlighted the need to adapt these recommendations to the specific realities of each organisation and sector, showing that while theory provides useful directions, it often underestimates the technical, cultural, and temporal constraints faced in practice. These factors, largely invisible in theoretical models, proved to be the most critical obstacles in day-to-day operations at the company.

Beyond technical insights, the internship also underscored the importance of ethical conduct, clear communication, and managing expectations across departments. These soft skills were critical in fostering trust, encouraging collaboration, and ensuring that improvements were embraced and effectively implemented.

It is also important to acknowledge the limitations of this study: the findings are specific to one company and one cultural context, and the relatively short duration of the internship limits the generalisability of the conclusions. Future research could explore similar cases across different organisations and geographies to validate and extend the insights gained here.

Moreover, this internship not only validated existing literature on participatory MCS in volatile retail environments but also highlighted the potential value of incorporating ESG practices more explicitly into control systems, contributing to the ongoing academic debate on the operationalisation of sustainability metrics.

In summary, the practice observed during the internship largely confirmed the theoretical principles studied, particularly regarding the strategic function of MCS, the evolving role of the controller, and the importance of integrated and adaptable control packages in the specific context of retail. On the other hand, the experience also revealed technical, cultural, and organisational challenges that, although recognised in the literature, manifest themselves in practice with greater intensity and complexity than the theoretical models sometimes suggest.

The development of the internship and the analysis of the results enabled a deep understanding of how the company MCS supports the execution of organisational strategy, as well as identifying the main challenges and limitations faced by the planning and control department. The practical experience demonstrated the relevance of the control instruments and the role of the controller in ensuring alignment between operations and strategic objectives, validating many of the concepts and recommendations described in the literature. At the same time, empirical observation revealed obstacles and constraints specific to the reality of the sector and the enterprise, which require adapted and flexible solutions to ensure the system’s effectiveness.

Ultimately, this internship demonstrated that effective management control is as much about human interaction and adaptability as it is about processes and tools, reinforcing the need for MCS to evolve alongside organisational culture and strategic priorities.

5 CONCLUSION

The internship conducted in the planning and management control area of company x provided a valuable opportunity to deepen the understanding of the strategic role of MCS in the retail sector, as well as to make tangible contributions to the improvement of organisational practices. Over the internship period, it was possible to critically analyse the functioning of the corporation's MCS, identifying its strengths and limitations, proposing improvements aligned with theoretical recommendations, and experiencing first-hand the challenges of implementing these principles in practice.

For the organisation, the activities carried out had a positive and measurable impact. The intern's participation in the transition of the Business Intelligence system from QlikView to Power BI modernised the reporting tools, making them more intuitive, agile, and aligned with the needs of end-users. The development of dashboards tailored to each department, with clear and relevant KPI's, improved the speed and quality of analyses, facilitating the identification of variances and enabling timely decision-making. In addition, the intern's involvement in the preparation of periodic reports, as well as mediation between departments to understand the causes of variances, enhanced the reliability and usefulness of the information produced, thus contributing to a greater alignment between operations and strategic objectives.

From the intern's perspective, the experience made it possible to consolidate the knowledge acquired throughout the academic journey through its practical application in real and concrete situations. Exposure to systems such as SAP, Power BI, and advanced Excel, alongside constant interaction with different functional areas of the organisation, fostered the development of technical and interpersonal skills essential for a professional career. Furthermore, immersion in an organisational context allowed a deeper understanding of the challenges encountered, also underscoring the importance of flexibility, communication, and ethical conduct in ensuring trust and collaboration.

The internship experience also offered an opportunity to reflect on the practical and academic implications of the results achieved. The practice observed confirmed the relevance of traditional management control tools (budget, rolling forecast, KPIs, and dashboards) as mechanisms of strategic alignment, consistent with the recommendations of literature, Merchant and Van der Stede (2007), Hope and Fraser (2003), and Simons (1995). The evolution of the controller's role into a true business partner was equally evident, with responsibilities extending beyond the achievement of financial targets to include mediating between departments and promoting an organisational culture oriented towards strategic results, which was also confirmed, in line with Akroyd et al. (2016) and Ratnatunga and Alam (2011).

Despite the contributions made, it is important to acknowledge that this research is subject to limitations inherent in its design and context. Conducted as a single case study within one organisational setting, the conclusions drawn cannot be generalised without caution. The internship was undertaken over a limited time frame and, due to confidentiality constraints, involved only partial access to certain strategic data. Moreover, the intern's participatory position, while beneficial for gaining in-depth insights, may have influenced the objectivity of some interpretations. These constraints, however, do not diminish the value of the study but should be carefully considered when interpreting the findings and evaluating their applicability to other organisational environments.

To build on the work carried out, it is recommended that the organisation continue its efforts to integrate information systems, aiming to reduce the need for manual validations and accelerate reporting processes. It is also suggested that awareness-raising initiatives be implemented among operational departments to foster collaboration and mitigate the perception of management control as merely supervisory. From an academic perspective, it would be pertinent to undertake comparative studies in different companies within the sector to explore how cultural, technological, and organisational variables influence the effectiveness of MCS. Future research could also examine the contribution of emerging technologies, such as artificial intelligence and predictive analytics, to the modernisation and effectiveness of MCS in environments characterised by high volatility and complexity, such as the premium retail sector.

In conclusion, the internship underscored the relevance of MCS as strategic tools for aligning operations with organisational objectives, while highlighting the necessity of adapting best practices to the specific technical, cultural, and organisational realities of each company. The experience demonstrated that effective management control depends not only on robust processes and tools but also on human interaction, communication, and adaptability, reinforcing the importance of evolving MCS in line with organisational priorities and culture. Furthermore, the internship strengthened the alignment between management control and the strategic direction of the firm, illustrating the value of integrating theory and practice to advance both academic knowledge and organisational performance. The results achieved confirm the utility of MCS as an instrument for supporting strategic execution and emphasise the need to tailor best practices to the unique characteristics of each organisational context.

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