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THE INTERDEPENDENCE BETWEEN CONTROLLING AND MANAGEMENT - A PREREQUISITE FOR ACHIEVING OPERATIONAL OBJECTIVES

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Abstract
The objective of this paper is to identify the determinants of the entity's long-term growth and progress. The paper aims to deepen and develop concepts such as control, performance management, information and decision making and to establish some delimitations related to management and financial accounting. The expansion of multiple education evolves in direct relation to the increase in scientific creativity, the increase in the efficiency of scientific research in general and the increase in economic efficiency in particular, in a unified whole that represents, simultaneously, science, education, culture, economic progress and social progress.

Key words: *controlling; management; performance.*

JEL Clasification: *G31, H61*

I. Theoretical background

This paper builds on a number of previous reviews of the management control literature (Giglioni and Bedeian, 1974; Hofstede, 1968; Merchant and Simons, 1986; Parker, 1986) and considers the development of the literature on controlling in the context of organisational theories. The early themes that provided the roots for the development of the field are explored, as well as more recent work that has evolved both as a continuation of and a reaction against them. It is argued that one of the unintended consequences of Robert Anthony's (1965) influential work was a restriction of the subject to an accounting-based framework and that this focus needs to be extended. The analysis highlights the potential of the topic as an integrative theme for management practice and research.

The degree of prosperity of individuals in a given geographical area depends, to a large extent, on the economic success of for-profit organisations operating in that area. This has become a fundamental fact of life in today's world, and the few exceptions (the small oil-producing states of the Middle East, for example) confirm the rule. The success of companies engaged in market competition is itself strictly dependent on their management, i.e., the way in which the resources of their organisations are integrated and coordinated. Integrating and coordinating organisational resources involves planning, organising, training and controlling. These basic management functions are, in fact, complex processes made up of elementary activities flowing from relationships.

Companies that establish international subsidiaries must adapt to the economic, political and other conditions in their respective host countries (Endenich et al. 2011) and must overcome geographical and cultural differences to manage their operations (Dent 1996). Management control (MC) helps to align employee decisions and actions with corporate objectives (Chow et al. 1999). With increasing internationalisation, companies face the challenge of transferring MC across national borders to distant subsidiaries (Harrison and McKinnon 1999). Multinational companies (MNCs) combine various mechanisms, such as planning, standardized procedures, and training, to control their foreign subsidiaries (Harzing and Sorge 2003). Various factors, either inside or outside the company, influence the application and effectiveness of control mechanisms in MNCs.

Today, controlling as a management function is recognised as a key determinant in achieving a high quality of business and organisations. There is a generally accepted logic: without controlling, there is no control, no accurate implementation of strategy, no enterprise performance. In more detail, the advantages and disadvantages of internal control systems of the enterprise are presented in the scientific works of Wu (2016), Rahim et al. (2017), Mullakhmetov et al. (2018) and others.

Today, the main objective of a controller is to support management in achieving the set objectives by providing relevant information. Therefore, the close link between manager and controller can already be highlighted, which can only be achieved through effective communication between the two parties. The concept of controlling is dealt with

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in different aspects and forms due to the diversity of views on this concept and the complexity of the functions and principles on which it is based. Because controlling exists as a management technique, it has its own principles, functions and concepts.

Controlling should be primarily concerned with business concerns. This decreases stress-related or even individual pressures associated with task sharing, especially in areas of operational interaction such as new product development, logistics or quality assurance. Controlling takes over all important management and execution tasks but is not responsible for implementation. One of the main reasons that led to the emergence of controlling, which underlies the concept of controlling, was decentralisation as a result of the development of small businesses into large corporations with geographically dispersed locations (Pavlovska & Kuzmina-Merlino, 2013). The concept of controlling originated from an accounting approach and was defined as a process by which managers should ensure the efficient and effective allocation of resources to achieve organizational objectives (Anthony, 1965). These activities relate only to the decisions of managers at different hierarchical levels but also to the management of the whole company.

II. Research methodology

The choice of research methodology is a complex process anchored in the specificity of the topic, in the debate of the scientific context and in the author's perception of opportunity. The research methodology of the present work converges towards an empirical approach, in which qualitative and inductive research techniques have concurred towards the creation of a distinct analytical architecture, encompassing various case studies on multiple perspectives of the investigated topic. The research approach aimed at grounding on a sufficient data set to create a reasonable certainty of understanding and gaining confidence in the efficiency and effectiveness of the controlling-management-performance trinomia.

III. The relationship between controlling and performance management

Controlling tasks are divided into a functional and a money-oriented features. Depending on the size in time, function orientation or category of information is selected as a starting point, and a distinction can be made between operational controlling and strategic controlling or logistic controlling and cost and success controlling. Controlling systems as a concept specification then differ in relation to the model presented only in that different levels of cut-off can be placed through the three-dimensional space. The data can then be combined for the management level into condensed concepts of sales, cost, success and financial controlling as well as other condensed management information in the form of reports and at the top management level into a key figure system.

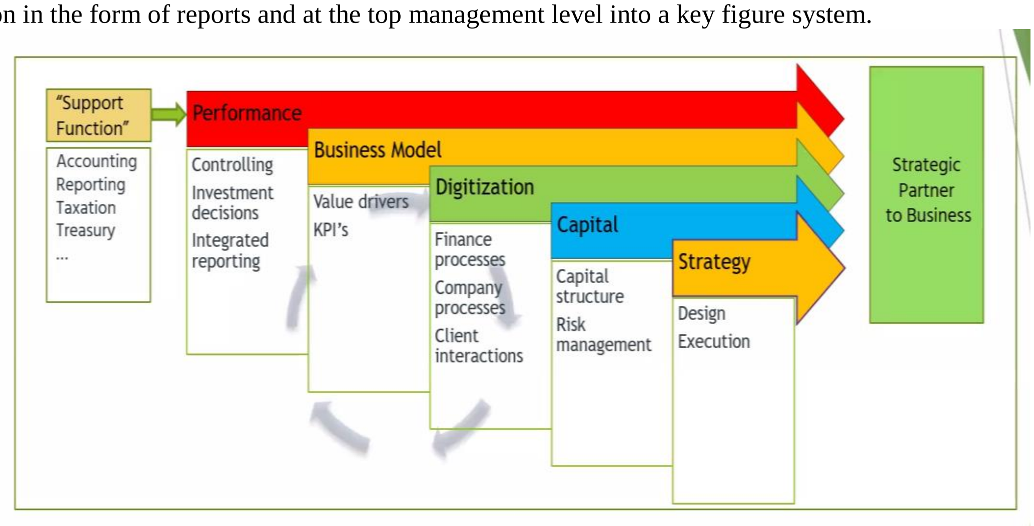

Figure no. 1. Role of the financial function
Source: Own processing

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The priority given and the complexity of these elements depend on the follwing:

- the stage of development of the company;
- the approach of management and shareholders;
- influence of other stakeholders: banks, authorities, etc.

Controlling has become necessary for improving business performance and maintaining competitive advantage, as it supports top management in operational and strategic decision-making. Since it is the details that differentiate a profitable entity from a less profitable one, every module of a business must be managed with all seriousness, and the role of the controller is decisive. The controller is the manager's point man. He sees to it that policies on purchasing, production, staff recruitment or employee motivation are followed. He also analyses costs and intervenes, where possible, to reduce them. We therefore believe that controlling plays an important role in monitoring and managing the performance of entities. Supported by a range of tools, controlling ensures that an entity's performance is monitored and managed.

Area	Vision	
Accounting & Reporting	Timely and accurate recording of transactions; consistent, business-oriented, policies and practices across the group; reduced closing time	Business Partnering
Taxation & compliance	Tax&regulatory compliance; minimized tax risks; optimized tax position	
Treasury & Financing	Active, forward-looking cash management; timely and adequate financing of the business; good reputation and relations with financing community	
Risk management (FX, interest, credit etc.)	Risk awareness in key areas; proactive, efficient, cross-functional actions addressing key topics	
Performance management	Close to the business processes for timely and accurate measurement and forecasting of KPI's across the value chain; framework for project approval and monitoring; multi-dimensional analysis	
Business model	Understanding and measurement of value drivers	
Technology/Digitalization	One-entry-point, automated transaction processing; streamlined, digitized cross-functional workflows; flexible, user-accessible data analysis; integrated environment	
Capital structure	Long-term planning on business and development financing	
Strategy	Understanding of business and long-term perspectives; cross-functional process to effectively link of strategy to budgeting and planning	
Finance team	Technical competence, business understanding, communication skills, attention to details and capacity to summarize, proactivity	

Figure no. 2. Responsibilities functions of management
Source: Own processing

In most entities, where the controlling function has several functions and tasks of accounting, such as tracking contracts with customers and suppliers and preparing financial statements. Therefore the implementation of the controlling system, which is dedicated to top management, should help them and "translate" the results of the enterprise based on the information provided by the accounting department to plan strategic objectives. Controllers provide management with complementary business administration services for goal-oriented planning and control and bear joint responsibility with management for achieving the set objectives. A controller assumes that the results prepared by the accounting department are accurate and complete, that procedures and reporting standards have been followed and that the information can be relied upon. The controller's task is not to ensure the accuracy of the results but to interpret them.

Controlling is the activity that supports management, which, through a well-developed information system, monitors the activity and performance of the enterprise to support planning and decision-making activities in the enterprise to increase efficiency, effectiveness and adaptability to ensure the long-term success of the enterprise.

The difference between the controller and the manager is that the manager is the decision maker. The controller does not have the right to make decisions; he only has to prepare and support the decisions made by the manager with a well-developed information system. It is the manager who does the planning of the enterprise, using the data provided by the controller. The controlling department works as a consultant to management. The controller prepares the decision and prepares all the information the manager needs to make the decision but will not make any decision. Management will make the decision based on the data provided by the controlling department. Given the often rapidly changing corporate environment, a company's management that is exclusively oriented towards operational

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parameters faces the problem that the effects of the changed situation affect the criteria for operational success too late.

IV. The role of controlling and the skills required

Within the strategic planning process, strategic control has the tasks of planning, coordinating, informing and controlling, from setting objectives to implementation and control. Controlling provides the appropriate set of tools for strategic planning, i.e. The planning and control tools are assessed according to their advantages and disadvantages, and their areas of application and the need for supplements are determined. The information provision task of strategic control is about ensuring that information is made available for decision making for the planning authority. On this basis, overall target planning can be designed as well as concrete strategic plans for business units, functional areas and regions.

Controller must:

- be responsible for obtaining economic information for the entity
- aggregation, interpretation and modelling of data for profitability analysis
- coordinate the future-oriented objectives and plans of the whole entity
- ensure transparency of finances, results, strategy, processes and thus contribute to increased profitability
- ensuring the economic and financial expertise of the entity
- monitoring the application of the legislation in force
- moderate and direct the process of goal setting, planning and control so that any decision-making body can move towards success
- risk management
- analyze the controlling system

Figureno. 3. Controller`s tasks
Source: Own processing

The main role of controlling in the strategy development phase is to analyse the company and its environment. This stage can distinguish two functions of strategic controlling formal and material functions of strategic controlling. The formal function of strategic control in the strategy development phase is responsible for the smooth running of the strategic planning process and should guarantee a certain flexibility in the planning process. In other words, controlling guarantees a certain flexibility of the planning process by identifying early on the different stages of development of the environment and thus enables the company to react in time.

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The objectives of controlling are as follows:

- clear determination and quicker verification of problem areas
- guaranteeing the entity's economic efficiency and financial liquidity
- improving the efficiency and competitiveness of the entity's business as a whole as a guarantee of achieving the entity's economic efficiency
- ensuring the organisation of the entity's continuity and divestment operations
- developing effective management and improving adaptation to changes inside and outside the enterprise
- formulate and present information in such a way that it is clear and understood by the entity's management
- ensure that the strategic objectives have been achieved

Figure no. 4. Objectives of controlling
Source: Own processing

To obtain a more accurate picture of the discrepancies between what was planned and what was actually achieved, controlling success depends on the ability of the information system to accurately reflect the tangible and intangible processes in the business and their representation in the actual financial flows. Controlling helps the entity to function better internally, maintaining its competitiveness and long-term existence on the rock.

The provision of information is the second essential component of the controlling concept. Controlling is important for relevant information in decision making. In addition, Controlling is responsible for coordinating information deemed necessary at all decision-making levels of a company. Given the complexity of the activities carried out by controllers, it is clear that they require specialist knowledge as well as communication and teamwork skills. In terms of the competencies required to hold the position of controller, Eschenbach & Siller (2014) profile people in controlling.

1. Personal skills: • ethics; • analytical thinking; • critical attitude; • initiative; • accuracy; • creativity; • flexibility.	2. Communication skills: • communication skills • team spirit • ability to inform • gaining trust 3. Methodical skills. 4. Specialist knowledge. 5. Specific knowledge.

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In conclusion, increasing the competitiveness of the organisation is important to achieve the desired performance. Competitiveness is a complicated idea that has been the subject of long discussions among economists around the world. In this regard, the adoption of performance management in business operations and the development of new managerial priorities that are internationally oriented towards success can serve as important benchmarks.

V. Conclusions

Given the uncertainty of the term controlling, the current study helped to define this idea more precisely. To help management, a controller should have a solid awareness of both the internal operations of the company and the strategy of the organisation. The controller's primary responsibility is to assist management in achieving objectives. The primary skills and competencies required of a controller have also been outlined in this research. A number of similar skills, including subject matter competence, communication skills, teamwork, and analytical thinking, were discovered when reviewing the theoretical literature and the needs of the business environment. However, it was clear that the corporate environment did not value active attitudes, the ability to enlighten others, the development of confidence, the use of reason or resourcefulness. Because these talents are already seen as recognised, as already mentioned, it is highly likely that some employers will not ask for them.

The conclusion of the paper provides an illustration of the primary duties of controlling and the relationship with management. To facilitate decision making, controllers should maintain openness about strategy, methods, budgets and results. Since achieving organsational goals is the primary responsibility of managers, they should work closely with controllers to have all the information they need and to steer operations in the right direction. Therefore, managers and controllers working well together could have a favorable impact on how well organosational goals are met.

Both the assessment of the overall work of the entity and the qualitative assessment of performance at the individual level will reflect effective management of the entity as a whole. The results of this contemplation will indicate whether or not the entity's managers are acting morally. If management is poor, the manager becomes dissatisfied, and the people who make up the management are truly faced with a management that has a poor method of taking the actions necessary for the rational and effective operation of the entity they lead.

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