Controlling Solutions in Polish Enterprises – Chosen Study Results

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The aim of the paper is to present the chosen results of the study on most essential functional and organizational solutions and tools of controlling applied in medium-size and large enterprises in Poland. The functional solutions are presented in relation to the concept and the types of controlling, the organizational – cover the issue of organizing controlling and identifying responsibility centers, the tools include i.a. cost and profit accounting and budgeting as well.

1. Introduction

In Poland the concept of controlling appeared only after 1989 in the period of system transformation and from that time it has been implemented successfully in an increasing number of enterprises. Thanks to profits offered by controlling and also despite many doubts and critical comments expressed directly at it, controlling has a chance to be one of the most popular and the most often used modern methods of supporting management in Poland.

The subject of this article and the aim of the research is the presentation of findings over controlling and the scope of its implementation in enterprises functioning in Poland. In particular the main aim of the paper is to present results of the study on most essential functional and organizational solutions and tools of controlling applied in medium and large enterprises in Poland. In order to achieve this aim the research was carried out by means of a survey (questionnaire) technique. The distribution of the results which were obtained in the research has been presented with relation to the size of enterprises, the type of environment, and the fact of having the implemented system of controlling as well as the controlling use period. However, during the presentation of the research results, the authors limited themselves to those sections of their classification, in which the research results seemed most interesting.

2. Controlling development in Poland

From the beginning of introducing controlling solutions in Polish enterprises, they have been changing all the time. The first theoretical studies available in Poland were published in 1990–1991 – a series of publications by J. Goliszewski (Goliszewski, 1990, p.16–18; Goliszewski 1990a, p. 20–22; Goliszewski, 1991, p. 22–23), a book by E. Mayer, R. Mann titled “Controlling in your firm”, published in Poland in 1991 (Mayer/Mann, 1991) and a book written by H.F. Vollmuth titled “Controlling. Planning, Control, Management” published in 1993 (Vollmuth, 1993). It should be noticed that the book of H.F. Vollmuth is a translation of a original German controlling book. First attempts to use controlling in Poland at the beginning of nineteen nineties of the 20th century were based on the above publications and were caused by methodical shortage (comprehension of controlling) and instrumental shortage (especially in the case of IT solutions). That is why, at first controlling was limited to performing only narrow understanding control functions mainly in production area.

At the end of the 20th century one could observe the development of controlling in Poland. Many Polish scientists have taken into consideration the widely understood theme of controlling. Among the many studies we can find publications of E. Nowak (Nowak, 1996), S. Nowosielski (Nowosielski, 2001) and S. Marciniak (Marciniak, 2001). The authors related the issue of controlling to the com-
company as a whole, often in a systemic perspective.

Recently one of the development tendencies of controlling which arose in Poland has formed three various ideas: developing specialization and processualization of controlling and developing many of its types in practice and theory (see Nowak, 2011; Bieńkowska et al., 2003, pp. 75–88; Sierpińska/Niedbała, 2003; Kac, 2006), and also implementing it in the broad scale in enterprises of the industrial sector. At the beginning controlling was dedicated in Poland to big industrial enterprises. Over the course of time it turned out that the instrumentarium of controlling can be successfully used in small and medium-size(d) enterprises, service enterprises and recently even in local government units.

There is a necessity of doing research in controlling in order to document changes occurring in its understanding and also in the way of using it but first of all to identify its effective use in many various enterprises as well to control how quickly controlling system is developing in Polish enterprises. Necessity of research in this respect is increasing because implementing and functioning controlling even in enterprises with similar branch and size do not take place in accordance with the same pattern as it was noticed long time ago by management theorists. Therefore, practically from the half of the nineties of 20th century the research work in this scope is taken up in Poland by many scientists and different academic centers. At the same time on account of the fact that each of this research is conducted according to different pattern they give limited basis to comparison in relation to different branches, sectors of activity of an enterprise or the form of their ownership.

### 3. Research methodology

The research was carried out by means of a survey technique. In order to select the enterprises to participate in the research, a medium-composite grouping was used with the use of a multilevel random test. The enterprises functioning in Poland were randomly selected for the research. The drawing – on the authors’ order – was conducted by the unit of Central Statistical Office (GUS) – Central Statistical Computing Centre in September 2008.

Collecting the data used to prepare the research results was completed in February 2009. The research was carried out among 1200 medium-size (54,6 %) and large (45,4 %) enterprises which have been divided into classes and which belong to the following sectors: mining, industrial processing, electrical energy, gas and water production and supply, construction industry, wholesale and retail trade, transport, storage economy and communications. 325 survey questionnaires were returned, but only 306 ones were analyzed (only 306 enterprises returned correctly completed survey questionnaires). Taking into consideration the general number of medium-size and big enterprises in Poland (33 177) valid at the end of 2007 and the received number of the sample (306), at the trust rate equaling 0,9, the measurement error has been assessed to be 0,04666, that is 4,6(6) %.

**Fig. 1**: The distribution of the analysed enterprises according to their size measured by the number of employees.

The research was carried out by means of a survey technique. In order to select the enterprises to participate in the research, a medium-composite grouping was used with the use of a multilevel random test. The enterprises functioning in Poland were randomly selected for the research. The drawing – on the authors’ order – was conducted by the unit of Central Statistical Office (GUS) – Central Statistical Computing Centre in September 2008.

Approximately 54 % of the analysed enterprises have implemented controlling. It should be explained that as an enterprise that has implemented controlling we understood a company that has a separated controlling-department as well as a company in which the controlling-department does not exist but the tasks, entitlements and responsibility within the scope of controlling are ascribed to workers already employed or units already existing in an organization also in a distracted way (that means including controlling in an organizational structure in a non-institutional way). It irrefutably emerges from the research that the percentage of the enterprises, in which controlling has been implemented, increases along with the size of an enterprise (see Fig. 2).

Due to the limitation of this article, the presentation of the research results does not encompass some of the sections, according to which the analysed enterprises have been classified. Only the basic perspectives, in which the obtained results seem most interesting, have been included.
4. Research results

Functional solutions of controlling

While analysing the research results concerning the applied concept of controlling, one may observe that the concept of controlling understood as management coordination predominates (i.e. this is the most popular concept and, at the same time, Polish enterprises consider it to be the most appropriate one). 37.2 % of the enterprises under analysis which state to have implemented controlling declare the implementation of this concept. The second position in terms of the frequency of use is occupied by controlling seen as information management support (almost 30 % of answers). Other concepts are considerably less popular and less frequently selected (21.3 % for particular form of management and 12.2 % for broad financial reporting). Such a situation seems to be caused by relative simplicity of the two most frequently implemented concepts (they do not require great changes in the organisational structure) as well as relatively great benefits which may be obtained thanks to their implementation (substantial possibilities of management support thanks to the information of managerial character provided by controlling). It seems that in particular the concept of controlling seen as management coordination is most appropriate for Polish enterprises. The frequency of its use increases along with the increase of the controlling use period in an enterprise measured by means of the length of the period during which an enterprise uses controlling (see Fig. 3).

The concept of controlling as a particular form of management is seen in Poland as controversial and difficult to implement. It is preferred and implemented by big enterprises (see Fig. 4). The research results seem to confirm the fact that the choice of the concept is to some extent conditioned by the size of an enterprise. Big enterprises, which have a developed structure, have problems with the coordination of fragmentary tasks referring to planning, inspection, steering and providing information and therefore they more often choose such a concept of controlling which allows to solve these prob...
In enterprise controlling has been distinguished in the field of [% of enterprises]:

Fig. 5: The functional areas, in which controlling was distinguished in the enterprises under analysis

The concept of controlling as broad financial reporting does not offer too many benefits in terms of aiding management because of its limited scope of use. For that reason, this concept is dedicated mostly to medium-size enterprises. The research results point out that this concept is used mostly just in this group of enterprises – in somewhat more than one fifth of the enterprises.

Initially, the tasks of controlling referred to an entire enterprise. In the course of time, however, one can observe the development of functional controlling which – unlike (central, general, hierarchical) enterprise controlling – is focused on selected functional areas, not on the entirety of an enterprise. This tendency has been confirmed by almost 60% of the research participants (see Fig. 5).

As far as the types of controlling are concerned, the research results show that the enterprises under analysis definitely more often use the solutions of operational controlling which is directed towards achieving current goals connected with profit generation. Almost 90% of all analysed subjects declare so (however, this percentage is only slightly lower in the enterprises which have a shorter controlling use period). It emerges from that, that – as it turned out – the analysed enterprises are concentrated on the instruments of operational level and that they rarely reach for the instruments of strategic controlling.

Organisational solutions of controlling

The implementation of controlling in an enterprise first of all means the necessity of nominating certain people who would be responsible for the correct process of controlling implementation, then for correct functioning of controlling and, what goes with it, distributing the tasks of controlling among the enterprise employees.

In almost all (97.27% of the analysed enterprises where controlling has been implemented) of the analysed enterprises, there is at least one person (a controller) who is responsible for carrying out the controlling tasks. Approximately 20% of respondents point out that it is exactly one person, however, due to the size of the enterprises under analysis – the number of people involved in carrying out the controlling tasks is much bigger (76.87% of answers). Usually there are 5 people employed to carry out the tasks of controlling but there are also cases, in which controlling service consists of a few dozen of employees. The research shows that in over 40% of the enterprises employing from 51 to 250 employees, exactly one person is responsible for controlling. The number of people increases along with the increase in the size of an enterprise. In over 90% of big enterprises employing more than 500 employees, there are on average 7 employed controllers.

The tasks of controlling – involving mainly the coordination of the work of line staff units – are assigned to a unit already existing within an enterprise or to a new position or a new organisational unit. The above statement is confirmed by almost 90% of all analysed enterprises which have implemented controlling. 1% of other enterprises indicated that they made use of an external advisor (an external controller) and almost 10% admitted that there was no controlling unit in their organisational structure. The positions of controllers are most frequently distinguished organisationally and are included into the organisational structure at the line position (approximately one third of the enterprises) or at the staff position (approximately 28% of enterprises). In almost every fifth enterprise, the tasks of controlling are assigned to the units already existing within the enterprises; in 13% of enterprises there is a kind of controlling organisational structure: the controllers are located in different places of the organisational structure.

The way of carrying out the tasks of controlling in the enterprises with long and short controlling use periods are presented in Fig. 6. With the increase of experience in controlling expressed by means of the controlling use period, the enterprises resign from the solution of including a special unit of controlling at the staff position and use the one at the line position. In the case of enterprises which have been using controlling for more than 10 years, 40% of them declare that they distinguish, especially for the needs of controlling, a unit located in the structure at the line position (in this group, the staff position is definitely less frequently used).

The research results allow to state that in a turbulent environment a team of controllers located in different places of the organisational structure predominates (as many as 40% of enterprises declare
Who carries out the tasks of controlling? [% of enterprises]

<table>
<thead>
<tr>
<th>Period</th>
<th>Controllers located in different places of the organisational structure</th>
<th>Controllers in the organisational structure there is no expression of controlling</th>
<th>External controller</th>
<th>Unit already existing within an enterprise</th>
<th>Unit distinguished specially for the needs of controlling (top position)</th>
<th>Unit distinguished specially for the needs of controlling (line position)</th>
</tr>
</thead>
<tbody>
<tr>
<td>From 0 to 5 years</td>
<td>13,85%</td>
<td>0,00%</td>
<td>18,46%</td>
<td>19,72%</td>
<td>25,08%</td>
<td>12,50%</td>
</tr>
<tr>
<td>From 6 to 10 years</td>
<td>18,46%</td>
<td>3,08%</td>
<td>37,57%</td>
<td>20,00%</td>
<td>15,68%</td>
<td>12,28%</td>
</tr>
<tr>
<td>Over 10 years</td>
<td>20,00%</td>
<td>0,00%</td>
<td>33,85%</td>
<td>33,85%</td>
<td>33,85%</td>
<td>33,85%</td>
</tr>
</tbody>
</table>

**Fig. 6: The executors of controlling tasks in the enterprises under analysis, depending on the controlling use period**

In the turbulent environment (approximately 60%) pointed to equipping a controller with a limited scope of decision-making rights. On the other hand, in a turbulent environment, the smallest percentage of the enterprises in which the controller has no decision-making rights has been observed (only 20% of the enterprises declared such a solution).

Another important step in controlling implementation is to distinguish the responsibility centres in an organization. In accordance with the theoretical basis, five basic types of responsibility centres have been distinguished in the research: for production, costs, income, results and for investments. The results of the research undoubtedly show that the cost centres are most popular. Generally speaking, such responsibility centres are situated in the structure of 76,2% of the enterprises under analysis which have implemented controlling. The production and income centres occupy further positions (45,7% for production centres, 37,8% for income ones). On average, the analysed enterprises distinguish in their structures the responsibility centres of two or three kinds. It should be stressed that with the increase in the size of an enterprise, the enterprises more often decide to distinguish investment centres, which implies management decentralisation and the transfer of wide decision-making rights to the lower levels of the organisational structure.

**Instrumental solutions of controlling**

Execution of controlling tasks would be impossible without proper instrumentarium. Among crucial controlling instruments most often one distinguishes using specific cost calculation and profit and loss account, margin account of covering costs (analyses CVP), budgeting and multidimensional deviation analyses.

The research results (see Fig. 7) show that using cost accounting which is different from the one required by legal regulations is not popular. Only the cost accounting referring to the places of cost generation as well as the direct cost accounting are shown to be used in 65% of the enterprises under analysis. Almost 80% of the enterprises which have implemented controlling and a few more than a half of the enterprises under analysis which have no controlling have indicated that they use the cost accounting referring to the places of cost generation. It is thus an interesting disproportion. The direct cost accounting is used by more than a half of all the enterprises which have controlling and by somewhat more than one fourth of those which have no controlling. It seems that the popularity of both cost-classifying sections is understandable because these types of accounting are useful in making decisions of managerial character. The research results show that the enterprises, in which there is controlling, are more frequently inclined to use modern cost accounting.

The research results (see Fig. 8) show that the use of profit and loss accounts different from those which are required by legal regulations is definitely more popular in the enterprises in which controlling
What types of cost accounting are used in the enterprise? [% of enterprises]

- Cost accounting required by legal regulations (the type distribution of costs, the calculation distribution) 90.2%
- Simple / traditional cost accounting (e.g. Full cost accounting) 21.3%
- Activity-based cost accounting (ABC, Time Driven ABC) 10.4%
- Target cost accounting etc. 7.3%
- Direct cost accounting (divided into permanent and changing costs) 26.8%
- Cost accounting referring to cost generation places 54.3%
- Cost accounting referring to cost carriers 79.3%
- Cost accounting referring to product lifecycle 25.0%

Fig. 7: Cost accounting used in the enterprises under analysis, in which there is controlling and in which there is no controlling

Are different than those required by legal regulations types of result accounting used in the enterprises [% of answers]

- Controlling has not been implemented
  - Only the result accounting required by legal regulations 111
  - Non-standard (including controlling ones) result accounting 31
- Controlling has been implemented
  - Only the result accounting required by legal regulations 69
  - Non-standard (including controlling ones) result accounting 95

Fig. 8: Traditional versus controlling result accounting used in the enterprises under analysis, in which there is controlling and in which there is no controlling

What (apart from standard result accounting, required by legal regulations) are used in your enterprise? [% of answers]

- One-stage margin accounting of cost coverage 37.2%
- Two-stage margin accounting of cost coverage 14.9%
- Multistage margin accounting of cost coverage 14.3%
- Other 4.9%

Fig. 9: Controlling result accounting used in the enterprises under analysis, in which there is controlling and in which there is no controlling

has been implemented. Among the enterprises which do not have the system of controlling, almost 80% of respondents deny using modern result accounting and in the group of the enterprises with the system of controlling, this percentage is almost twice lower. It should be positively assessed that the majority of the enterprises which have implemented controlling and which use the margin accounting of cost coverage declare that they use the most developed, i.e. multistage margin accounting of cost coverage (see Fig. 9).

It should be added that this type of margin accounting of cost coverage (multistage result accounting) is advised in literature as the most appropriate one for big enterprises, which seems to be confirmed by the research results. With the increase in the size of an enterprise, the respondents stop limiting themselves only to those types of result accounting which are required by legal regulations and more willingly reach for the solutions which facilitate the control over costs and results, the assessment of the influence of the changes on the amount of profit obtained by an enterprise as well as the assessment of the work results of particular parts of an enterprise.

Budgeting is the most frequently used instrument of controlling in the enterprises under analysis. Almost 70% of respondents declare using this instrument. However, one may notice here a huge dis-
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5. Conclusion

This article presents the results of the research into the scope of the implementation of controlling in the enterprises operating in Poland. The research has shown that controlling as a method of management support is gradually becoming more and more popular and recognised in Polish enterprises. It is implemented definitely more frequently by large enterprises in which the need for managerial information and the instruments of the efficient and punctual flow of information is huge. However, it should be stressed that often the implementation of controlling in large enterprises did not result from the enterprise’s inner need but it was forced by the capital changes or the entry of foreign investors. The research has shown that medium-size enterprises reach for controlling definitely less frequently. In the group of tested medium-size enterprises, somewhat more than one third of such enterprises implement controlling solutions. Probably the smaller size of enterprises and, what goes with it, the lower level of the complexity of the performed tasks and processes make these enterprises function quite effectively without the system of controlling.

The form of the solutions of controlling is not universal and identical for every enterprise but it is adjusted to enterprise size, market and functioning conditions. Therefore, enterprises more frequently reach for those components of the system of controlling which they think are most useful in given conditions. Synthetically, the research results which have been obtained are summarised here. As far as the functioning solutions of controlling are concerned, its dominating concept is – as was expected – the concept of coordination and information management support. The concept of coordination is particularly justifiable for the enterprises with a developed organisational structure, with complex coordination processes and one deals with such organisational structures most frequently in large and medium-size enterprises in which the coordination processes are very complex. The concept of information management support might be most useful for the enterprises operating in fast-changing environments when the demand for new information about the environment and about the very internal activity in the fast-changing environment increases. The present-day enterprises operate in such conditions.

The enterprise controlling (referring to an enterprise as an entirety) predominates in the analysed enterprises but functional controlling is also used to a big extent. It is most frequently distinguished in the field of finance, sales and production, and therefore in areas which are particularly essential for the obtained results.

Approximately 98% of analysed enterprises which declare the implementation of controlling give expression to this by including the positions of controllers in their structures. It is also observed that along with the growth of experience in controlling expressed by means of the controlling use period, the enterprises re-

Fig. 10: The use of budgeting in the enterprises under analysis, in which there is controlling and in which there is no controlling

Fig. 11: The sections in which budgeting is carried out in the enterprises under analysis

Does the enterprise use budgeting? [% of answers]

<table>
<thead>
<tr>
<th>Controlling has not been implemented</th>
<th>58</th>
<th>84</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controlling has been implemented</td>
<td>154</td>
<td>3</td>
</tr>
</tbody>
</table>

Budgeting is used □ Budgeting is not used □

In what way is budgeting used in the enterprise? [% of answers]

<table>
<thead>
<tr>
<th>Controlling has been implemented</th>
<th>42.2%</th>
<th>72.1%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controlling has not been implemented</td>
<td>34.4%</td>
<td>45.1%</td>
</tr>
</tbody>
</table>

In the functional way □ In the section of responsibility centres □ With the consideration of the realised processes □ In some other way

The research results show that also in this case proportion between the enterprises which have implemented controlling and those which do not have it. In the former group, budgeting is used by as many as 94% of the enterprises under analysis and in the latter one – only approximately 40% (see Fig. 10). The enterprises which have implemented controlling unanimously declare that they use budgeting in the section of responsibility centres but the responsibility centres usually overlap with the organisational units distinguished in these enterprises. The enterprises where controlling has not been implemented carry out budgeting in a functional system, taking the realised economic processes into consideration (see Fig. 11).

It should be emphasised, however, that the interest in budgeting increases along with the increase in the size of an enterprise and in the length of the controlling use period – in the enterprises in which controlling has been functioning for a relatively longer period of time, this instrument is used more frequently. It is probably connected with the process of staff’s learning (in these enterprises) as well as with noticing profits resulting from the implementation of the above discussed method of management support. The section of costs which is the basis of budgeting in enterprises is strictly connected with the result accounting used in the enterprises under analysis. The research results show that also in this case it is not popular to use cost accounting different from the one required by legal regulations.
The paper reveals that insofar as the solutions of controlling from the theoretical perspective are commonly known, the same cannot be said about the forms of these solutions applied in the practice of enterprise management. So there is a need of carrying out the further research in such a way it could be possible to find as much as possible about the comprehensive solutions of controlling applied in practice. The knowledge of them will allow to establish the level of the improvement of those solutions – their quality in relation to the theoretical solutions. The systematic studies into the solutions of controlling will constitute a basis for establishing the trends of controlling changes. Both of the above-stated issues will help particular enterprises to improve the solutions of controlling adopted in such enterprises as well to identify the conditions of the effective use of these solutions. It should be also stressed that both in theoretical and practical dimension presented results are a part of research in a field of search of comprehensive solutions of controlling applied in practice to be characterized by high efficiency.

Keywords
- Controllership
- Controlling
- Controlling solutions
- Poland

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