Adoption of Controlling Standards in Business Practice – Results of an International Study

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1. Benefits and examples of Controlling standards

The International Group of Controlling (IGC) is a platform for organizations and respective market leaders in Controlling education from 15 European countries and forms up an international network to shape the future of Controlling and its education. The main purpose of the IGC is the further promotion of the Controlling profession as well as the establishment of a common understanding of Controlling. For that purpose, one of the main activities of the IGC during the last decades has entailed the development and establishment of various Controlling standards. Those standards provide a foundation for an effective provision of management control activities within organizations. The application of the Controlling standards of the IGC offers concrete advantages which include a goal-oriented, company-wide alignment of all Controlling activities, the enhancement of the structure of the Controlling department, the establishment of efficient Controlling processes, and the provision of an infrastructure for a demand-focused development of Controllers.

The IGC has developed, among others, the following four Controlling standards over the last 20 years: the “Controller Mission Statement” (cf. IGC, 2013; Losbichler/Niedermayr-Kruse, 2013, p. 167 ff), the “Controlling Process Model” (cf. IGC, 2012a), the “Controlling Process KPIs” (cf. IGC, 2012b), and the “Controller Dictionary” (cf. IGC, 2010). The “Controller Mission Statement”, which defines and specifies the role of Controllers in corporations, was firstly published in 1996 and lastly updated as third version in 2013. The “Controlling Process Model” and the “Controlling Process KPIs” were published in 2012. They complement each other and serve as guidelines for the design and optimization of Controlling processes. The “Controller Dictionary” has been published in various language versions (e.g. Czech, Croatian, Hungarian, Polish, Russian, Slovenian). Its fourth edition of the German-English/English-German version was published in 2010.

Based on their advantages, Controlling standards serve as tools for professionals to fulfil the requirement for goal-oriented and economical behavior during the provision of their own services and thus increase the value contribution of the Controlling department within the corporation. Against the background of current trends in the business environment, the development of new as well as the updating of existing Controlling standards offers constant impulses to increase the efficiency of Controlling activities. To fulfil this purpose, the renewal of Controlling standards must be in line with the needs of corporate practice. To ensure a needs-based renewal of Controlling standards, the IGC conducted an empirical study on the adoption of Controlling standards in several European countries. The results of the study not only provide insights into the current application of and satisfaction with the Controlling standards, but also provide important impulses for their appropriate enhancement. The present article presents the results of this study. The study background is discussed first. It is followed by the presentation of the results and the conclusion.

2. Study background

Over the last two years, the IGC has conducted an empirical study in several European countries to support the further development and establishment of Controlling standards. The study has aimed at examining in particular the following aspects regarding the before mentioned Controlling standards of the IGC:

- degree of recognition,
- degree of both application and application areas,
- and degree of satisfaction.

Recently developed and published Controlling standards of the IGC, such as the “Controller Com-
petence Model” (cf. IGC, 2016), were not included in the study. It was assumed that due to their novelty those standards only have a low degree of recognition and application so far.

The data was collected using a quantitative online survey. This procedure represents a suitable methodological approach since the main aim of the study was to examine the degree of recognition, application, and satisfaction of the existing Controlling standards of the IGC across different countries. Currently, the membership base of the IGC comprises of companies and institutions from 15 countries in Europe. To reflect the international orientation of the IGC in the study, an international data collection was executed. The following countries were reflected in the survey: Germany, Austria, Switzerland, Croatia, and Italy.

The data collection was conducted between April 18th and September 15th in 2016. An interdisciplinary group of experts with academic and professional backgrounds developed the survey instrument. The original German version was translated into several other languages including English, Croatian, and Italian.

In total, 328 of the returned questionnaires were complete and usable for the data analysis. The total sample comprised participants from European countries in the following scope: Germany 83, Austria 39, Switzerland 51, Croatia 90, and Italy 56. The remaining nine participants reflect European countries which differ from the initially intended ones. Those comprise, for example, Belgium and Spain.

With regard to the professional background, the majority of the study, representing 184 participants, holds a position in the Controlling department of their respective companies. Moreover, 50 participants are employed in the finance department and 53 participants belong to the management board of their companies. The remaining 41 participants either work for a department other than finance, Controlling or accounting or did not specify their department affiliation.

In addition to department affiliation, the participants could also specify their current position in the department. In total, 265 participants hold positions with management responsibilities. Therefore, the majority of the sample with a proportion of 62.5% is represented by corporate executives. Additional 107 participants fulfill expert functions, 16 did not specify their concrete position.

3. Overview of study results

The results of the study show that the “Controller Mission Statement” is the most popular standard of the IGC across all countries that are represented in the sample (cf. Fig. 1). The “Controller Mission Statement” is especially well recognized among German, Austrian, and Croatian participants. Compared to the degree of recognition of the remaining Controlling standards, the “Controller Mission Statement” clearly stands apart in these three countries. Depending on the country, either the “Controlling Process Model” or the “Controller Dictionary” has the second or third highest degree of recognition. The “Controlling Process KPIs” have the lowest degree of recognition in all of the studied countries. The data also clearly shows that in Switzerland and Italy the degree of recognition of all Controlling standards of the IGC is significantly lower compared to Germany, Austria, and Croatia.

In addition to the degree of recognition, the study also examined the degree of application of the Controlling standards. The degree of application indicates how intensively the participants use the individual Controlling standard in different areas of their daily business. The degree of application was
only inquired from participants who previously specified that they are aware of the respective Controlling standard.

A comparison of the four Controlling standards reveals that the “Controller Mission Statement” is the most intensively implemented in the business practice across all countries. Moreover, the results of the data analysis show that the “Controlling Process KPIs” are the second mostly implemented Controlling standard in corporate practice. This is especially the case in Germany and Croatia (cf. Fig. 2). The results also indicate that the degree of application of all Controlling standards is significantly lower in Switzerland and Italy compared to Germany, Austria, and Croatia.

Within the survey, the participants were also asked to what extent they are satisfied with the respective Controlling standards of the IGC. Similar to the questions about the degree of application, questions in relation to the level of satisfaction have only been presented to participants who previously stated that they are aware of the respective Controlling standard.

Across all countries, the results show a high satisfaction with the Controlling standards of the IGC (cf. Fig. 3). The participants rated the “Controller Mission Statement” as the standard with the highest level of satisfaction. The “Controller Dictionary” placed second followed by the “Controlling Process KPIs” and the “Controlling Process Model”. With a country perspective, the Controlling standards achieve the highest level of satisfaction in Croatia followed by Germany and Austria, respectively.
4. Conclusion

With regard to the degree of recognition, the study clearly shows that the “Controller Mission Statement” is the most popular Controlling standard of the IGC. The lower level of recognition of the other Controlling standards can possibly be explained by both the later date of the publication as well as a lower number of related publications in professional journals. While articles in professional journals regularly refer to the “Controller Mission Statement” and the “Controlling Process Model”, the “Controlling Process KPIs” are rarely discussed. Overall, a major finding of the study is that the Controlling standards of the IGC have received some attention. However, to achieve the goal of a far-reaching coverage of the Controlling standards in the business practice, additional effort and time needs to be invested.

Moreover, it is important to note that the study participants from the different countries are highly satisfied with all Controlling standards of the IGC. Here, the participants are most satisfied with the “Controller Mission Statement”. However, the “Controlling Process Model” and the “Controlling Process KPIs” possess nearly the same ratings and therefore follow closely. In order to maintain these high levels of satisfaction and to keep up with continuous changes in the business environment, a constant revision and further development of the Controlling standards of the IGC are necessary. To meet this requirement, the IGC is currently revising the “Controlling Process Model” in 2017 and will update the “Controlling Process KPIs” in 2018.

References

- International Group of Controlling (Ed.), Controlling Process KPIs, Freiburg 2012b.