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## **THEORETICAL ASPECTS OF CONTROLLING AS A COMPONENT OF AN EFFECTIVE SYSTEM OF MANAGEMENT OF ENTERPRISES IN THE GLOBALIZATION CONDITIONS**

In today's highly competitive environment and globalization, the most relevant issue for every business entity is the creation of tools that can modernize the organizational and information structure of the enterprise to ensure its sustainable development in the long term. Herewith, the management structure, methods, and mechanisms of interaction of its units must be constructed to provide the solutions of basic problems of its development, as well as the designing and the realization of a long-term strategy for success in the dynamic conditions of a competitive environment. Improving management by creating a controlling system, as a functionally separate direction of work at the enterprise, is one of the most important components of improving its efficiency. Controlling takes the enterprise management to a whole new level, integrating, coordinating, and directing the activities of different services and units of the enterprise towards the achievement of the operational and strategic goals.

Various aspects of the formation of theoretical and practical approaches to the implementation of controlling in the enterprise management system, namely the theoretical justification of the general processes of information support of the management system at the enterprise level, the use of controlling in terms of strategic

enterprise management, as well as the peculiarities of construction of enterprise control systems were revealed in the scientific works of such domestic and foreign scientists: I. Ansoffa, A. Daile, E. Mayer, M. Mescon, R. Mann, G. Pich, A. Fayol, H. Folmut, D. Han, K. Homburg, P. Horvath, H. Hungenberg, W. Schaeffer, O. Amoshai, S. Aptekar, O. Anankina, M. Bilukha, O. Veklic, Y. Weber, S. Golova, T. Golovin, N. Gladkikh, S. Danilochkin, N. Zamyatina, O. Karminsky, V. Kulik, Y. Lysenko, Y. Makogon, L. Malyarets, O. Prokopenko, M. Pushkar, L. Popova, V. Savchuk, O. Savitska, G. Semenova, O. Tereshchenko, M. Tarasyuk, E. Utkin, S. Falko, Z. Kholod, Y. Yakovlev and others.

However, despite the sufficient number of scientific publications on this topic, further refinement is still required by the approaches to the interpretation of the term "controlling" itself. Also, the existing approaches don't provide a complete uniform interpretation of the functions of this purposeful activity, don't take into account the dynamic processes in the global environment, and don't have specific practical recommendations for improving the efficiency of enterprise management, considering the economic transformations at the national level. Moreover, the issues of the applied nature of controlling at an enterprise require more detailed consideration in scientific and practical aspects.

Thus, in our opinion, the further development of the theoretical justification of increasing the efficiency of enterprise activity management, which is based on the control system, is relevant today, particularly the generalization of the main aspects of enterprise control, clarification of the definition of "controlling", and development of recommendations for improving the efficiency of activity management in the Ukrainian market.

The study of information sources shows that there is no unity in the interpretation of the goals, essence, and functions of controlling among the representatives of different scientific schools. The problem is that, on the one hand, the same definition is often interpreted differently from one author to another, and, on the other hand, the same functional tools are characterized by different terms. The above mentioned makes it possible to summarize that the set of functions aimed at information support of the management (financial

management) of the enterprise by different authors is defined as controlling, management accounting, or management control.

Concerning the content of the category "controlling", we can conclude that controlling is a broad concept that, at first glance, is associated with the word "control". Yet, it doesn't come down to a simple control system but covers a much wider sphere of enterprise activity, since controlling is a system of observing and studying the behavior of the economic mechanism of a particular enterprise and developing ways to achieve its goal, as well as a future-oriented system enterprise development [6, p. 11]. That is, controlling is an integrated enterprise management system that combines elements of economic analysis, planning, management accounting, control, and management [5].

There are two main concepts of controlling in the economic literature: German and American. Representatives of the German School (J. Weber, G. Kupper, D. Han, P. Horwach, K. Steinle) understand the controlling as a system of coordination, planning, and control or management information support. In the German-language economic literature on controlling [9], the concepts of "management accounting" and "management control" are quite rare to meet, and these terms are used mainly as synonyms in characterizing the accounting process and analyzing income and expenses. Management accounting, according to this approach, is a part of the enterprise's controlling system. Therefore, according to the German concept, the central tasks of controlling include solving internal accounting problems.

Representatives of the American School (R. Anthony, R. Hilton, R. Kaplan, and C. Horngren) mostly use the concepts of "management accounting" and "management control" in their writings, and sometimes the term "controlling" as synonymous to them [1; 2]. The main difference between the American concept and the German concept is, first of all, the consideration of problems of accounting and analysis of the environment. That is, the American concept also includes the tasks of financial accounting, analysis, and evaluation.

The interpretation of controlling as a system that is oriented to accounting takes place in the scientific works of domestic scientists [3, p.123], herewith controlling is identified with internal economic

(management) accounting, the task of which is to reveal accordance or discordance of business expenses with the planned indicators.

Thus, research of scientific sources allows formulating own definition of controlling as oriented on the achievement of the set goals of the integrated system of information-analytical and methodical providing of management in planning, management accounting, research and analysis of information flows, permanent monitoring, control, adjustment, implementation and realization of management decisions in all functional spheres of enterprise's activity, based on the developed subsystem of information support in the conditions of the fast-changing environment. Its goal is to focus the management process on maximizing profit and capital while minimizing risk and maintaining liquidity and solvency of the enterprise.

The concept of controlling implies a combination of structural elements of the organization and management of enterprises, the main among which are all categories of business processes and the cost of their implementation; centers of responsibility of the enterprise; planning and budgeting systems based on the enterprise responsibility centers; a management accounting system built on responsibility centers and their budgets; strategic management system formed from the value chain analysis, strategic positioning and cost-formation factors; information flows (workflow), which allow to quickly record the current state of execution of the responsibility centers' budgets; monitoring and analysis of results of financial and economic activity of the enterprise; identification of causes of deviations and formation of management actions within the responsibility centers [7]. To achieve these goals, controlling should ensure the fulfillment of the main functions that are interconnected in the enterprise management system (figure 1):

- coordination of management activities to achieve the goals of the enterprise;
- information and consulting support for managerial decision-making;
- creation and maintenance of functioning of the general information system of enterprise management;
- ensuring a rational management process at the enterprise:

- planning, internal control and permanent monitoring of all spheres of the functioning of the enterprise;
- tracking deviations of plans, programs, reports, and related adjustments to them;
- an adaptive metafunction.

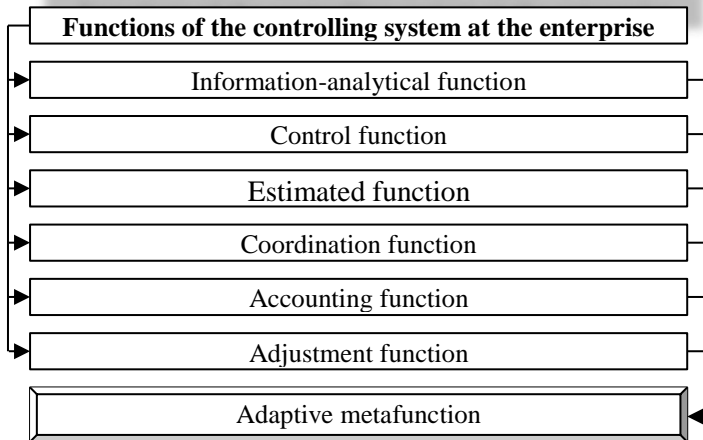


Figure 1. Main functions of the controlling system at the enterprise

The mechanism of implementation of control functions at the enterprise can be represented as follows: based on the obtained results of the implementation of information and analytical function by defining the goals, exploring reserves and environmental conditions, and planning, we determine a certain course for future periods, while effective reporting and accounting allow executing more precise and accurate control monitoring in the current period, and analyze the causes of deviations and correct them, meanwhile coordination provides support for the approved course.

The interconnection of the basic functions of controlling in the enterprise management system forms its adaptive metafunction, which manifests itself in maintaining the balance between the internal environment of the enterprise and the changing conditions of the external environment. The value of metafunction rises due to the emergence of a correlation effect that increases its impact on the

economic system. Moreover, an increase in the value of an enterprise's controlling system is observed exactly when it is unbalanced due to a transition period, in particular: change of ownership, increase or decrease in the size of the enterprise, attraction of investments, entrance to new markets, etc.

In modern household conditions management divides the goals of the enterprise into two groups: operational (short-term) and strategic (long-term), while the controlling system allows to constantly monitor the achievement of both strategic and operational goals of the enterprise [4]. Thus, controlling as a system combines two main aspects of management, namely operational and strategic ones (table 1).

Table 1. The main characteristics of operational and strategic control of the enterprise

Characteristics	Operational control	Strategic control
Organizational hierarchy	All levels of control	Top managers
Duration	Short-term and current period	Medium-term and long-term period
Alternatives	Outlined circle within the main purpose	Wide range of alternatives
Detailization	Relatively large	Little
Source of information	External and internal sources	External sources
Incertitude	Low level	Significantly high level
Concentration	All areas of enterprise functioning with further coordination and adjustment	Concentration on individual important elements and positions of the enterprise

Methods, tools	<p>GAP-analysis (analysis of deviations (gaps); portfolio analysis (analysis of the division of activity of the enterprise by separate strategies for products and markets); CVP-analysis (analysis of cost-volume-profit ratio); ABC-analysis (analysis of groups of production units; planning of needs for materials; analysis of performance indicators; static and dynamic methods of investment calculations; functional-cost analysis; budgeting of the production capacity planning for the current period; break-even point analysis, etc. The essence of the ABC method is that a classification feature is selected according to the purpose of the analysis. Then the ranking is carried out in descending order of this classification feature).</p>	<p>Benchmarking; SWOT analysis; analysis of product life cycle, barriers to the market entry; scenario analysis; sensitivity analysis; analysis of costs by accounting and reporting centers; pricing; financial planning; analysis of perception cards; analysis of Porter's competitive forces; financial planning; service-quality analysis; analysis of deviations; logistics tools; rationing of costs and reserves, balancing of FSA payment cards; investment cost analysis; definition of target spending; definition of standards of activity indicators, production result of the enterprise, etc.</p>
Type of possible problems	A clear set of problems	The set of problems is unclear
Indicators	Efficiency and risk; costs and revenues; profitability and profit; liquidity; solvency, etc.	Success potentials

Strategic controlling provides the entity with survival in a highly competitive environment and tracks the enterprise's movement toward a strategic goal of development and achievement of a long-term sustainable advantage over competitors [8]. Objects of control and, therefore, of controlled values are such indicators as the purpose, strategies, potentials and factors of success, strengths and weaknesses of the enterprise, chances and risks, and consequences.

The main purpose of operational control is to create a management system that effectively helps to achieve current tasks of the company, as well as optimize the "cost-benefit" ratio [10]. Operational controlling is focused on the short-term perspective and controls such key indicators as profitability, liquidity, productivity, and profit. Apart from solving specific strategic and operational tasks, controlling contributes to the rapid implementation of the necessary management changes and turns to be the system with the help of which all management decisions in the enterprise are formed.

Particularly important is the use of controlling in an unstable economic environment, to which we can include the national economy when achievement of high-level competitiveness and long-term advantage in the market becomes possible through fast and efficient management decisions. In such circumstances, controlling as a functional management tool allows avoiding discordances in management decisions and allows to identify in time the hidden potential in the management system. It can be also said that controlling contributes to the improvement of the management quality and the focus on the future development of the enterprise, the main purpose of which is the orientation of the management process toward the maximization of profit, the minimization of risk, and the maintenance of the liquidity of the enterprise.

Thus, in this study, the theoretical and practical aspects of the use of controlling as a modern convention for effective management were summarized. Without any doubt, today practically all Western European countries have, in one way or another, control elements as one of the most effective economic systems. Therefore, for national enterprises to implement competitive products, conquer markets, optimize costs and maximize profits, it is important to implement certain elements of the controlling subsystem. The functioning of this system is aimed at generating a certain amount of information, which



allows the governance to make optimal management decisions and thus prevent the emergence of crises in the enterprise. From this point of view, the problems of increasing the efficiency of enterprise management need to be considered and solved in a close relationship at the macro and micro levels, which requires a further and more in-depth study of the need to create effective management mechanisms, that are based on conceptual principles of controlling, to ensure the economic security of enterprises.

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