

## DETERMINING CONTROLLING FUNCTIONS IN THE ENTERPRISE MANAGEMENT ACTIVITY

**Problem Statement.** Current market relations in Ukraine require qualitatively new approaches to the management of economic entities. It is mainly connected with the dynamic changes of external business environment, economic instability and technological progress. The specified factors turn current enterprises into complex systems, the efficient management of which requires the analysis of significant amount of data, selection of the best options, fast decision making, controlling, coordination and timely correction of possible deviations as an innovative approach to the management of industrial enterprises. Therefore, the issue of determining controlling functions as a concept of provision of efficient management by processes of economic entity is really important.

**Analysis of Researches and Publications.** The problem of strategic controlling in the management of business innovation activity was studied in the works of such economists as S. H. Illyashenko [1], O. M. Karmins'ky [2], O. B. Kovaleva [3], N. I. Olenev [2], O. V. Pestovs'ka [2], O. H. Prymak [2], M. M. Romanova [4], S. H. Fal'ko [5], V. V. Yakovenko [6] etc.

**The objective of the article** is the consideration and localization of controlling in business management as a central subsystem; besides, functions, tasks, the spheres of application and objects of controlling are determined.

**Presentation of the Main Material.** Current controlling development takes place by means of transformation and combination of conventional methods, planning, formation, accounting, analysis and controlling, which is developed dynamically into a single system of generalization and information processing for the adoption of managerial decisions on its basis. This information is focused on the achievement of current and strategic objectives of the enterprise. The current objectives in this context include the receipt of profit. As for the strategic purposes, they include the efficient operation of an enterprise and social factors (environmental neutrality and preservation of jobs). Controlling creates a system, where the systemic integrated solution of problems prevails over the orthodox thinking of managerial personnel at the enterprise.

Functions and tasks of controlling are constantly complemented and vary implicitly. The importance of certain tasks is being changed. The functions of controlling distinguish the corresponding directions of management behaviour according to the objectives set for the enterprise, which include as follows: approval of the planning process, control of compliance with a plan, evaluation of economic processes, revelation of deviations, creation of recommendations on the elimination of reasons, which cause these deviations and their presentation for the company personnel.

Business management system clearly affects the controlled object. Nevertheless, it is necessary to note that particular phases and functions of management may sometimes be missing, or the consequence of their application may be changed. The achievement of these objectives facilitates the controlling service, the main focus of which is to prevent the emergence of crisis situations in the near and distant future. Controlling in various spheres of activity implement the following functions:

- the sphere of planning: provides information support at the development of sales plan, production output, material support, investments; development and proposal of various interpretation for the whole system of planning; fixing the time for individual projects of the planning process; implementation of information traffic, combination of separate plan characteristics in time space and by implication; check of the formed plans for their meeting the baseline conditions of the enterprise; integration of plans into one single enterprise plan according to the separate budgets.

- the accounting sphere in provides as follows: receipt and processing of information, development and keeping of the system of internal managerial accounting;

- the sphere of controlling and adjustment it provides as follows: assessment of characteristics, controlled in dynamics and according to the structural content; comparison of planned and real values; assessment of permissible deviation limits of real value from the desirable ones, assessment of deviation reasons, as well as the provision of recommendations for the deviation offset;

- the sphere of research and information analysis: elaboration of fundamental directions in the information system; standardization of information carriers and channels; gathering and systematization of relevant data for the decision making; selection of instruments for the planning process, arrangement of control and substantiation of the adopted decisions; elaboration of options for the correction and provision of advisory services therewith; provision of optimal informative system functioning.

- the sphere of special controlling functions provides as follows: preparation and data analysis on the status of financial market and the capital, various government programs; condition of the sphere, comparison with business rivals; substantiation of calculation for special orders and efficiency of the investment projects [2].

The controlling function includes the provision of systemic management information, which includes its processing, verification of situation for adequacy, i.e. the adaptation of the current accounting at the enterprise to the needs of managerial personnel, adopting decisions. Controlling facilitates the coordination of planning

processes, controlling, adaptation, and focus on the support of decision making procedures.

Different authors give their own definitions to controlling functions. Accounting function consists in the content of fixation of the initial information on business transactions and grouping of this information in chronological order. The function of accounting makes it possible to obtain information on the available resources, because it secures the preservation of values and always precedes the control function, which creates an opportunity of monitoring the financial and economic activities at the enterprise. For the adoption of tactical (operating) and strategic decisions it is necessary to get information with the use of analytical data of arising deviations, the amount of cover and general financial results of business activity, which secure the implementation of managerial function of controlling. The function of internal control is limited to controlling of the efficient performance of the whole enterprise as well as its structural subdivisions. Contrary to inspection, controlling is focused on the current and future activity outcomes, and is not connected with the examination of documents on the executed business transactions.

Managerial functions determine basic directions for the realization of actions on the employee interaction during production, based on the use of efficiently allocated functions, dependent upon the time and space, methods and organizational structure of management, characterizing division and specialization of work in management. The enumerated functions, when used together and interconnected, form the management cycle and reflect the production management content. The main (general) functions of production management are as follows: arrangement, rationing, planning, coordination, motivation, controlling and adjustment. It is necessary to point out that functions of arrangement, rationing and motivation, specified for certain working environment, are more tolerant to the effect of internal and external environment, and, therefore, do not change for a long time. Characteristics of managerial functions showed that each of them has a definite place and significance in the course of management; all of them are interrelated and complement each other at the development of managerial decisions.

The subject matter of coordination in management includes approval and regulation of the actions of executives, taking part in production and economic activity. The main directions at the development of managerial system include: formation of organizational structures of management, allocation of structural subdivisions and management levels, functions of separate constituents of management structures, determination of relations between all directions and the nature of subordination.

The primary purpose of controlling function consists in purposeful action on the controlled object in order to reveal deviations of actual values from the target figures and regulatory values, as well as from the estimated figures. Controlling stipulates constant comparison of the projected values with de facto parameters, allowing to

adjust not only real deviations, but also to prevent the anticipated ones.

Managerial function is performed using the statistics of deviation analysis, coverage rates, strategy reevaluation, correction of ways of objective implementation and change of general activity results of the company for the adoption of managerial decisions. One of important controlling tasks is constant coordination of goals on all levels of business management, realization of all possible methods and techniques with a view to ensuring the achievement of final business objective to the fullest extent.

Service function is an information controlling service, directed at the achievement of the objective, the end result of the company activity, which is secured with the help of the systems of standardization, planning, accounting and controlling. Information, which is used at the realization of this function, should contain the specific projected characteristics (plans and standards) as well as real ones, including the deviation data, revealed during the accounting.

Economic, social, environmental, scientific and technical, managerial and production and other factors render direct influence on the adoption and implementation of business management decisions. Some of them are not controlled by the enterprise, but significantly affect its production and economic activity. These are external factors, the main of which are connected with the market activity. Thus, customer demands and requirements to the manufactured products, as well as the possibility of business rivals to produce the similar products, conditions of raw material suppliers, materials, component parts, possibilities and requirements of investors determine the economic status of the enterprise. Socially it is necessary to take into account the factors, connected with the labor market and trade union policy. As for the environment, there are certain legal and regulatory environmental requirements.

Management strategy of productive-economic activity of the enterprise, developed on the basis of the action of external factors, determines the volume and growth rate (decrease) of manufactured goods and the volume of investments for the production development, development of product innovation, increase of the output and quality improvement of quantity produced merchandise. The end results of production activity of the enterprise are influenced by internal factors. They describe the internal status and operation of an enterprise, every production subdivision, and are directly controlled by them. The internal factors affect the production progress in the course of implementation of development strategy and business management.

Timely provision of necessary information to the management personnel of the enterprise for the adoption of decisions on strategy adjustment refers to main service function. Changes of strategy, conditioned by the market situation, indicate the necessity of changing the intraproductive processes and structures.

One of the main controlling directions may be the provision of regulation function, i.e. controlling service

complements and specifies the area of business due to the changes of the external factors, and serves as a communication tool (communication vehicle and medium) at the enterprise. The following directions of this function can be implemented: systems of early detection of significant changes; elaboration of appropriate actions, directed at the gain of confidence in individuals, important for the efficient activity of the enterprises. To accomplish this, it is necessary to reconsider the tasks, organization and functions of controlling, facing the enterprise, and, if necessary, to expose them to changes (according to the principles of customer orientation, processes and future).

The dynamics of external factor changes can markedly affect business economics, but the enterprise cannot affect it on its own. Therefore, they are ill-defined on the side of the enterprise. However, the chief executive officers must track such changes and adjust their activity.

Management, based on the use of traditional control, combines with standards, norms and rates, taking into account the past experience. Control actions at such management are directed at the use of information, which has already taken place; therefore, they retard the active use of the enterprise potential. Controlling service develops and constantly emphasizes on the decisions, set in front of the enterprise personnel: achievement of strategic objective, efficiency substantiation of the chosen alternative decision, perspectives of project financing, anticipation of the situation at the emergence of uncontrolled factors on the way of strategic objective achievement.

The main tasks of controlling in the management of business activity from the organizational point of view are information and analytical supporting planning and controlling over the innovative activities of the enterprise, which is essential at the development of general strategy, strategic objectives and events on the choice of directions of innovative business activities, as well as the provision of necessary information for the adoption of strategic decisions. We agree with the thought of some authors, especially S.H. Fal'ko that strategic controlling is destined to help the executive directors to determine and evaluate new potentials of successful activity. Corresponding organizational tasks come out of every controlling subsystem. The tasks of strategic controlling are as follows: strategic planning, information support; control over the implementation of plans, analysis and detection of deviations, management (strategy correction) [5].

Functioning results for the use of controlling in business activity management are conditioned that controlling should secure the performance of certain function in order to achieve the set goals. Particularly, O. B. Kovaleva determines the following functions of strategic controlling: servicing – provision of management decision making with analytical information; controlling – realization of monitoring, analyses and control over the plan's performance; deviation control and coordination of management activity on the achievement of all business goals; methodological – development of decision-making methodology and its coordination [3]. Another variant

for determining controlling functions is provided by O. A. Yakimenko [6] (Table. 1).

The proposed classification determines the role of monitoring in business activity, which is as follows: controlling service does not replace the executives during planning, does not keep records of expenditure instead of other subdivisions, does not store controlling and analytical information for own requirements, but it conducts methodological, organizational, coordination and consultative support of planning, accounting, control and analysis in order to secure the executives with necessary information for the efficient management of the enterprise and his structural subdivisions.

Controlling is mainly focused on the support of decision making processes. It should secure the adaptation of traditional accounting at the enterprise to the informational needs of executives, who adopt the decision, i.e. controlling function includes creation, processing, check and presentation of systemic management information. Controlling also supports and coordinates planning, provision of information, control and adaptation. Thus, for example, O. M. Karminsky determined methodological organizational coordination and consultative aspects within the functions and tasks of controlling [2].

Practical mechanism for the implementation of strategic controlling in management of innovative company activity facilitates the effectiveness of management, because the strategic controlling is practically realized via a certain mechanism in relation to the existing conditions of certain management practice. This mechanism should be market motivated, adjusted to corporate interests. Thus, such mechanism is practically an applied model of strategic controlling with its peculiar functional configurations on the accounting of sectoral, personnel, financial, fiscal and other peculiarities of business conduct. It is necessary to point out that theory and practice strategic controlling is in the embryo state both in Ukraine and abroad. The main reason of this is the absence of methods and tools for the measurement of strategic potential (prospective resources of the enterprise) and future resources. Besides, the techniques of strategic management are not well developed today.

**Conclusion.** Thus, the content of controlling regulation function prevents the emergence of deviations from the objective set. The adopted decision should be based on the erroneous conditions. Mistakes in the evaluation of the future environmental conditions, as well as mistakes and problems, which arise while analyzing the situation inside the enterprise, create the situation, connected with a big risk for the adopted managerial decisions, unless they have not been timely corrected. This function of controlling is directed at the identification of problems and adjustment of the enterprise activity before the problems begin to obstruct the desired results. The balance is achieved by means of implementation of opposite measures for the achievement of necessary or desirable conditions, if there are certain deviations of real values from the desired ones at the comparison via the specified intervals.

Classification of basic controlling functions [6]

Nature of controlling functions	Basic managerial functions			
	Planning	Accounting	Control and analysis	Adjustment
Organizational	Allocation of responsibility centers and responsible persons. Developments and improvements in the order of planning and budgeting. Bringing of the order and planning techniques to the attention of the responsible persons.	Development of techniques on the accounting of expenditures and results according to responsibility centers, materials, projects and measures in corresponding subdivisions. Development and improvements of the managerial reporting order.	Organization and conduction of measures of control on detection of deviations, organization of analytical work in subdivisions within the established time limit.	Organization of regulating procedures and measures, adopted by the executives.
Coordinating	Conduction of target value coordination, as well as plans and budgets of various management levels.	Coordination of activity on the accounting of expenditures and earnings in subdivisions.	Coordination of control measures, which are conducted by the service of controlling, with the general schedule of enterprise activity.	Coordination of regulating procedures and measures, adopted by executives of various management level
Consulting	Provision of advisory to the executives at the determination of target values and budgeting. Provision of information on the condition of internal and external environment to the executives.	Provision of consultative help on the accounting in subdivisions. Gathering of information on the internal and external environment of the enterprise.	Control over the characteristics of internal and external environment. Variance analysis and interpretation of analysis results. Calculation of the efficiency of products, processes, subdivisions and projects. Development of proposals on the deviation offset.	Provision of analysis results for the internal and external environment of the enterprise by the executives of all levels. Provision of advisory to the executives at the choice and elaboration of regulatory actions.
Methodological	Elaboration of planning and budgeting algorithm. Development of forms for the document planning, as well as techniques for the formation of planned documents.	Development of techniques on the accounting of expenditures and results. Planning of accounting information gathering, development of internal reporting system.	Development of techniques for the elimination of deviation offsets. Development of techniques for the analysis of deviations. Development of index system.	Development of analytical report forms, provided by the government. Development of techniques for the deviation control.

Management of the enterprise is impossible without its accurate organization, which forms the basis for the management behaviour, and neither programs nor plans work without it.

Thus, the managerial process of the enterprise is impossible without its accurate organization, which forms the basis for the management behaviour, and neither programs nor plans work without it. Basic characteristics and subject matter of the performed controlling functions are as follows [4]:

- monitoring of economic condition (exploration of business processes of the enterprise, connected with systematic control and measurement of quality of these processes, based on the corresponding figures for the achievement of the objective set, as well as the fixation of the received signals):

- service function (controlling service with the use of planned, regulatory, actual data; data on the changes of influence of economic, social, environmental, and other factors with the use of systems of planning, standardization, accounting and controlling);

- managerial function (time and space relation of the object under control and management system, based on the efficient combination of techniques and methods; planning of object behaviour in the course of implementation of objectives set; coordination of actions of executives, who take part in common business);

- control and analysis (the use of the initial information on business transactions; revelation, generalization, analysis of production activity results; the analysis of revealed deviations and their elimination);

- regulation (assessment of indicators in the early warning and detection system; gaining confidence in individuals, strategic for the successful activity; focus on the future);

- methodology (elaboration of methodology for the decision making, its coordination, as well as the control over the cognition of this methodology by the administration; methodological planning for target values; recommendations on their use and elaboration of control methods).

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### **Фірсова С. М. Визначення функцій контролінгу в управлінській діяльності підприємства**

У статті розглянуто та визначено місце контролінгу в системі управління підприємством як центральної підсистеми. Окреслено функції, завдання, сфери застосування та об'єкти контролінгу. Наведено класифікацію, яка визначає роль контролінгу в діяльності підприємства. На підставі наукового аналізу систематизовано основні функції контролінгу у вигляді класифікатора основних функцій менеджменту.

*Ключові слова:* контролінг, управління підприємством, управлінське рішення.

### **Фирсова С. Н. Определение функций контроллинга в управленческой деятельности предприятия**

В статье рассмотрено и определено место контроллинга в системе управления предприятием как центральной подсистемы. Определены функции, задачи, сферы применения и объекты контроллинга. Приведена классификация, которая определяет роль контроллинга в деятельности предприятия. На основании научного анализа систематизированы основные функции контроллинга в виде классификатора основных функций менеджмента.

*Ключевые слова:* контроллинг, управление предприятием, управленческое решение.

### **Firsova S. N. Determining Controlling Functions in the Enterprise Management Activity**

The article considers and determines the localization of controlling in the system of business management as a central subsystem. Functions, tasks, spheres of application and objects of controlling are specified. The presented classification determines the role of controlling in the company activity. Based on the scientific analysis, basic functions of controlling are systematized as a classifier of basic managerial functions.

*Key words:* controlling, business management, managerial.

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