

CONCEPTUAL DELIMITATIONS OF CONTROLLING

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Since the practitioners of controlling in Romania only know the toolkit they use and not the theoretical elements as well, what is needed in this case is a conceptual delimitation so that controlling would be better implemented, and improved with various elements of the economic environment. In practice, inside various linguistic areas different problems of communication may occur very often in regards to the use of different concepts that may be misunderstood. Therefore in the Romanian research area it becomes imperative to try and clarify the existing issues and to intensify the research in this field. Studying the evolution of the concept we observe that the need for its implementation is primarily experienced at the practical level of the companies, to be then followed by a debate in the specialized literature. The internationalization and the fierce competition that the Romanian companies are confronting on the economic market represent the decisive factor in adopting the concept of controlling. This article is part of the research conducted for my doctoral thesis, "Controlling in heterogeneous economic environments", under the coordination and supervision of Prof.Dr.Dumitru Matiş

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1. Controllingul - a new concept in the Romanian economic environment

„Controlling” represents a new concept in the Romanian economic environment, being implemented successfully in very few companies. Unlike the German space where controlling is very well represented both at a practical level and in the academia, in Romania controlling can only be found at a practical level, and the specialized literature is restraint, almost absent. As the study conducted by Christoph Binder/Utz Schäffer in 2004 showed, out of the 92 Faculties of Economic of the German area there were 72 controlling departments.

When attempting to identify in the specialized literature a basic and unitary definition of controlling one learns that such an endeavour remains fruitless (Roso, Vormweg și Wall 2005: 67-84). Peter Preißler claims that “Everyone has its own opinions on what controlling means or should mean, but everyone else thinks to something different.” (Preißler 1997: 12)

To define the concept of controlling one needs to specify that it has its origins in the anglo-saxon word „to control”, that means *to order, to direct, to regulate, to supervise, to keep within limits, to lead in order to anticipate*, and not *to check*, being associated to the idea of coherence. This explains the polyvalency of the modern term *controlling*. The term has its roots in the English „counter-roll”, and the French „contre-rol”, that means to verify a current state based on a past state (nominal).

2. Controlling-ul – Science of administration

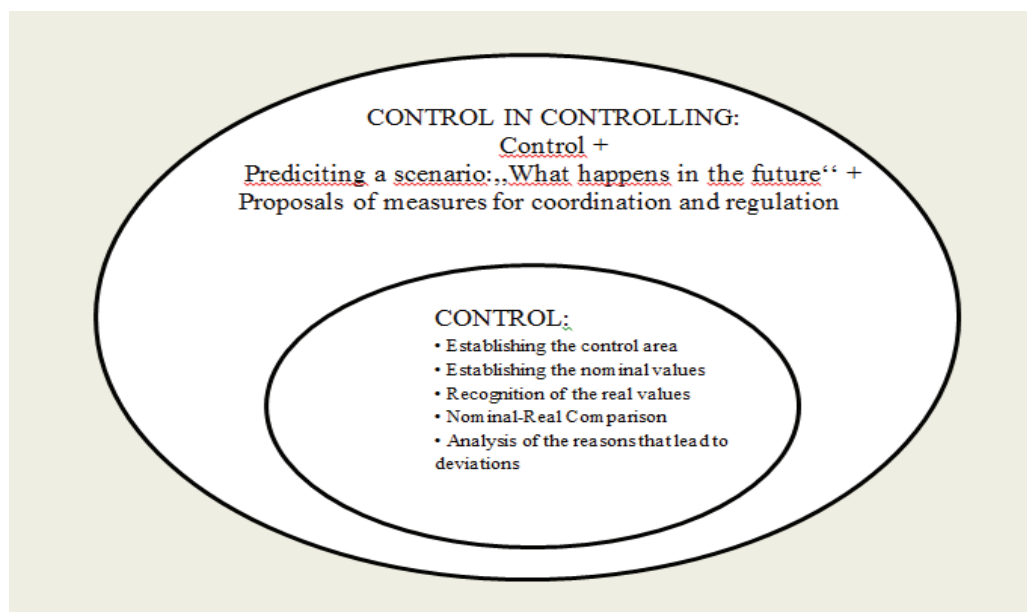
Since Controlling represents along with Accounting, Management and Human resources a „Management science” one has to make the distinction between *Management control* and *Controlling*. An expression that comes from the American environment emphasizes that Management is not administration and that the English „control” does not cover the content of the French „contrôle”. The cultural differences and similarities represent a decisive factor when comparing the two concepts. According to AFNOR (Association Française de Normalisation) controlling is the verification of the conformity of initial data followed by a reasoning. The

English controlling is done *before* the completion of the activity while the French one is done *after* the completion of the activity. According to the French accounting plan the Management Control represents the set of provisions taken in order to periodically provide the leaders and those responsible of the process the digital data that characterize the evolution of the company, thus offering the possibility to compare these data with the old ones and the ones to come and, if needed, to motivate the leaders to initiate the appropriate corrective measures (Braescu, 2007: 25-36). In Horvath's view controlling is conceived as a management subsystem that coordinates the planning and the control and also provides information to the management.

2.1. The control concept in controlling

In the Anglo-American space controlling has been highlighted as being „Management Control“, together with planning and coordination, and is conceived as representing a Management subsystem. „Management Control is the process by which managers influence other members of the organization to implement the organisation's strategies“ (Anthony și Govindarajan 1998: 6). If a Controller represents nowadays a supervisory or control body, the concept of controlling does not prioritize the control. Controlling is not control. The controller also controls, but a person that controls is not a controller. In Robert Anthony's vision the Controller is responsible for tracing and operating the system of the Management control.

Figure nr.1 Placing the concept control in controlling



Source: Eschenbach and Siller 2009: 37

Another conceptual delimitation of controlling ought to be made in regards to the internal audit that represents a verification of the activities completed in the past by persons that were directly or indirectly dependent on the area of responsibility. The internal audit can be accomplished by persons from inside or outside the economic entity and may have a regularly temporary character or not.

2.2. Controlling, Internal Audit and Accounting

Some of the most important differences between the internal audit and controlling are illustrated in the below table. Nota The internal audit and the controlling represent along with the

supervisory bodies and the external audit the elements of the supervisory bodies. (Schneider 2000: 68).

Tabel nr.1 Delimitating controlling from the internal audit

Criteria	Internal audit	Controlling
The issuer	Supervisory Board, Leadership	Management at all levels
Scope	Selective based on issues	Selective based on necessity
Main goal	Control and supervise	Completing the management
Operating time	Ex-post	Ex-ante, ex-nunc
Regulations	Specific to the audit, based on the audit codex	Does not exist
Tasks	Protection of equity	Increase of equity

Source: Eschenbach and Siller 2009: 65

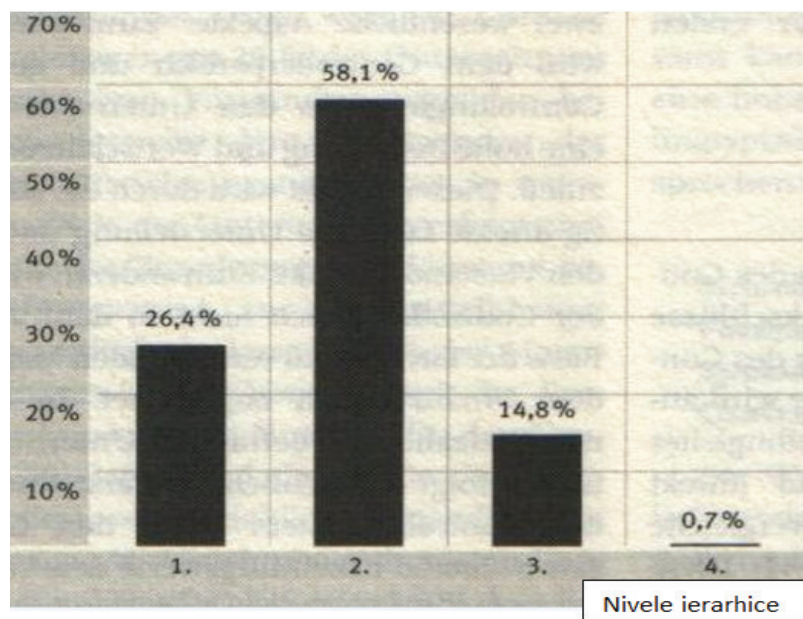
Because the controlling was born „when it became necessary, because of the large volume of accounting involved, or advantageous for other reasons, to separate the accounting functions from the secretarial and financial functions of the corporate business”(Jackson 1949, Pag.9), delimitating it from the general accounting becomes necessary.

Both the internal and the external accounting are in a harmonization and integration trend due to the international standards of financial reporting. For a controller the internal accounting holds the first place (Horvath&Partners 2009: 34), but they both represent the sources of collecting information that is to be processed by the controlling. If the internal accounting is oriented both to the past and the future by providing only information, the controlling is oriented exclusively to the future by having a role of interpreting and capitalizing the information.

By becoming an open concept controlling has extended beyond the goal of managerial accounting and came to be considered a constitutive element of the management process (Roso, Vormweg and Wall 2005: 75). The German concept of controlling focuses on a guiding system, while the American managerial accounting „is concerned with the operative satisfaction of managerial information needs(Roso,Vormweg and Wall 2003:61).

Accounting Management is usually associated with the financial accounting unlike the controlling that has an affinity toward the management(Hoffjan și Wömpener 2005:50). In the study below one can notice that in 85% of the situations the controller (the coordinator of the Controlling department) holds the first two levels of the hierarchy inside a company.

Figure nr.2 Controller in the hierarchy inside companies



Source: Weber, Hirsch and Spatz 2007: 25

In the German specialiaty literature the concept of „Accounting management“ is used seldom as it is considered a synonym for the concepts of „cost accounting“ or „controlling“. The usage of both these concepts in different economic areas has lead to a high sensitivity in delimitating them. Although the position of „controller“ was born in the USA, the concept of controlling under this title can be encountered only in the German space. During the last decade the controller became the internal consultant of a company and holds the role of assuring the rationality in the profitable leading of the company.

Among the decissive factors in defining the two concepts there are the economic and social situations, the political context, the influence of other countries, the cultural and academic factor. Due to the internationalization of the economic relations the usage of the concept „managerial accounting“ increased, both at the practical level and in research.

3.Conclusion

The development of conceptual conventions in order to avoid the negative consequences of using the terms in an erroneous manner needs to be encouraged, being necessary intense studies in the field of Comparative Management Accounting, whose research promoting is represented by the studies conducted by Alnoor Bhimani. The development, presentation, and conceptualization of controlling represents a continuous debate in the German academic field. The attempts of defining controlling have not succeeded so far to establish a unitary and well delimited concept, the research in this field being characterized by a cyclical nature. This article is part of the research conducted for my doctoral thesis, "Controlling in heterogenous economic envirnoment", under the coordination and supervision of Prof.Dr.Dumitru Matis.

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