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Controlling Concept Development in the Context of Formation of Accounting Provision

Abstract. Introduction. *Controlling – is one of the newest areas of information and economic development of the company. In the current economic conditions interest in it appears increasingly. This is due to the emergence of a large number of translated publications on accounting, finance, pricing, etc. The topic of accounting control at enterprises is not sufficiently studied and not covered by Ukrainian scientific works today. Moreover, the issue of controlling at a trade company is not covered at all. The functioning of the controlling system is impossible without reliable, operative and relevant information. Management accounting system plays an important role in the functioning of the company's management system, providing interaction between different structural units and responding to changes in the internal and external environment. The main task of controlling is to improve management activity. The central element of the controlling is accounting, which serves as one of the main sources of economic information that characterizes the actual state of affairs in the company, in particular, uses management accounting data, which covers all types of accounting information necessary for management in the company. This information fully reveals the economic, technical and technological peculiarities of production processes and further production opportunities, available in-house relations, resources and financial opportunities. The main objective of managerial accounting is to provide managers responsible for achieving specific performance indicators with all necessary information for the preparation and development of possible alternatives for the adoption of optimal short- and long-term management decisions.*

Purpose. *The purpose of the paper is the scientific study of the controlling conceptual bases in the context of a trading company accounting. The object of research is the process of accounting for controlling at the trade company. The subject of the study is a set of theoretical, organizational, methodological and practical aspects of accounting control at the trade company.*

Results. *The target orientation of the paper allowed to solve the following tasks:*

- 1. The genesis of the concept "controlling" is investigated, the causes of the existing contradictions in the interpretation of this category are clarified, the key stages of the controlling concepts evolution are identified;*
- 2. An analysis of existing approaches to the definition of theoretical constituents of control in the part of the essence of the concept, object, subject, purpose and task contained in domestic and foreign researches is done;*
- 3. The place and role of accounting in the controlling system at trade companies is determined;*
- 4. The conceptual bases of controlling accounting at trade company are determined.*

Conclusions. *Under current conditions, controlling is very rarely implemented in the management structure of local companies. Representatives of big business have already begun introducing elements of this management system, but this leads to significant costs, because it is necessary to create an entire control service. Usually, they turn to foreign specialists in this area. This is risky, because it is necessary to take into account Ukrainian business specifics as well.*

Keywords: *controlling; management functions; controlling concepts; enterprise management; controlling system; accounting provision.*

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Розвиток концепцій контролінгу в контексті формування облікового забезпечення підприємства

Анотація. *Контролінг — це один з найновіших напрямів інформаційно-економічного розвитку підприємства. У сучасних умовах господарювання інтерес до нього проявляється у все більшій мірі, що зумовлено появою значної кількості перекладених видань з питань обліку, фінансів, ціноутворення тощо. На сьогодні тема дослідження та розвитку облікового забезпечення контролінгу на підприємствах України достатньо не вивчена та не охоплена вітчизняними науковими працями. Ще ж і надто, питання облікового забезпечення контролінгу на підприємстві торгівлі не охоплене зовсім. Функціонування системи управління неможливе без достовірної, оперативної, релевантної інформації. Система облікового забезпечення менеджменту відіграє важливу роль в*

функціонуванні системи управління підприємством, забезпечуючи взаємодію різних структурних підрозділів та реагуючи на зміни внутрішнього та зовнішнього середовища. Основним завданням облікового забезпечення контролінгу є покращення управлінської діяльності. Центральним елементом облікового забезпечення контролінгу є бухгалтерський облік, який виступає одним з основних джерел економічної інформації, що характеризує фактичний стан справ на підприємстві.

У статті проаналізовано теоретичні основи контролінгу. Досліджено генезис поняття “контролінг”, з’ясовано причини наявних суперечностей у тлумаченні цієї категорії, виокремлено ключові етапи еволюції концепції контролінгу. Проведено аналіз наявних підходів до визначення теоретичних складових контролінгу в частині сутності поняття, об’єкта, предмета, мети та завдання, які містяться у вітчизняних та зарубіжних працях. Розглянуто місце контролінгу в системі облікового забезпечення управління підприємством. Проаналізовано концепції розвитку контролінг в контексті обліку.

Важливість розв’язання вказаних питань, пов’язаних з обліковим забезпеченням контролінгу на підприємстві торгівлі, та їх значення в сучасних умовах ведення економічної діяльності обумовили актуальність та напрями дослідження.

Ключові слова: контролінг; функції управління; концепції контролінгу; управління підприємством; система контролінгу; облікове забезпечення.

Formulation of the problem. The dynamism and complexity of the macroeconomic development trends, the globalization of markets, the intensification of the competitive struggle encourage the transformation of the enterprise management concepts, substantially change goals, values, criteria, systems and management methods. Today, an increasing number of enterprises, based on various management decisions, are guided by the value creation factor, which is why the managers are faced with the task of introducing modern methods and management concepts. Under these conditions the competitive struggle of enterprises for the capital of investors and shareholders is intensifying, which determines the urgency of the progressive instruments of accounting and analytical management of the enterprises introduction. Such effective tool is controlling. In the face of a shortage of investment funds in the economy, controlling can create the basis for the investment attractiveness of domestic enterprises. Most European enterprises recognize controlling as the most effective system of management. Controlling occupies a special place in the management of the enterprise, while at the intersection of accounting, control and planning, it binds together all the functions of management, integrates and coordinates them, and at the same time does not replace the management of the enterprise, but only translates it to a qualitatively new level.

An analysis of modern research and publications. It should be noted the significant contribution of domestic and foreign scientists in addressing issues of development and improvement of management activities and controlling the enterprise, such as D. Khan [11], E. Mayer and R. Mann [12], J. Weber [10], L. Ligonenko [4], M. Tarasyuk [8], M. Pushkar [7], S. Falco, A. Tereshchenko [9], S. Golov [1, 2] and others.

Setting objectives. The purpose of this work is to study the development of the concept of controlling in the context of the formation of accounting, namely analysis and definition of the general nature of this concept and its components, as well as its place in the accounting system of the enterprise.

In order to achieve the goal the following tasks have been set:

- to define the essence of the term “controlling”;
- to determine the main purpose and tasks of controlling;
- to analyze the place of controlling in the accounting system of enterprise management;
- to identify the main elements and functions of the control system at the enterprise;
- to study the main concepts of controlling development in the context of accounting.

Presentation of the main research material. Under the conditions of functioning in a dynamic external environment, owners and managers of enterprises constantly search for effective methods and tools of management aimed at increasing competitiveness and ensuring the achievement of short- and long-term goals. Such methods and tools of enterprise management are described in the scientific literature researching accounting and controlling.

Controlling is one of the newest areas of information and economic development of the enterprise. In today's economic conditions, interest in it manifests itself to an increasing extent, due to the appearance of a significant number of translated publications on accounting, finance, pricing, etc. [5, p. 8]. The term “controlling” in foreign literature refers to a specially designed system based on the integration of planning, accounting, analysis, valuation, control and management methods, which provides obtaining, processing and generalizing information about the activities of the enterprise. This system, along with the solution of operational tasks, is also oriented towards strategic goals.

There are different interpretations of the origin of the term “controlling”:

1. From English “to control” - to control, to manage.
2. From the French word “controle”, which means the register or the check list.
3. From the Latin “contra” and “rotulus”, which means “counter role”, that is coordination of activities [10, p. 6].

The term “controlling” came to Ukraine from the West in the early 1990's, which is associated with the transition

of the economy to market relations and the need for transformation of internal accounting into an effective management system. Using controlling as an effective tool for improving and integrating accounting, planning and decision-making provides managers with the necessary management information.

In the academic community of Ukraine there is no unanimous opinion regarding the content and significance

of controlling in the management of the enterprise. Scientists distinguish seven basic concepts regarding functional definition, institutional design and instrumental armament of controlling. Controlling is in constant development and continuous communication both with accounting and simultaneously with the enterprise management (Table 1).

Table 1 **Controlling concepts**

Concept	Content
Early 1980's Concept "controlling – managerial accounting" R. Mann, E. Mayer, H. Folmut, J. Weber	Controlling is a set of organizational measures to improve document management within the framework of managerial accounting. Focus is set on cost management using information technology. Controlling tasks are collection, processing and aggregation of the accounting information suitable for use.
Late 1980's Concept "controlling – management information system" Heigl, E. Seifert	Controlling is a management information system. The scope of controlling tasks has shifted to supplying information and support in planning and monitoring, with a focus on analysis and development of appropriate measures. The discrepancies between the first and second concepts consist of the level of decision-making, the breadth of the use of computer systems, priorities and methods.
Early 1990's Concept "controlling – planning and control" D. Khan	Controlling is a synthesis of planning and control (implementation of internal planning and control over the implementation of the plan at the enterprise), feedback in the control circuit that coordinates strategic and operational management. D. Khan first assigned operational and strategic control, sharing the purpose, tasks, means of achieving them, identifying the coordinating role of controlling, which consists of developing a methodology for coordinating strategic and operational planning in the field of tasks.
Mid 1990's Concept "controlling – coordination" D. Schneider, B. Volin	Controlling is assigned a coordinating role. The basic concept is the regulation, which refers to the type of control, the process by which the characteristics of the control system are maintained on the trajectory specified by the control unit.
Late 1990's Concept "controlling – management control" J. Weber, A. Zund, G. Kupper	Controlling is a self-generated system. Controlling is treated as a management system, that is, a metamodel of management based on a system approach. Such recognition of controlling forces the search for a clear wording of the notion of controlling.
Early 2000's - 2010 Concept "controlling – coordination of decision-making process" G. Peach, E. Sherm	Controlling is a function of support for making managerial decisions (special attention is paid to coordinating the decision-making process and, in particular, the decision-maker). Controlling is an equal management function like planning, organization, personnel management, management and control. Controlling is being referred to as the reflection (awareness and comprehension) of solutions. Controlling does not coordinate, but offers a methodology of coordination, that is, performs a metafunction - management of the decision-making process.
2010 till today Concept "controlling – connecting link accounting and management system" O. Tereshchenko, N. Babyak	Controlling is a system of information support for management decisions that involves the use of methods and procedures for budgeting, strategic planning, managerial accounting, financial diagnostics, investor-risk management, risk management and internal control, which collectively provides coordination of individual management subsystems and optimization of financial decisions. and an increase in the value of the enterprise. Controlling is considered as a subsystem of financial management (financial control).

Source: designed by the author on the basis of sources [4; 5; 8; 9; 10]

Being at the intersection of management functions, controlling takes a special place in the management system, synthesizing and linking all management functions, integrating and coordinating them, but does not replace any of them. Controlling functions are determined by the specific objectives of the enterprise and cover those types of managerial activities that ensure the achievement of the goals. The functions of controlling are the following:

- coordinational;
- analytical;
- informational;
- methodical;
- control;
- consulting;
- communicational;
- innovative;
- planning [6, p. 15].

Important in the study of the concept of controlling is an understanding of the essence of managerial accounting. These concepts are often identified as identical, however, in our opinion, this is not entirely correct. We offer a closer look at the differences.

In the 1950's, two key centers for the development of the controlling concept were formed in the United States and Germany, which resulted in the formation of two fundamental scholarly schools. Thus, the representatives of the German school (J. Weber, G. Kupper, D. Khan, P. Horvat, K. Steinle) under the term "controlling" mean the system of coordination of planning and control, or, as it is today, the information support of enterprise management. In the German-language professional literature devoted to controlling, the concept of "managerial accounting" is rare. This term is used as a synonym for describing the accounting and analysis of income and expenditure (Buchhaltungs- und Analyse der Einnahmen und Ausgaben). Managerial accounting for such an interpretation is an integral part of the control system [9, p. 137]. In Germany, the concept of controlling began to be introduced in the mid-1950's as a result of its use in affiliated companies of the US companies in Europe, which were created to implement the Marshall Plan. Despite a detailed theoretical justification, there is no single definition of controlling according to the German economic school. This is due to the fact that controlling, as well as managerial accounting, is in no way enshrined in the law; therefore, companies delegate a broad range of powers to the controlling unit. In Germany, the post of controller exists mainly in medium and large enterprises. This unit performs the following functions:

- internal accounting;
- statistical observation;
- planning;
- forecasting;
- control;
- analysis [3, p. 43].

The chief accountant, in turn, is not a subject to the controller. Its division carries out a traditional function - financial accounting and financial reporting for external users [2, p. 84].

The most significant representatives of the American school of controlling are R. Anthony, R. Hilton, R. Kaplan,

C. Höngren, who operate exclusively with the notion of "managerial accounting" and "managerial control" in their works. D. Young and R. Anthony believe that the exclusive competence of managerial accounting is information supply of management and owners, planning and control of the operational activities of the enterprise. According to C. Höngren, managerial accounting is an integral part of the system of managerial control. The reflection of the classical approach to the definition of managerial accounting for an Anglo-American school is given in the work of S. Golov "Managerial Accounting". Consolidating the thoughts of C. Drury, R. Hilton, E. Atkinson and others, S. Golov gives the following definition: managerial accounting is a part of the accounting system, which provides management with information [1, p. 99]. Under the managerial accounting, the author refers to the process of identifying, measuring, accumulating, analyzing, preparing, interpreting and communicating information used by the management unit for planning, evaluating and controlling within the organization, and ensuring appropriate accountable use of resources. However, the term "controlling" is not used, and the concept of managerial accounting actually has the same functions that are inherent in controlling by the German school. The fulfillment of the functions above is entrusted to accountants-analysts, and the role of managerial accounting, in turn, increases. This is due to the fact that the growing importance of controlling systems, the components of which is managerial accounting. In the organizational structure of many enterprises, special units of financial controlling are allocated, which are competent for managerial accounting, including financial and taxation accounting. It must be said that some authors argue the opposite. It is enough to review the job descriptions or requirements of financial controllers put forward by many large companies in order to ensure that the leading companies successfully operate controlling services, which, along with budgeting, budget control, risk management, strategy development, etc. analytics are entrusted with functions of managerial accounting [9, p. 138-139].

Consequently, the ratio of the considered organizational concepts of controlling can be reflected in Fig. 2

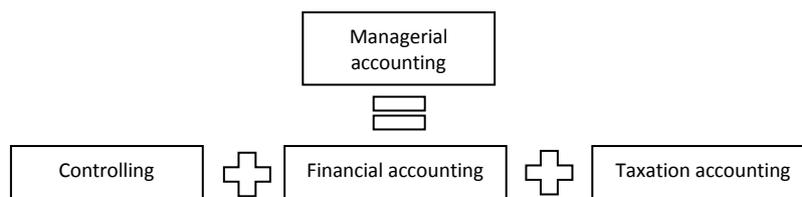


Figure 2. The Ratio of organizational controlling concepts

Source: designed by the author on the basis of sources [9, p. 139]

Consequently, the interpretation of controlling in Germany as a combination of elements of accounting, analysis, control and planning, the implementation of which ensures the development of different approaches to achieve the ultimate goals and performance of the enterprise, in essence, coincides with the current definition of managerial accounting in the English literature. Controlling in the enterprise provides coordination, organizational, informational and methodological support for the management processes, and therefore, there enterprises have need for it: either in expanding the functions of accounting (supplementing it with planning, analysis, control, orientation towards the future, organizational linkage to the process of project formation decisions); or in the formation of an additional line of information processing, which uses both accounting and off-balance data, past data and forecast, and presents them in the form of possible solutions. Both directions are reflected in the concepts of financial control. The first of these is typical of the Anglo-American concept. Managerial accounting with expanded functions is essentially referred to as financial control. Therefore, the term “controlling” is not adopted in the United States, it replaces the concept of managerial accounting. The second trend is characteristic to the German concept, which defines controlling as a link between the accounting system and direct management. Consequently, the

German concept of controlling content is similar to the American concept of managerial accounting.

It should be noted that the use of the terms “controlling” and “managerial accounting” in the Ukrainian professional literature is determined by the sources used by the authors. If the base of the publication is the Anglo-American experience, the authors mostly use the term “managerial accounting”, if the European one is – “controlling”.

Accounting is a prerequisite for the emergence of managerial accounting. First of all, it is connected with the implementation of information and control functions of accounting. At the same time, accounting is not enough to provide information management needs. So, as O. Tereshchenko points out, enterprises need to:

- either to expand the functions of accounting (complementing it with planning, analysis, control, orientation to the future, organizational link to the process of drafting decisions);
- or to form an additional level of information processing, which uses both accounting and off-balance data, past data and forecast, and presents them in the form of possible solutions [8].

Controlling does not replace the management system, but is aimed at supporting management activities (implementation of management functions) (Table 2).

Table 2. **Controlling role in enterprise management system**

Managerial functions	The role of controlling in the process of implementing management functions
Accounting	- cost accounting for divisions (financial responsibility centers).
Planning	- coordinating different plans and developing a consolidated plan in general for the company; - development of scheduling schedule; - development of the methodology of planning; - providing information for drafting plans; - verification of plans, compiled by divisions of the enterprise (financial responsibility centers).
Organization	- bringing the planned indicators to the executives (units).
Stimulation	- stimulation of implementation of planned indicators by subdivisions (financial responsibility centers).
Control	- comparison of planned and actual indicators of activity, assessment of the target achievement degree; - setting the deviation tolerance limits; - analysis of deviations, interpretation of causes of deviations from the fact and proposals to reduce deviations development.
Analysis of decisions	- participation in the development of the architecture of the management information system (setting tasks for programmers); - collection of the most significant data for making managerial decisions; - consultation on choosing corrective measures and management decisions; - development of tools for planning and controlling management decisions.

Source: *Designed by the author on the basis of sources [1, p. 71-72; 5, p. 13]*

Controlling is a structured system, unlike control, which by this time has no structure, which results in an amorphous entity. In the technical aspect, these concepts have some common features, due to the identity of the

object of research. Controlling carries out on a systematic basis the observation of the object and detects the actual state of the object, and control uses the data for deviations for decision making [8, p. 56].

Consequently, the main elements in this system are:

- the trajectory of enterprise development (means a line in the coordinate system, which shows the level of change of the most important indicators for the enterprise in the future);
- material, cost and social targets (showing the role of business in society and its value orientations);
- production programs (characterizing quantitative and qualitative parameters of production, assortment, mastered products, new, etc.);
- economic processes (related to the cyclical nature of economic activity, starting with research, supply, production, marketing and ending with investment);
- financial activity (characterizes the process of obtaining money and its rational use to ensure the existence of the enterprise);
- economic indicators (numerical parameters, by means of which the phenomenon or process is measured in economic activity) [8, p. 47].

Thus, the purpose of controlling is to maintain the effective functioning of the enterprise, it is determined by the senior management and can be specified depending on changes in the factors of the internal and external environment in which the company operates. The target may be high quality products, gaining share and expansion of the sales market, reducing production costs, lowering prices, increasing profits, independence from creditors, etc. [8, p. 24-25].

The purpose of controlling can be the receipt of data, their processing and transformation into information for management and decision-making. Such information is non-standard, intended to identify trends and patterns of

phenomena and processes in the enterprise, helps to develop measures that ensure its livelihoods.

Therefore, the main tasks of the control system should be considered as follows:

- planning (methodology and organization);
- accounting (collection and processing of information);
- control (comparison of the planned and actual values of the indicators);
- service management (collection, processing, interpretation, counseling);
- special surveillance systems (marketing, monitoring of changes in the external environment).

Conclusions from the conducted research. Controlling is a management technology, based on which the synthesis of elements of planning, organization, motivation, accounting, analysis and control of all aspects of financial and economic activity of the enterprise, which provides instrumental and methodical support for the adoption of management decisions, generation and evaluation of alternative approaches in the implementation of operational and strategic management of the enterprise in the process of achieving the target parameters of its activities. In turn, a large number of controlling concepts suggests that there is no single point of view among the representatives of scientific schools on the essence of this economic phenomenon, which is the result of its active development. The attempt to highlight the most correct concept is the wrong direction of scientific activity, since one should study the merits of all existing views and formulate a single powerful concept of controlling.

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