Corporate Expectations Regarding the Role of the Controller: Results of a Hungarian Survey

Veronika Fenyves*

Institute of Accounting and Finance, Faculty of Economics and Business, University of Debrecen, Debrecen, Hungary.
*Email: fenyves.veronika@econ.unideb.hu

ABSTRACT

The past few years have seen fast and continuous changes in the corporate environment. Only those companies can stay competitive in today's economy that is able to give the right responses to the changes in their environment. Consequently, controlling activities are taking on an increasingly important role in the operation of corporate organizations. In Hungary, the role of controlling has been improving and continuously growing since the 1990s, and it has now become a management function. When setting up a new controlling system, the controller is responsible for selecting the tools, methods, and techniques that are necessary to achieve corporate goals. The study aims to identify the competencies that are required for a controller, as well as the areas they need to focus on in order to be successful in their job. The questionnaire was compiled with the help of the EvaSys system, and they were addressed to the top managers, financial managers, and controllers of various corporate organizations. The sample was made up of 124 completed and assessable questionnaires. In order to analyze the database, there were applied distribution coefficients, Chi-square test, Cramer's V test.

Keywords: Controller, Organizational Requirements, Personal Ability, Personal Competencies
JEL Classifications: M12, M40

1. INTRODUCTION

The past few decades have seen continuous changes in the corporate environment; organizations have been affected by a dynamically improving, complex, and rapidly changing environment. Only those companies can remain competitive in today's market are the ones that can give prompt responses to the changes in their environment. Efficient decision-making and reasonable risk-taking require the knowledge, understanding, and monitoring of the performance and changes of the organization and its environment. Thus, corporations need to establish an operational structure that is in line with corporate and market requirements and is suitable for carrying out management duties. Controlling can serve as suitable tools for performing management tasks and ensuring a constant information flow.

Controlling can facilitate a constant, day-to-day flow of information to decision-makers that is filtered, structured, and evaluated by controllers. The successful management of the organization requires close cooperation between managers and controllers. The controller – as an advisor – supports the work of the manager, gathers data and information and communicates it to the manager to support decision-making. Becoming a good controller is greatly affected by personality, i.e., individual professional experience and personal traits as well as the social-economic environment where the controller works.

2. LITERATURE REVIEW

Controlling methodology, as we interpret it today, first appeared in the management practice of businesses and institutions as early as the mid-19th century. Controlling is a crucial element of corporate management, as recently confirmed by various experts and researchers of the area. Horváth and Partners (2007) state that "the concept of controlling has been going through constant

evolution in corporate practice over the past 20 years and has grown into a corporate function that no business can live without." The controlling is an activity closely linked to corporate management, where providing decision-makers with relevant information is of key importance. The primary responsibility of management is to run their organizations, businesses, or not-for-profit organizations successfully. The requirements towards management are driven by factors affecting the organization and its environment. Since corporations are objective-driven dynamic systems, their operations must be in line with the ongoing changes in the organization and its environment. Today, controlling has a crucial role in achieving the above goal "(Hanyecz, 2011). In the globalized world economy of the 21st century, corporations tend to promote management systems that incorporate information to support financial decision-making, and thus make management work easier (Zéman, 2016)." It is evident from international best practices that the internal reason for the establishment of controlling systems was the increasing management need for information in an environment of growing competition. Management must take every opportunity and support to manage the organization dynamically, efficiently, and flexibly (Zéman and Tóth, 2017). Controlling is a concept closely related to management, where planning, control and providing decision-makers with relevant information have a key role (Anthony and Govindarajan, 2007).

Thus, corporations can take various routes to become successful. Success is primarily subject to the alignment of various management subsystems and functionalities. i.e., any management style can lead to success as long as it is in line with the internal and external environment. Controlling and the controller per se is one element of the internal environment. Although this internal environment can be shaped by management to some extent, in case of multiple senior managers and/or new starter managers, the existing controlling system can be a decisive factor as to whether or not a new management style can be successful in the given organization. A manager with a rational personality cannot function without facts and figures, whereas regular and detailed reports can become redundant with an intuitive manager on board (Szukits, 2017). The role of controlling in corporate organizations has become more prominent and more diverse in recent years. The role of corporate controlling as a management subsystem is to coordinate, plan, control and provide information in order to achieve and implement corporate goals on a strategic and operational level (Zéman and Komáromi, 2012). As recently published by competent German professional organizations (ICV – International Controller Verein and IGC – International Group of Controlling), controllers are seen as business partners of the German senior managers and controlling is identified as a key success factor of corporate organizations (Gänsslen et al., 2013).

In addition to purely technical knowhow, controllers must have certain personality traits and skills in order to be successful in their job. Horváth and Partners (2007) highlight the below key skills:
• Ability to lead and manage debates and negotiations
• Ability to coordinate various sub-areas
• Motivational skills.

Due to their responsibility to provide information, controllers are expected to collate and prioritize information as well as communicate it to the relevant parties promptly (De Loo et al., 2006, Wolf et al., 2015). Controllers act as a bridge between employees on various hierarchical levels of the organization. "This means they have to communicate management goals and planned measures to employees, as well as report to management on staff satisfaction levels, initiatives, and any issues that the employees may have. The most efficient means of such communication is via the internal network, which not only facilitates a wide range of communication but also makes it possible to archive documents and/or communication as and when needed. In order for communication to be efficient, it needs to be an integral part of corporate culture" (Böcskei, 2009, Szukits, 2019, Howell, 2006).

Fourné et al. (2018) also argues that the role of controllers involves methodological know-how as well as behavioral elements. Management accounting and planning constitute the methodological aspect, whereas the behavioral aspect appears in leading by goals and objectives. Abdalla (2007) suggests a controller needs to have the below skills and personality traits:
• Conflict management
• Creativity
• Precision
• An open mind
• Clear vision and clear communication.

In the spring of 2013, IFUA Horváth and Partners (2007) launched the first Hungarian controlling competency survey called successful controller survey 2013 with the media support of Profession.hu. This survey aimed to identify the competencies that a successful controller needs to have and what they need to focus on in order to be efficient in today's economic environment. The competency model that serves as the basis for the survey includes 16 elements that can be grouped under four different competencies (Figure 1): Professional, methodological, social and personal competencies (Solti, 2013).

The model identifies the competencies that are required in the field of controlling, and employees can see what knowledge and skills are required for being able to tackle critical situations in order to be successful. The model also shows what areas employees need to improve in order to meet the expectations of a constantly changing environment.

3. METHODOLOGY

The research database was compiled via a questionnaire survey, where expectations regarding controllers were assessed in March 2019. The advantage of questionnaires is that they are simple, they include closed questions, it takes relatively little time to answer them, and the analysis of responses provides valuable information (Ács, 2014). The disadvantage most often mentioned is the fact that respondents are not always willing or able to respond, and answers can be consciously dishonest. There was a decision to use online questionnaires since they can reach a wider public and can thus get more responses than in the case of paper-based ones. All questions were statements, i.e., closed questions, different types of which were included in the questionnaire. Some of the questions required one-word answers, such as questions on the

main activity or the ownership structure of the business. Some other questions were based on the Likert scale of 1–5, for example, questions regarding the personal competencies and knowledge requirements of the controller. The Likert scale ranks answers on a scale of 1–5, respondents need to mark answers on a scale of "not important" to "very important," and "not true" to "absolutely true." It is an easy and widely used measurement scale (Sajtos and Mitev, 2009). The questionnaire was compiled with the EvaSys system, and responses were given on the interface provided by EvaSys. Respondents were top managers, financial managers, and controllers of various corporate organizations. The sample was made up of 124 completed and assessed questionnaires. Responses show the main activities, business type, ownership structure, and size of the companies that the respondents worked for and can be grouped at a later stage when assessing questionnaire results. With regards to company size, 40% of respondents were from large companies, 28% from medium-sized companies, whereas 15% and 15% from small-and microbusinesses, respectively. 2% of respondents did not answer this question (Figure 2).

Concerning ownership structure, 69% of the companies were in Hungarian ownership, 22% in foreign ownership, and 4% in mixed ownership. 5% of respondents did not answer this question (Figure 3).

Concerning business activity, a rather high percentage (30%) of respondents marked "other" as their main business activity. 27% of the sample were companies with main industrial activity, 12% were commercial businesses, and 14% were agricultural businesses. These three main activities and "other" activities made up 84% of the sample. Financial activities made up 7%, and tourism had hospitality made up 6% of the sample. In addition to the above, 2% of respondents were from IT companies, and 1% were from logistics businesses. 1% of respondents did not mark their main business activity (Figure 4).

Data were analyzed with the help of Microsoft Excel and R statistical software. The statistical analysis primarily aimed to identify relationships between variables and provide a numerical analysis. Discrete variables were assessed with statistical tests. There are parametric and non-parametric statistical tests (Lumley, 2010). Non-parametric tests include the χ^2 test, which can be used to carry out independence tests. Independence tests can identify relationships between categorical (nominal) variables. In order

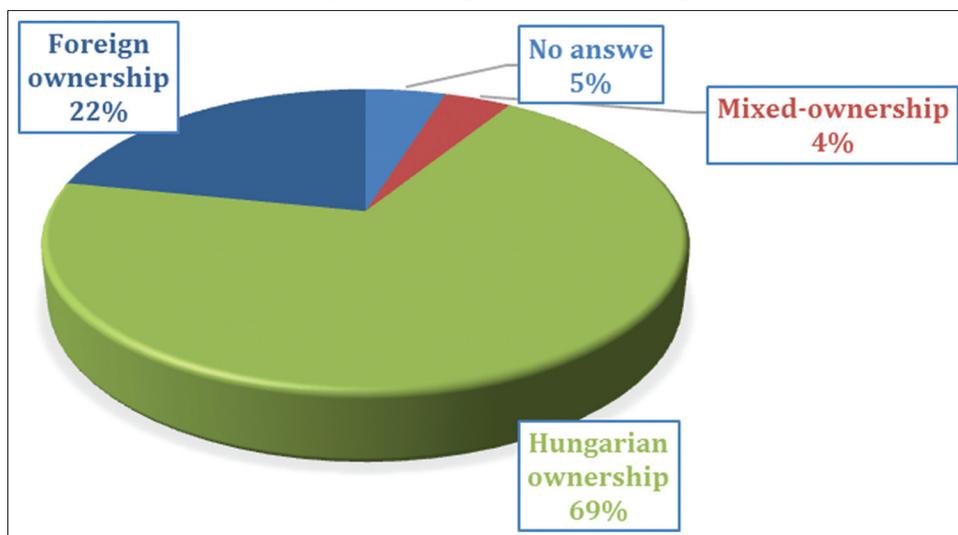**Figure 1:** The competency model that serves as the basis for the first Hungarian competency survey
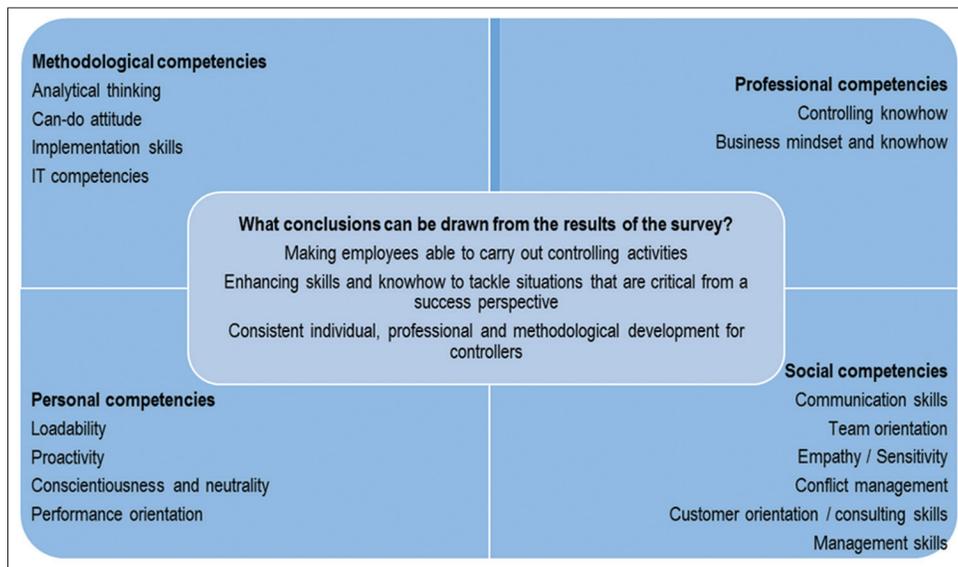
Source: Solti, 2013

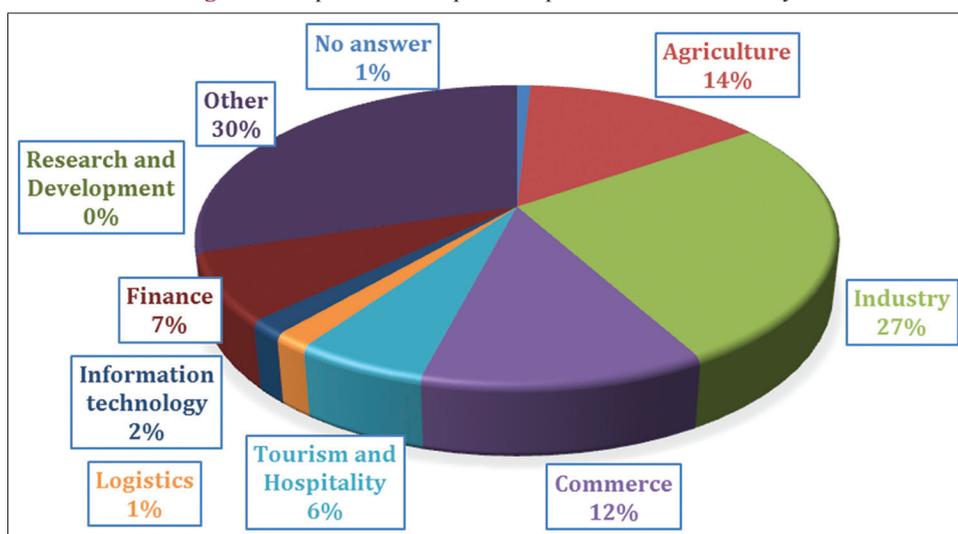**Figure 2:** Proportions of respondents per company size
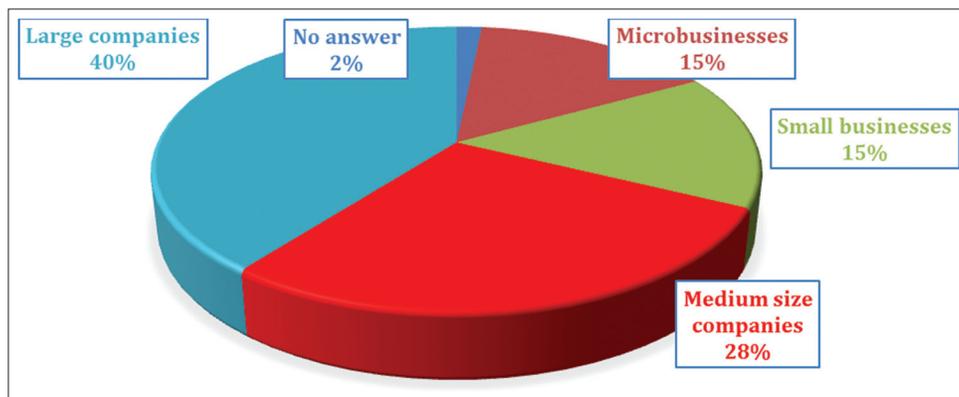
Source: Own calculations based on database

Figure 3: Proportions of respondents per ownership structure

Source: Own calculations based on database

Figure 4: Proportions of respondents per main business activity

Source: Own calculations based on database

to carry out this test, frequency distribution tables (combination or contingency tables) can be used. These tables are the result of combinative ranking by two features. This test assesses the relative proportions of the two variables rather than numerical values. The χ^2 test is popular because it is suitable for the assessment of discrete variables, but there are no other constraints regarding the distribution of the variables. The calculation of the test values was based on the assumption that the data are listed in categories in a two-way frequency table. The null hypothesis (H_0) of the test is that the two variables are independent of one another, i.e., there is no relationship between them. The alternative hypothesis (H_1) is the opposite of the above. The test can be carried out with the Pearson χ^2-test value. If the $P < 0.05$ (5%), then the null hypothesis can be rejected, i.e., the two variables are not independent of one another. In the case of the opposite result, we can accept the null hypothesis, i.e., the two variables are independent of one another (Hunyadi et al., 2001). The test value was calculated with the "Chi-square test" function of the R statistical software.

Table 1: Assessment of the skills that are required for controllers

Skills	Average	Ranking
Analytical skills	4.80	2
Creativity	4.21	7
Management approach	4.12	9
Openness to new things	4.26	6
Reasonable risk-taking	3.92	11
Decision-making skills	3.94	10
Holistic thinking	4.83	1
Communication skills	4.18	8
Problem recognition and problem-solving skills	4.60	5
Accuracy	4.74	4
Reliability	4.79	3
Outstanding communication skills	3.83	12

Source: Own calculations based on database

In addition to the independency test, the coefficients of association can also be used to examine the strength of the relationship

Table 2: Assessment of the relationships between ownership, activity, company size and key skills required for controllers

Skills	Ownership		Activity		Company size	
	Cramer's V	χ^2 test	Cramer's V	χ^2 test	Cramer's V	χ^2 test
Analytical skills	0.1790	0.1688	0.2681	0.0290	0.1286	0.6900
Creativity	0.2633	0.0528	0.1384	0.8683	0.1699	0.3334
Management approach	0.1833	0.2923	0.1508	0.7760	0.1839	0.2145
Openness to new things	0.2249	0.2297	0.1721	0.5657	0.1309	0.7335
Reasonable risk-taking	0.3157	0.0258	0.2012	0.2730	0.1548	0.4861
Decision-making skills	0.2189	0.2608	0.2633	0.0160	0.1032	0.9257
Holistic thinking	0.0778	0.7148	0.2003	0.2980	0.1973	0.1633
Communication skills	0.0613	0.9374	0.1145	0.9689	0.1671	0.3669
Problem recognition and problem solving skills	0.1074	0.7336	0.1651	0.6398	0.1264	0.7741
Accuracy	0.1392	0.3410	0.1933	0.3516	0.1579	0.4363
Reliability	0.1386	0.5453	0.1811	0.4692	0.1948	0.1439
Outstanding communication skills	0.1018	0.8880	0.1472	0.8052	0.1506	0.5314

Source: Own calculations based on database

between the factors. The association test can be carried out if both attributes are quality/location attributes and are measured on a nominal scale. The Chi-square test results can be transformed into various indices that reflect the strength of the association between variables, where–similarly to the correlation coefficient - the aim is for the index to be within a range of two clearly defined values. Cramer's V was used for the analysis (Korpásné et al., 1996). It would also be possible to use Pearson's C contingency coefficient, but it is not suitable for the comparison of tables with different numbers of categories, and in this study the number of categories related to the two variables is different. The Phi coefficient and Yule's coefficient of association could also be used to assess the relationship between nominal variables, but these coefficients can only be used for tables with 2*2 frequency (Kenett and Salini, 2012). Cramer's V identifies the extent of the association between two nominal variables, it can take on values between 0 and 1 and is only dependent on the strength of the stochastic relationship between the two attributes. The calculation of the coefficient is also based on Pearson's χ^2 calculations. The calculations are independent of which variables are listed in the rows and which ones are listed in the columns. The result is not affected by the order of rows and columns either. A zero coefficient value means there is no relationship between the two variables, whereas the value 1 means there is a deterministic relationship between them. The result coefficient also shows how the two variables can explain much of the highest possible dispersion. This calculation can also be seen as a "correlation coefficient" calculated from qualitative data (Hunyadi et al. 2001). Cramer's V value was calculated with the "Cramer V" function of the R software.

4. CASE STUDIES/EXPERIMENTS/ DEMONSTRATIONS/APPLICATION FUNCTIONALITY

Respondents ranked the skills that are important for a controller on a scale of 1–5 (Table 1). They were asked to rank 12 skills. Holistic thinking and analytical skills were given the highest average scores (4.83 and 4.80, respectively). Two skills got average scores above 4.7: Reliability (4.79) and accuracy (4.74). Problem recognition and problem-solving skills came next with an average score of 4.60. Openness to new things, creativity, and

Table 3: Ranking of personal skills required for controllers

Skills	Average	Ranking
Good written and oral communication skills	4.33	5
Analytical and creative working	4.62	3
Logical thinking	4.84	2
Teamwork	4.28	6
Team management and coordination skills	3.86	8
Openness to new things, willingness to learn	4.34	4
Holistic thinking	4.85	1
Persistence	4.08	7

Source: Own calculations based on database

management approach also scored above 4 (4.26, 4.21 and 4.12, respectively), whereas three factors scored under 4: Decision-making skills (3.94), reasonable risk-taking (3.92) and outstanding communication skills (3.83).

The questionnaire results more or less reflect the same ranking of controller skills as found in technical literature. There is probably one skill that we expected to rank higher: Communication skills, which are also considered key skills for controllers in technical literature.

Table 2 shows the relationships between essential controller skills ranking and ownership, activity, and company size. The results suggest that in case of an expected 5% significance level for the Chi-square test, there is a significant difference between answers in case of 1 question (reasonable risk-taking) under ownership, and 2 questions (analytical skills and decision-making skills) under activity, whereas there is no significant difference in the ranking of controller skills under company size. In the case of an expected 10% significance level for the Chi-square test, there is also a significant difference in case of creativity under ownership. With regards to Cramer's V, there is mostly a very weak relationship between skills and ownership, activity, and company size. The only moderate relationship can be seen between reasonable risk-taking and ownership, which is most probably because foreign-owned companies have a better understanding of the importance of risk management.

Respondents ranked personal skills that are important for controllers on a scale of 1-5, the results of which are shown in Table 3 below.

Table 4: Assessment of the relationships between ownership, activity, company size and key personal skills required for controllers

Skills	Ownership		Activity		Company size	
	Cramer's V	χ^2 test	Cramer's V	χ^2 test	Cramer's V	χ^2 test
Excellent written and oral communication skills	0.1466	0.4962	0.2227	0.1251	0.1375	0.6687
Analytical and creative working	0.0381	0.9226	0.1252	0.8806	0.1427	0.5693
Logical thinking	0.0211	1.0000	0.1892	0.3723	0.0445	0.9720
Teamwork	0.1480	0.4880	0.1994	0.2888	0.1455	0.5861
Team management and coordination skills	0.1774	0.3215	0.2359	0.0698	0.1299	0.7425
Openness to new things, willingness to learn	0.1566	0.2596	0.1713	0.5445	0.1465	0.5413
Holistic thinking	0.0591	0.8267	0.2085	0.2474	0.1679	0.3601
Persistence	0.1339	0.5782	0.2405	0.0558	0.1526	0.5097

Source: Own calculations based on database

Seven out of the eight personal skills scored average values above 4, the only competency that scored lower was team management and coordination skills (3.86). The competency that scored the highest was holistic thinking (4.85), followed by logical thinking (4.84) and analytical and creative working (4.62). Openness to new things, willingness to learn (4.34), excellent written and oral communication skills (4.33), teamwork (4.28) and persistence (4.08) came next. The ranking above was in line with expectations of the research, considering the results regarding the competency expectations for controllers (Table 4), and technical literature also reflects similar findings. However, it must be highlighted that holistic thinking and logical thinking ranked first and second with very high scores. Unfortunately, the development of these two skills is what often slips through the nest and/or gets little attention in today's mass education.

Table 4 shows that there is no significant relationship between the key personal controller skills in case of ownership and company size. In case of an expected 5% significance level for the Chi-square-test, categorization based on activity showed no relationship either. However, in case of an expected 10% significance, two personal skills (team management and coordination skills and persistence) showed significant differences based on activity, which is probably because companies have a very different understanding of these two personal skill requirements. Cramer's association coefficients suggest that there is a very weak relationship between ownership, activity, and company size and the ranking of the key personal skills required for controllers.

5. CONCLUSION

This study aimed to examine the expectations that corporate management and decision-makers have regarding controllers. This research shows that out of all skills that are important for controllers, holistic thinking, and analytical skills were given the highest average scores. The assessment of the relationships between ownership, activity and company size and the skills required for controllers shows significant differences in case of reasonable risk-taking under ownership, and analytical skills and decision-making skills under activity. There was no significant difference in the case of company size. In the assessment of skills required for controllers, holistic thinking, logical thinking, and analytical and creative working got the highest average scores. No significant relationship was found in the assessment of controller

skills in case of categorization by owner and company size. In the case of categorization by activity, and with an expected 10% significance, there is a significant difference concerning team management and coordination skills and persistence. Institutions offering controlling training courses must get a better understanding of corporate requirements regarding controllers, and align their curriculum with those requirements. Companies can only ensure a high level of controlling activity if they make efforts to get relevant information and take the internal and external development of their employees seriously.

REFERENCES

Abdalla, R. (2007a), A controller helye és szerepe a szervezet vezetői csapatában (hálózatában) a controller. International Journal of Engineering and Management Science, 3(6/2), 1-3.

Ács, P. (2014), Gyakorlati Adatelemzés. Pécsi Tudományegyetem. Pécs. p288. Available from: http://www.etk.pte.hu/protected/OktatasiAnyagok/!Palyazati/GyakorlatiAdatelemzes.pdf. [Last accessed on 2019 Jul 22].

Anthony, R.N., Govindarajan, V. (2007), Management Control Systems. New York: McGraw-Hill. p768.

Böcskei, E. (2009), A controlling szerepe és jelentősége a közszolgálati szférában minőség és controlling kapcsolata. A controller v. Évfolyam, 3, 8-10.

De Loo, I., Nederlof, P., Verstegen, B. (2006), Detecting behavioural patterns of Dutch controller graduates through interpretive interactionism principles. Qualitative Research in Accounting and Management, 3(1), 46-66.

Fourné, P.L., Guessow, D.S., Schäffer, U. (2018), Controller roles: Scale development and validation. In: Epstein, M., Verbeeten, F., Widener, S., editors. Performance Measurement and Management Control: The Relevance of Performance Measurement and Management Control Research Studies in Managerial and Financial Accounting. Vol. 33. Bingley: Emerald Publishing Limited. p143-190.

Gänsslen, S., Losbichler, H, Niedermayr, R., Rieder, L, Schäffer, U., Weber, H.C.J. (2013), Grundsatzposition des Internationalen Controller Vereins (ICV) und der International Group of Controlling (IGC). Available from: http://www.controllerverein.com/Selbstverstandnis.104868.html.

Hanyecz, L. (2011), Modern Vezetői Controlling Gazdálkodás Menedzsment Saldo Pénzügyi és Tanácsadó Informatikai Zrt. Budapest: A SALDO Kiadó.

Horváth, P., Partners. (2007), Controlling, Út Egy Hatékony Controlling Rendszerhez Budapest. Hungary: Complex Kiadó Jogi és Üzleti Tartalomszolgáltató Kft.

Howell, R.A. (2006), The CFO: From Controller to Global Strategic

Partner. Financial Executive. Academic OneFile. p20. Available from: https://go.gale.com/ps/anonymous?id=GALE%7CA144751761&sid=googleScholar&v=2.1&it=r&linkaccess=abs&issn=08954186&p=AONE&sw=w. [Last accessed on 2019 Jul 24].

Hunyadi, L., Mundruczó, Gy., Vita, L. (2001), Statisztika. Budapest: AULA Kiadó. p884.

Kenett, R.S., Salini, S., editors. (2012), Modern Analysis of Customer Surveys with Applications Using R. Chichester, UK: John Wiley and Sons, Ltd.

Korpásné, A., Gyorgy, H., Molnárné, M., Zsuzsanna, S., Tóthné, M. (1996), Általános Statisztika I. Budapest: Nemzeti Tankönyvkiadó Rt. p1-265.

Lumley, T. (2010), Complex Surveys. A Guide to Analysis Using R. Hoboken: John Wiley and Sons, Inc.

Sajtos, L., Mitev, A. (2009), SPSS Kutatási és Adatelemzési Kézikönyv. Budapest: Alinea Kiadó.

Solti, G. (2013), Mitől Lesz Sikeres Egy Controller? 2013. Május.

p29. Available from: https://www.controllingportal.hu/mitol_lesz_sikeres_egy_controller. [Last accessed on 2019 Jul 24].

Szukits, Á. (2017), A controlleri szakma hazai középvállalatokban: Mennyiben meghatározó a felsővezető vezetési stílusa? Köz Gazdaság, 12(5), 191-205.

Szukits, Á. (2019), Controllers' profession in contemporary organisations evidence from Hungary. Journal for East European Management Studies, 24(1), s 8-31.

Wolf, S., Weißenberger, B., Wehner, M.C., Kabst, R. (2015), Controllers as business partners in managerial decision-making. Journal of Accounting and Organizational Change, 11(1), 24-46.

Zéman, Z. (2016), A kontrolling fejlődéstörténetének főbb irányzatai. Gazdaság and Társadalom, 2, 77-91.

Zéman, Z., Komáromi, K. (2012), Pénzügyi controlling, a pénzügyi menedzsment kiemelt döntéstámogató eszköze. A Controller, 7(9), 3-5.

Zéman, Z., Tóth, A. (2017), Strarégiai Pénzügyi Controlling és Menedzsment. Budapest: Akadémia Kiadó.