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### ЭМПИРИЧЕСКОЕ ИССЛЕДОВАНИЕ ИСПОЛЬЗОВАНИЯ КОНТРОЛЛИНГОВЫХ СИСТЕМ В СТРАТЕГИЧЕСКОМ УПРАВЛЕНИИ

#### Аннотация

В данной статье обсуждаются ключевые аспекты процесса эмпирического исследования контроллинговых систем в стратегическом управлении. В частности, взаимосвязь между показателями эффективности, системой вознаграждения и стратегией развития бизнеса.

Целью работы является критическое обобщение и систематизация различных взглядов на роль и значение современных систем контроллинга в стратегическом управлении для выяснения основных параметров и направлений их развития. В своей работе автор не стремится дать всесторонний обзор имеющихся публикаций, а проанализировать каждую из тем с точки зрения практической значимости результатов исследования. В статье установлены: причины и условия применения контроллинговых систем в стратегическом управлении в условиях быстро изменяющейся экономической среды; перспективы их использования для управления крупными предприятиями. Было показано, что применение современных контроллинговых систем обеспечивает своевременное инициирование и координацию действий на различных уровнях организации бизнеса, что при внедрении прогрессивной системы мотивации позволяет наращивать и эффективно реализовать инвестиционно-инновационный потенциал компаний для обеспечения их устойчивого экономического роста на основе гибкой корректировки параметров бизнес-модели.

**Ключевые слова:** контроллинговые системы; бизнес-анализ; стратегия; изменчивость, эффективность.

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### THE EMPIRICAL STUDY OF CONTROLLING SYSTEM USING IN STRATEGIC MENAGEMENT

#### Abstract

**Subject/Topic** This paper discusses some key aspects of the process of empirical research of controlling systems in the strategic management. The relationship between performance measures and reward systems and business development strategy was the area of interest.

**Goals/Objectives** The purpose of the paper is to critically summarize and systemize views on the role and importance of controlling systems in the strategic management to clarify main parameters and directions of their development.

**Methodology** The author seeks not to provide a comprehensive review of publications, but to explore this relationship through examining a series of issues that have emerged as central in this literature to assess what we can conclude in terms of the practical implications of the research.

**Conclusion and Relevance** The reasons and conditions for the practical implications of the controlling systems in strategic management in quickly changing economic environment were established. The prospects of their using for the large enterprises management were identified. They ensure timely initiation and coordination of the right actions at different levels of business organization. The implementation of progressive reward systems allows increasing and effective realizing companies' investment and innovation potential. It provides their sustainable economic growth based on adjustment parameters of the business-model.

**Keywords:** *controlling system; business analysis; strategy; turbulence, efficiency*

In recent years there has been increasing interest in the problem of Controlling Systems, (CS) in strategic management of big business. The review of investigations revealed the problem and promising fields of research [1-3], including the relationship between performance indicators, payment systems and business development strategy.

There is no doubt that the implementation of successful business development strategies should be based on the system of assessment, an adequate to the objectives, of its effectiveness and efficiency, and appropriate motivation of actions. Otherwise, significant gaps [4] may arise between the declared strategy and actions for its implementation.

In a number of publications of foreign authors became widespread opinion that the performance evaluation and payment systems based on computational algorithms with use of account information are more optimal for defense strategy. For offensive strategy, subjective approaches of assessment of current and projected results, based on intuition and foresight analysis, demonstrate greater effectiveness [5, 6]. At the same time, the feasibility of wider use of offensive strategies are determined by the high level of uncertainty of the environment, hampering the accurate setting of targets and objective assessment of the effectiveness of management decisions.

Coordinated actions of the key specialists and the personnel of the company require a flexible system of assessment and motivation of their labor. As a solution to this problem we consider the implementation of the principles of intra commercial calculation (Business Unit Management, BUM) in the company. BUM in the management practice involves: identification of the relationship of management efficiency with the efficiency of the activities of individual departments and the company as a whole; personification of responsibility for

the employees entrusted assets and the results of their use; flexible combination of the accountant and premium, individual and group components of remuneration; regulation of the frequency of the control and evaluation activities and the subsequent stimulus cash benefit payments; development of methodologies for assessing the performance and remuneration systems of ordinary employees on the basis of grading methods [7].

As the instruments it has been proposed model of management initiatives such as Total Quality Management (TQM); management targeted to value creation (Value-Added Management, VAM). Their use involves creation of self-managed work groups and delegation to them authority in the field of operational activities. Implementation of the principles of intra commercial calculation at the level of subsidiaries (affiliates) in large companies with state participation eliminates the distribution system of remuneration by going to a system based on employee participation in the income of the organization. Stimulating labor enthusiasm of employees for the implementation of planned strategic changes, companies should move from direct operational asset management to one based on ownership that shares the capital of subsidiaries (dependent) structures that provide relatively higher return on assets (as demonstrated, for example, in RZD) . For stimulation of labor enthusiasm of employees for the implementation of planned strategic changes, companies should move from direct operational asset management, to one based on the ownership sharing the capital of subsidiaries (dependent) structures that provide relatively higher return on assets (as demonstrated, for example, in RZD) .

However, the transition from direct management of assets to the management of shares does not guarantee business efficiency growth companies in general. One reason for this is the absence of desire to use flexible indicative budget, the priority of the total planning and control systems, whose mechanistic prevents strengthening personal confidence necessary to encourage the development of employees in creative and flexible campaigns to effectively manage and work within established businesses.

Since the beginning of the 90-s the last century in strategic management practice gained popularity analytical tool of controlling the Balanced Score Card ( BSC). By identifying the clear links between the objectives, strategy and performance evaluation of the effectiveness and efficiency, the balanced scorecard has been positioned as an analytical tool to achieve premium performance. [8] This approach was also considered as a tool for the presentation and subsequent assessment of the achievement of strategic initiatives and motivation, aimed to the actions of managers and staff of companies. [9]

However, despite the fairly widespread usage of BSC in management practice, little attention has been paid to the study of assumptions and results of its use in scientific publications in the beginning of XXI century, as well as organizational processes and regulations, paired with the experience of successful use [5,9,10]. Studies conducted at the Department of "Economic Analysis" of Financial University in 2009-2015 [11, 12] did not reveal the

presence of well-defined cause-and-effect relationships between indicators of the system in terms of the company's various development prospects; failed to establish a parallel between the BSC used, the business model and competitive strategy of companies. BSC is not just a set of certain financial and non-financial indicators, and an integrated evaluation system, which is based on a specific business model to be continuously monitored and corrected. This gave the reason to believe that even with careful selection of indicators that best reflect the specific development strategy and business model, significant changes in the external environment condition of the company may call into question the achievement of the previously announced balance in the system between the development prospects of indicators.

Studies in Russia and abroad have shown the possibility of BSC use to build systems bonus reward companies' personnel, stimulate the growth of efficiency and productivity of the operating and investment activities. However, as practice shows, the subjectivity in the justification of individual KPI (Key Performance Indicators), used in the construction of integrated assessments enabled the higher managers to ignore many important KPI in determining the final results and the payment of bonuses, even though many of them are directly related to critical factors of business success. A large part of the bonuses did not applied to "legitimate" pay system, determined on the basis of criteria that not included in the system of interrelated indicators.

The main obstacle to the implementation of the strategic effectiveness of monitoring systems based on the Balanced Scorecard (financial and non-financial, diagnostic and prognostic) is to avoid valuation "of complex measurements" results of operations by the controllers. Most of the companies on the planning phase include in the passport of parameters and indicators of the control panel evaluation, quality-oriented processes, but almost without attaching importance to them during the intermediate and final control. This situation leads to unnecessary commitment of financial indicators subjected to accounting manipulations. This leads to further concentration of management attention on the ongoing activities at the expense perspective. As a result, system performance assessment based on easily measurable aspects to the detriment of its difficult to measure, but it is the main driving forces of the strategic success of the business, can cause serious harm to the company's governance and its prospects for growth.

As practice shows, internal and external business environment is no less significant factor in the selection of key performance indicators to be included in the map of strategic indicators and dashboards than keeping vertical and horizontal causal relationships between the individual business units. Thus, in some cases, the technical details of a payment system or a system of interrelated indicators may be less important than the impact of the environment in which they are applied. The success of a particular scheme of labor remuneration of personnel is caused largely correct, taking into account the psychological aspects of a team rather than economic objectives [13, 14]. Further confirmation of the

importance of taking into account the strategic aspects of the formation and use of BSC was developed in the article Banker et al., dedicated to the assessment of the mutual influence of performance indicators of the company and the characteristics of its strategy [15]. It was found that the estimates of heads of departments of the company more dependent on indicators related to the strategy of their work than from indicators, with a strategy not related, but only on condition that the managers themselves have a proper understanding of the strategy.

Malina's and Selto's work is the first example of use an innovative approach to the study of the BSC system that represents a monographic study of the use of BSC as a communicative element of management control [16]. The system of indicators is seen as an element that supports intra-communication by demonstrating the causal links between the various performance indicators, operational and strategic results, and providing, on the basis of this, a common understanding of the need for personnel decisions and performance related to their implementation of the action. This case study allowed proving that the system of interrelated indicators can provide opportunities to improve the strategy and bring it to the attention of staff. In its course the management personnel is reorganize own resources and actions to achieve their goals, which is perceived both as a contribution to improving the efficiency of the whole company. However, as in the case with other grading systems, there is the complexity of the design and implementation of the system of interrelated indicators. These difficulties include: inclusion in inaccurate or subjective evaluation indicators, the prevalence of not horizontal but vertical "top-down" communications, and the use of inappropriate indicators for the evaluation of the results. The occurrence of these difficulties is not surprising, because all of them are typical problem areas of evaluation system performance.

The main reason for conflicts between the strategic objectives of the development and operational activities, in the work of Olve and Roy, Hope and Fraser [4, 17], pointed out the lack of flexibility of performance evaluation indicator systems to the changing conditions of development. Research strategic assessment systems efficiency, conducted at the department "Economic Analysis" of the Financial University under the Government of the Russian Federation in cooperation with the Institute of Business Administration and Business [11] found that the key managers in a number of organizations have had a belief that the company's strategic success is guaranteed if targets criterion indicators are provided. At the same time there is a mixture of the concept of aggregation of indicators in planning and monitoring, and adaptive nature of the response to observable changes in the economic environment.

As practice has shown [18], data connections are not straightforward, and the reason for such opinions is the intuition and past experience of managers. Undoubtedly, taking into account the elements of a successful management, it should be noted that in the context of rapid changes of the state of the economic environment, monitoring and forecasting of the state of the internal and external

environment should be carried out continuously. The results of the evaluation and prediction used for corrective action in the operating, investing and financing areas comprehensively, as well as the development and adjustment of business model.

This is possible only when is used as working tools methods of proactive management actions and techniques of business analysis: implementation of reflexive monitoring with continuous assessment of actual and potential performance in the prevailing conditions, the use of data mining databases (Data Mining); statistical methods of analysis and probabilistic forecasts; business process analysis (BPA); simulation and flexible projections (Simulation & Forecast), and others. Otherwise, even the implementation of competitive strategy can lead the company to a loss of control over the assets and the process of the value migration.

Thus, efficient use of controlling systems is determined by: the professional competence of analysts; by use of techniques of identification of stable relations in business and modeling of their development and the consequences of decisions, including the use of simulation modeling; the transfer of authority to conduct the analysis on the level of business processes and business operations; availability of the necessary information at places of decision-making; reaching consensus interests and cross-functional cooperation within the chain formation of values; implementation of the current comparative evaluation of actual and potential results of activity in the developing conditions. The practice of application of controlling systems, with the aim to achieve strategic business performance, promotes the formation strategic in-house thinking in the staff of the company, which is the basis for optimal inter-corporate relationship management systems. As a result, intra selfishness, based on intra budget relationship is eliminated. This allows in a timely manner identification of the problem areas in the development of the company and the strategic gaps, creating a balanced portfolio of innovative and investment projects of development and modernization, which allows the realization of a balance between current efficiency and strategic effectiveness. Thus, the controlling systems are the most important instrument of motivated coordination of operational and strategic actions in the companies that is necessary in an increasingly turbulent state of the economic environment.

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