

## THE APPLICATION OF CONTROLLING IN THE COMPANIES

Milan MAJERNÍK – Štefan MAJERNÍK



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### ABSTRACT

*A company existing and working in the market economy is under big pressure of the competition. That is why a company is continuously forced to improve its own processes and systems of management and react to new situations with new functions of the management.*

*A modern subsystem working within the system of management of the company called controlling helps to fulfill these functions of the company. Controlling is a system of rules that helps to achieve the targets of the company, protects from surprise and in case a danger, that requires the management to accept effective precautions to eliminate it, occurs, „red light is lit“ to warn against such danger soon enough.*

*Controlling is a subsystem of the system of management with a functionally cross-sectional character and as a tool of management it supports business processes of decisions and management. High quality controlling of the company is aimed to realization of cooperative style of managements and supposes functional planning and information system. Successful controlling of the company does not require the usage of routine processes in management, but according to adequate information it warns against „a narrow space“ that protects from reaching settled targets. Thus controlling is a specific system of information processing and its task is not to manage real processes but the whole company using the information about real processes.*

**KEYWORDS:** *controlling, system, company, management, control, receivables*

### The Introduction

Nowdays, when market economy mechanism is used, business activities are connected with a great deal of problems that can be more and more difficult to be solved using common procedures. An important tool that helps the businessmen to solve these problems and thus ensure long-term successful existence of the company is controlling. Controlling includes introduction of systematic planning, effective controlling and continuous management of separate processes, and this way conditions for decision procedures of responsible workers are improved and the rate of uncertainty is lowered. In general, controlling can be characterized as a system, the aim of which is improvement of quality of management of the company based on objective record keeping and objective evaluation of all economical processes of the company.

Thus exact methods or mathematical algorithms in the management system of the company are applied and used, these activities require certain level of intuitive thinking. Controlling provides with effective information processing and fulfills a big range of management tasks, thus it provides with reaching settled targets.

The controlling workers are required to know the company as a whole unit and to be able to recognize specific features of all separate units of the company and the tools of company management.

## **Experimental**

### *Methods*

Main characteristic features of controlling are as follows :

- controlling controls the company economically, it supervises the company so that it can signal existential crises and provides with steps that can protect the company against the crises
- controlling does not mean control controlling means „keep under control“
- controlling means active management, i.e. management for the future

It is important to settle the relation between management and controlling function of the company. Management makes decisions, it is responsible, while controlling inspires, evaluates, makes analysis, controls and makes recommendations. Controlling in the company is highly qualified advisory system of the managers.

### *Main functions and tasks of controlling*

Functions and tasks of controlling in the company coming from its definition and characteristics are :

- support planning and setting the targets of the company
- continuous receiving and processing of the information to support the management and decisions
- support the control with emphasizing the analysis of deviations
- information processing, preparing reports and surveys for the needs of management
- involvement in the choice and preparation of management members

As the previous list of functions shows, there is a whole range of the tasks that were set so that controlling could provide with reaching settled targets.

## **Conclusion**

The sources that are to one's disposal are less and less sufficient and they should be used as effectively as possible. This is the reason, as well as other facts shows, why the company should use the system of controlling of receivables. The risk of delay or not paying receivables leads to higher costs of the company and consequently to the problems with insolvency.

While monitoring the receivables turnover indexes of receivables, the terms of turnover and their age were used. The values of all the indexes show that these are favorable for the following development of the company.

As a result of insolvency and the insolvency of purchasers the time period of collection of receivables is prolonged, and this leads to higher amount of receivables after the term of payment. After summarizing all the aspects of credit policy, following list of activities may be considered as a standard for checking and managing activities of the controlling system :

- record keeping and controlling of the amount of receivables
- verification of credibility of the purchaser
- controlling of the receivables after the term of payment
- initiation of the collection in the form of remainders
- controlling of payment conditions of the orders
- monitoring of the receivables
- analysis, planning and controlling of credit relations
- communication with marketing department

## Summary

In spite of its positive features, controlling, as a modern system of the management of the company, is only gradually being introduced in our country, it works mainly in branch companies of the companies with foreign property participation. When coming to Slovakia these companies usually bring their own long time experienced know-how, and not only in the sphere of technology, but also in the sphere of management, and thus also controlling. These achievements are usually not available for the external surroundings, so the advantages of well working controlling system slowly and hard penetrate into business publicity. Most small businesses do not feel it necessary to change anything in the system of management in their company .

They usually use their own know-how intuitively and they consider introducing any new things as useless and used for one's own sake. Middle sized companies may distinguish some shortcomings in the system, but the main problem for them is the non-availability of required know-how and the lack of finance inevitable for introducing modern methods of management. Controlling is also quite demanding as far as the personnel is concerned. There are almost no universal specialists working in these sphere in Slovakia. Thus, when a company wants to introduce a controlling system, it has to educate and train its own specialists, that is possible to be quite costly.

Not every company is able to train its own workers and create a special working post for the controller. Controlling offers many advantages in all the spheres of management. The contribution of controlling may out do all the problems that may occur when introducing it into the company.

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## CONTACT ADDRESS

### **Doc. Dr. Ing. Milan Majerník**

Ústav manažmentu STU, Vazovová, 811 07 Bratislava, Slovenská republika  
e-mail : [milan.majernik@stuba.sk](mailto:milan.majernik@stuba.sk), [mmajernik@post.sk](mailto:mmajernik@post.sk)

### **Ing. Štefan Majerník, PhD.**

Vážska 11, 911 01 Piešťany, Slovenská republika  
e-mail: [stefan.majernik@yahoo.com](mailto:stefan.majernik@yahoo.com).

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