

## **Controlling in Germany from the View of Practitioners and Students – An Empirical Study**

### **Walter Ruda**

Kaiserslautern University of Applied Sciences, Campus Zweibruecken  
German Center for Entrepreneurship, Germany  
[walter.ruda@hs-kl.de](mailto:walter.ruda@hs-kl.de)

### **Bernhard Dackiw<sup>1</sup>**

Kaiserslautern University of Applied Sciences, Campus Zweibruecken  
German Center for Entrepreneurship, Germany  
[bernhard.dackiw@hs-kl.de](mailto:bernhard.dackiw@hs-kl.de)

*Abstract: This study examines the characteristics of controlling in German small and medium-sized enterprises (SMEs), also known as “German Mittelstand”. By the use of a concise explication of differences but also similarities between the characteristics in SMEs and large companies, a framework concerning different spheres of the job needs depending on the company size can be created.*

*The study started questioning controllers in German enterprises in 2003 and is still ongoing, after a study redesign in 2008 without changing the core questions. Furthermore students were also asked in the context of the study. Considerable overlaps concerning the organisational structure of the controlling divisions between the estimations of the students and the controllers can be found. But an extensive unity of both interviewed groups exists with the personality traits of the controller. They assess the relevance of the personality traits in a similar way. There are some differences between the images of the controller, which are experienced by the controller and are expected by the students. The estimation to the controller’s task fields of the controllers differs from that of the students. For some more reasons the study proves that the controlling in SMEs differs in some fields significantly from that in large-scale enterprises. Possible implications like for university teachings are discussed and some new ideas for further even deeper research are given.*

*Keywords: Controlling, controller, Controllership, German Mittelstand, small and medium-sized enterprises, job description, image, task fields, personality traits, organisational structure*

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## **1 Introduction**

The demands in controlling have changed quickly because of the globalisation and modernisation. Globalised markets aren't only a chance for large business companies but also for small and medium-sized enterprises (SMEs). Great interest in controlling systems has been raised by the economic crisis in 2008. This crisis showed that there is the necessity for further development and greater applying of the controlling systems in companies to overcome further crisis in a much better and faster way. The controlling has endured a lot of different development processes in the uncertain market situation in the last years. The task safeguarding of rationality in management is besides the basic tasks of high relevance, which operates in a way of a balance to decision made by intuition and instinctive feeling. Furthermore the social responsibilities (soft skills) of the controller are estimated as relevant as the professional skills. The soft skills are also important as the other skills, because of the required cooperation with other departments and divisions in the company. The controlling in SMEs respectively the controller and the controllership has been a little bit unattained, although there is a huge knowledge about the different controlling topics. That's the reason why specific topics like the job description of a controller are not in the focus of empirical studies. The study focuses on the characterisation of the job description of controllers in German SMEs. For this study the images, task fields and personality of the controller as well as the organisational form of the controlling will be observed.

Selected results of this study were presented and published on the MEB conferences in 2008 and 2013 in Budapest. The data from 2003 to 2006 were analyzed for the conference in 2008 and the data from 2007 to 2012 for the conference in 2013. The results, which were presented on the MEB conferences, are the data of the surveyed practitioners (enterprises). Furthermore surveys have been occurred at the students since 2003 and the data have been analyzed since this date. The study delivers an approximate description of the essential characteristics of such a controller type. The expectations were and still are the gathering of new empirical data, its statistical analysis and finally the delivery of new statistically proved input to the research and teaching community as well as to the companies.

## **2 Methodology: Sample and Data Analysis**

The methodology of the study is differentiated in the sample and data analysis of the practitioners (enterprises) and the students. The procedure of the study is explained primarily at the practitioners and then at the students.

The aspects, which influence the job profile of the controller, are the size of an enterprise, the controlling/company philosophy, embedding the controlling division

into the company (organisation), the tasks and activities, the image of a controller and his personality traits.

These aspects are examined in a questionnaire by using specific questions. The participants of the RKW Baden-Wuerttemberg Controlling Workshops from 2003 to 2012 are the one group of respondents of the study. 150 questionnaires were filled out for this study and represent the controller department of their enterprises. The controllers were asked to fill in the questionnaire immediately and to give it back to the moderator. The participants were ensured that the results were handled in a confidential way and the participation was voluntary.

By using the electronic database in Microsoft Excel and various statistical software, e.g. SPSS, the response were processed. In 2008 the questionnaire was resigned. Some questions were added and some were removed, especially some of the open questions. The core questions haven't been modified.

The questionnaire is divided into two different parts. In the first part of the questionnaire general data of the enterprises like turnover or number of the employees is collected. The data is useful to classify the companies on basis of the German code of commerce in small, medium and large enterprises. In addition to this the companies should also self-evaluate their size. The owner structure could be one reason for this fact. Many companies, which are family owned, don't differentiate between SMEs and "German Mittelstand". The second part of the questionnaire surveys the aspects mentioned in the previous passage.

The survey of the students takes place at the University of Applied Sciences Kaiserslautern, Campus Zweibruecken, and the University of Applied Sciences Mittelhessen, Campus Friedberg. In this case bachelor and master students from the courses of studies of the subject areas business administration and engineering are considered, who are enrolled in presence and correspondence courses of studies as well as in full time and extra occupational. The questionnaire of the students differs from that of the practitioners in content and structure.

### **3 Results and Discussion**

The results of the study are selected and divided into the study subjects organisation of the Controlling, image, task fields and personality traits of the controller. In each study subject are shown primarily the results of the interviewed practitioners (enterprises) and then those of the students.

#### **3.1 Organisation of the Controlling**

The participants of the study should estimate how the Controlling sector is organised. They could judge the organisation of the Controlling on the basis of the

criteria central organisation, decentralised organisation and a hybrid form of central and decentralised organisation.

The practitioners categorise the Controlling sector predominantly as centrally organised (approx. 70%; fFigure 1). This result is more or less as expected, because the interviewed companies are predominantly SMEs and the large enterprises are mostly family-owned enterprises. A distinct decentralised structure is in the practice generally a characteristic of large enterprises with a concern-structure.

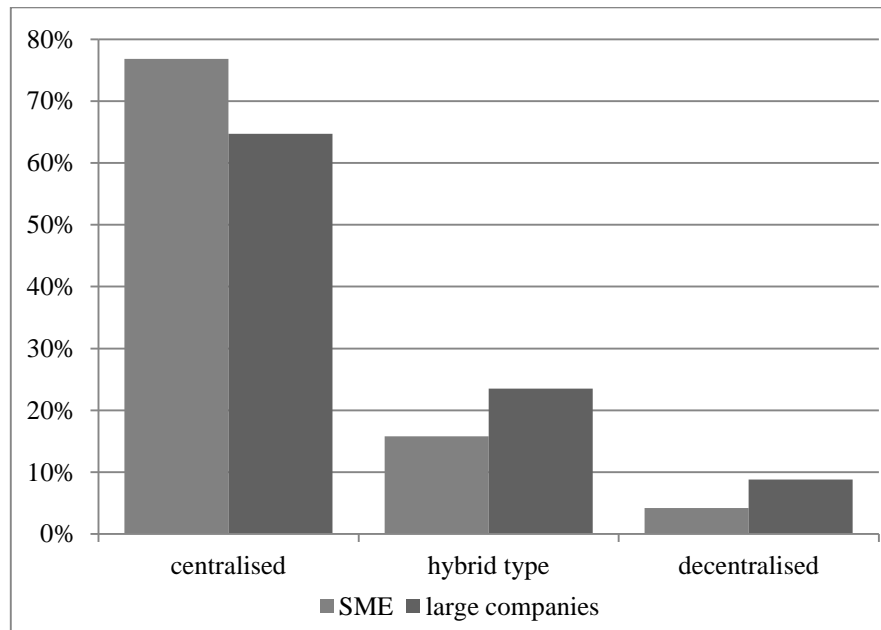


Figure 1

Organisation of the controlling from the point of view of the practitioners

The estimations of the students regarding the organisation of the Controlling possess large overlaps to the observed forms in the practice. The students should bring the three criteria in the order of its most likely appearance in a company. They assume that the central organisational form is most frequently a characteristic of enterprises, but the hybrid form is often supposed. The decentralised organisational form was categorised on the third rank by the majority of the interviewed students (see fFigure 2).

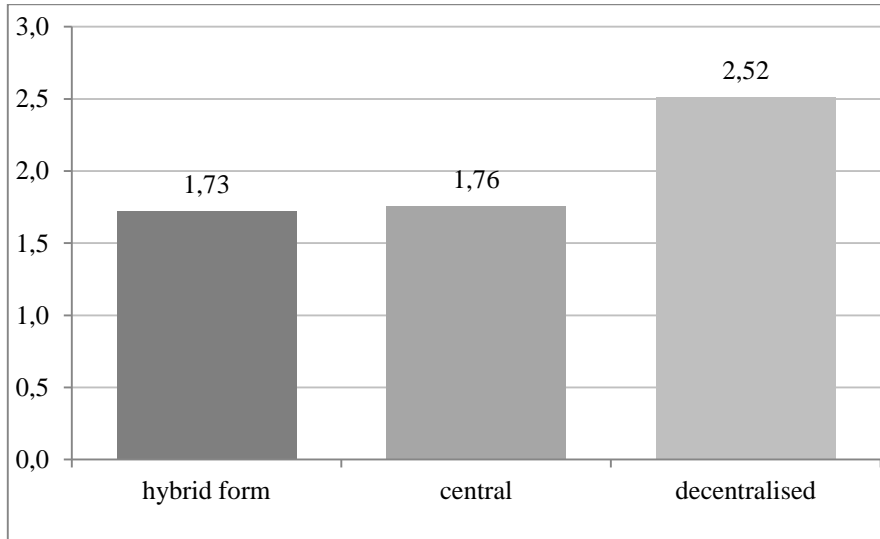


Figure 2

Organisation of the Controlling from the point of view of the students

### 3.2 Image of the Controller

The image of the Controller is from particular importance, because knowledge can be gathered to the acceptance of the functional area Controlling in the enterprise. The acceptance contributes in a high degree to the success of the Controlling, which was confronted with negative attitudes of the colleagues from other functional areas.

The participants assess the controller with the help of the images and the role models, which are described by Weber/Schäffer. The interviewed practitioners should assess their image at the colleagues and the superior with the parameters very strong distinct, less distinct, not applicable (figure 3). It can be asserted that the images pilot and helmsman, which have a positive connotation, are considered as applicable or partly applicable by a big majority, but also the negative categorized images trackhound and kontrolleur are often appropriate. The other images are merely partly relevant.

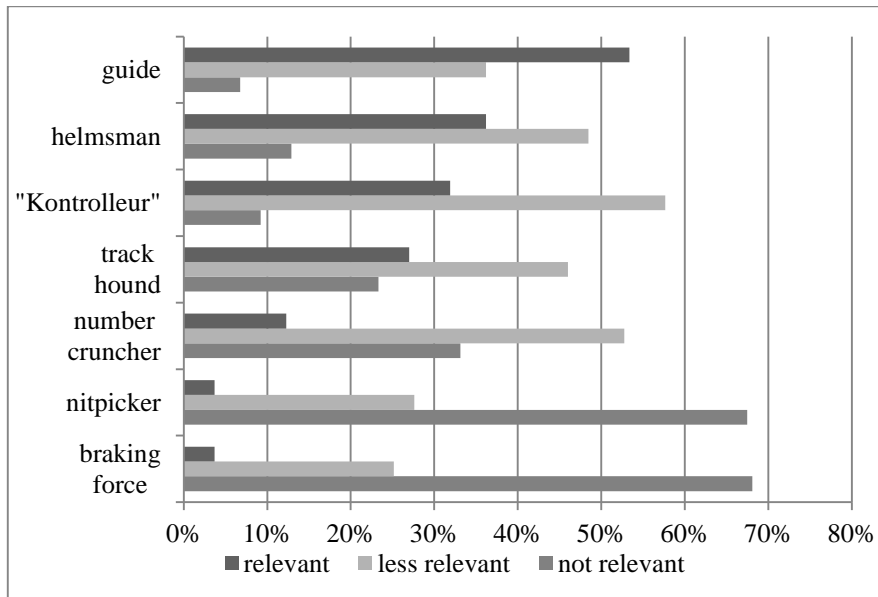


Figure 3

Controller images from the point of view of the practitioners

In Figure 3 all questioned enterprises are registered, independent of their size. All images exist in SMEs in a similar form except for low discrepancies. In the comparison is apparent that pilot and helmsman were mentioned here more seldom as appropriate image. The image with the highest relevance is the kontrollleur in large enterprises.

The image is also predominant in the group of the students. In contrast to the practitioners the students should bring the images in an order from relevant (1) to non-relevant (7). Also the images number cruncher, nitpicker and braking force place here the rear places with a big distance (Figure 4). The other images differ in the comparison to the practitioners in the importance.

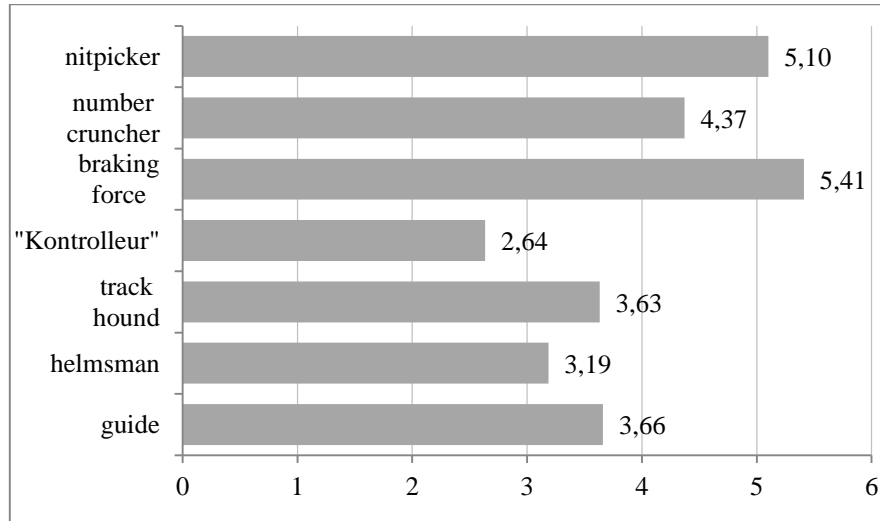


Figure 4

Controller images from the point of view of the students

The image of the pilot is to be found more seldom from the point of view of the students, the image of the kontrollleur dominates as already mentioned. Differentiated into the two subject groups of the interviewed students only low differences arise in the average values, the order is congruent. At the results there are some differences between the images of the controller, which are experienced by the practitioners in the business day life and are expected by the students. In the practice the controllers are noticed predominantly as positive factor, the students see the image of the kontrollleur as prior. Whether this happens on the basis of the equalisation of the terms controller and kontrollleur, this cannot be proved, the supposition is certainly obvious. Furthermore it would be of interest, if the students see control rather negative with the meaning of observation or rather positive with the meaning of planning.

### 3.3 Task fields of the controller

The tasks fields and the image of the controller are connected in a close way. The specific tasks have a big influence on the fact, whether the controller is noticed rather in a negative way or rather in a positive way. The survey to the task fields occurred with both participant groups on the same scheme, as it was already demonstrated at the images.

The tasks reporting, analysis of variation and operative planning dominate at the practitioners, independent of the enterprise size (figure 6). Differences result in the relevance of the other tasks. In SMEs the task fields are essentially broader than in large enterprises. At this point the economic and investment appraisals, financial

project and other tasks from the management accounting are mentioned as examples, which are not filled out by the Controlling sector in large enterprises. Also other unspecified tasks are essentially more often deputed to the controller in SMEs.

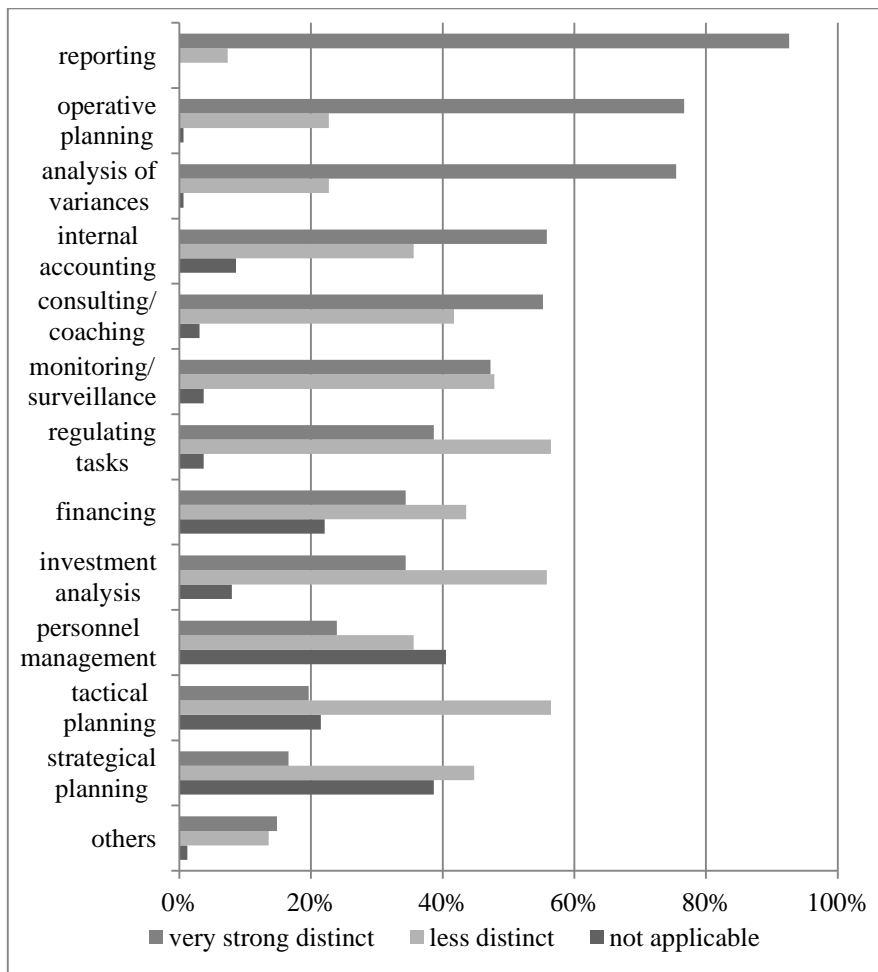


Figure 5  
 Controller tasks from the point of view of the practitioners

The image of the “kontrolleur”, which has top priority at the students, appears also at their estimation of the tasks of the controller. Indeed the tasks, which are most frequently classified as very relevant by the practitioners, are on the following places, but with a big distance to control/observation (Figure 6).



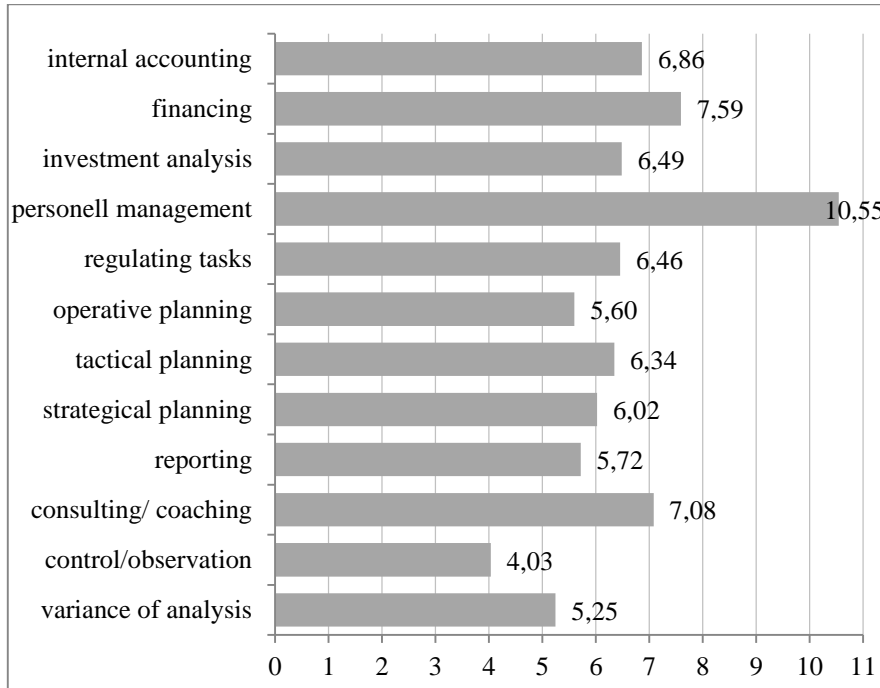


Figure 6

Controller tasks from the point of view of the students

### 3.4 Personality traits of the controller

For accomplishing of his variegated task fields the controller has to bring different skills in order to meet the high requirements. For assessment, which personality traits should be available, 11 examples were mentioned in the questionnaire, as they are also found in many job advertisements (see fFigure 7).

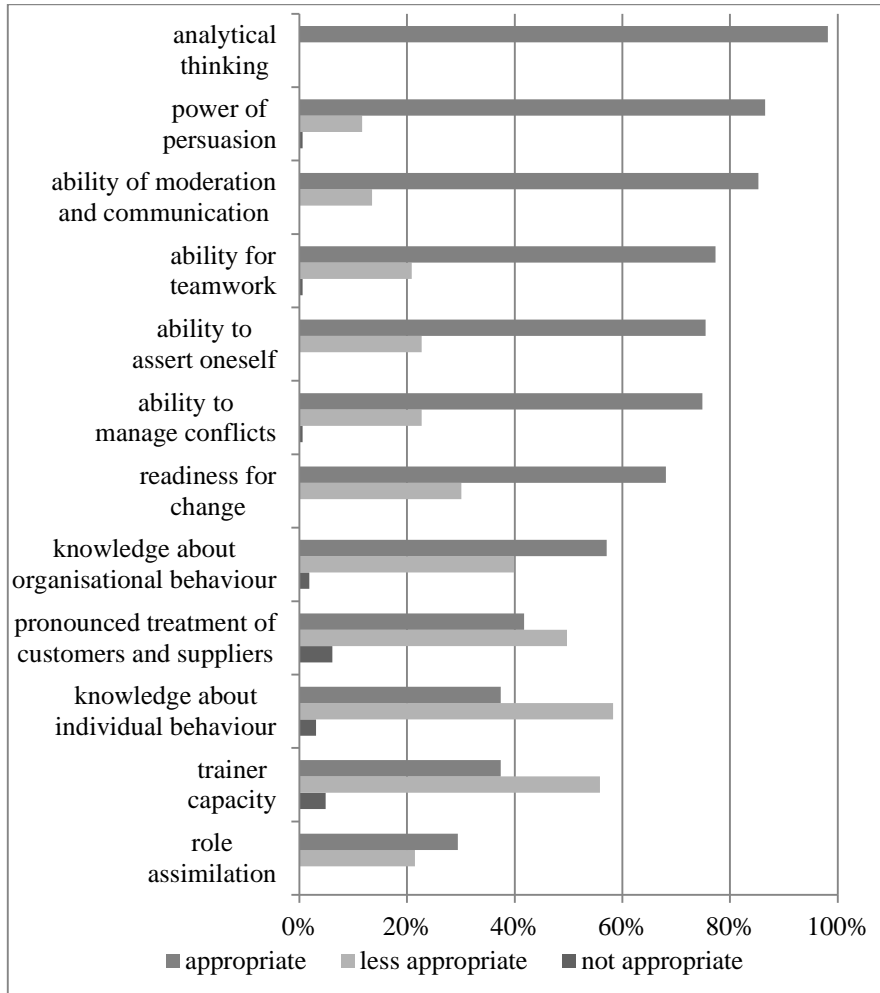


Figure 7

Personality traits from the point of view of the practitioners

The analytical thinking is from the point of view of the practitioners the most important trait for any controller. With an approval of nearly 100% is this personality trait in the vanguard of large enterprises and SMEs. Considered as a whole exists not only in this trait an extensive unity between both size classes, there are only huge discrepancies in the thinking of the customers and supplier and the knowledge of individual thinking. It should be retained that the eleven to be assessed traits are essential for the successful work of the controller in all enterprises independent of its size. Only a few traits are mentioned as not relevant, this applied to four at large enterprises likewise at SMEs.

The students see the analytical thinking as well as the practitioners as the most important personality trait (see Figure 8, the students had to bring the characteristics in an order, 1 is the most important characteristic, 11 is the least important one). Extensive unity dominates also with the remaining traits. The greatest difference is in the ability to work in a team. This trait is asked in both size classes of the enterprises by the controllers, for approximately 75% is this trait very relevant.

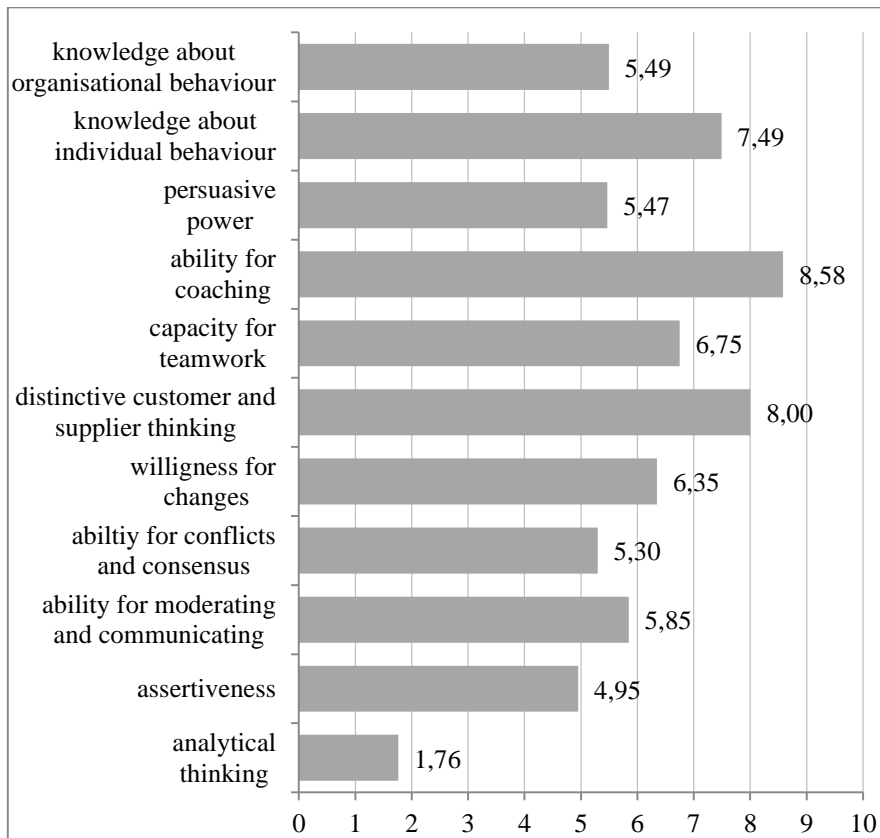


Figure 8

Personality traits from the point of view of the students

Practitioners and students expect similar personality traits, which the controller should bring. In both surveys exists a big consensus. The results of large enterprises and SMEs and the students of the undergraduate and work accompanying courses of studies hardly deviate from each other.

## 4 Conclusions and Recommendation

The aim of the study was to gain empirical data to define a job profile of controllers, who work in SMEs. Differences and similarities of the analytical results found in SMEs and large enterprises were pointed out.

- The images of controllership like braking force, number cruncher or nitpucker could be come across rarely in SMEs and large enterprises from the point of view of the practitioners. These images are on the rear ranks from the point of view of the students. The other images guide and helmsman are dominating in both company sizes. The image of the pilot is to be found more seldom from the point of view of the students and the image of the “kontrolleur” dominates.
- The role of the “kontrolleur” has lost of his former spreading in the last years but is still relevant. The images “service provider” and “consultant coach” are often mentioned in SMEs and large scale companies.
- The tasks, which have to be done in every enterprise independent of its size, are the reporting, variance analysis and operative planning. There are some task fields that are expected to be higher specialisation in larger companies less important than in SMEs. The controllers in SMEs have more tasks fields than the controllers in large enterprises. Different departments in large scale companies do tasks like financing and investment analysis. The tasks in SMEs have a less clear separation and the tasks and activities of the controller in SMEs have a less deep scope in comparison to large enterprises. The controller in SMEs is a “generalist” and in large companies a “specialist”. These findings are in concordance with the appropriate theoretical SMEs business literature. The task of the controller, which has a top priority at the students, is the control/observation. This is a big discrepancy in the estimation of the practitioners regarding the relevance of the task fields.
- The most relevant personality traits of the controllers in SMEs and large enterprises from the point of view of the practitioners are the analytical thinking, power of persuasion, the ability to assert oneself and the ability of moderation and communication. The analytical thinking is also the most important trait from the point of view of the students. There can be found some differences regarding the personality traits power of persuasion, knowledge about individual behaviour and knowledge about pronounced treatment of customers and suppliers.
- Controlling is mainly central organised in divisions in SMEs. This is not discussed in this paper but statistically proven by data of this study. The empirical result accords with theoretical expectations. But the interviewed students assume that the central organisational form is most frequently a characteristic of enterprises. The hybrid form is often supposed.
- The results of the students and practitioners differ partially from each other.

The results of the study demonstrate that the job profile of the controllership in German SMEs is quite alike to one in the US-American controllership, if the results of the study are compared with the business literature. The controller's job description differs in several points from the profile in large enterprises, especially the range of tasks. The job profile of controllers in German SMEs shows that the works of the controllers are challenging and interesting, which needs a specific foundation on university level. That the reason why universities and other educational institutions should continue specialising their curriculae and teachings. Further improvements can be reached through cooperation with SMEs and large enterprises. Important is that the differences of the organisation of the Controlling become apparent in the single size classes and this leads to a qualification of the students, which meets the needs of the enterprises in a narrower way.

The study has some limitations, which should not be neglected. The first limitation of the methodology is the size of the sample. The sample should be increased for further purposes. Regarding the relevance of the results should be mentioned, data about the controller image has been gained out of the controllers own perspective and not by questioning other employees. This would be very challenging, but there's also a big chance to gain much more meaningful data about the controller. These limitations of the present study will be regarded by forthcoming researches. Furthermore it is possible to extend the questionnaire without changing it in a complete way to get constant data. For the continuation and the continuing evaluation of the study speaks the possibility of more in-depth analysis of the results, in particular relating to the development over a specific period of time or the comparison of the results of the students who study in full time and extra-occupational

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