

Requirements on controllers in the Czech Republic: An Empirical Study[#]

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Preface

It is apparent that one of the problem areas which has changed in its qualitative substance is the how companies are managed, including the instruments and methods used. Although it is not easy to generalise the most important general tendencies which are characteristic for this development, in our opinion they are the following:

- approaching company management as a system which connects organization, planning, control, decision making, motivation and information functions;
- developing it on a multi-dimensional view of the entrepreneurial process leads to an ever stronger integration of all the relevant aspects of its management: not only of strategic but also tactical and operational perspectives, product, responsibility, activity based, customer and territorially oriented sections also and its financial and non-financial sides; and
- the interdependence of each of the above sections then influenced by the emphasis placed on the need for an interdisciplinary view of the managed entity.

Also changes in business environment and global crisis (leading to recognition how important for the companies' success is the quality of their financial management) manifest itself in the growing pressure to competence of professional accountants. All these changes have the impact on the work of controllers and managerial accountants. This pressure is apparent in many regards. It is demonstrated especially by:

- Newly formulated requirements of companies which are generalized in textbooks and other outcomes from academia in which the ability and necessity of qualitative changes in the work of these experts have been stressed;

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- The reactions of universities and economically oriented professional bodies which feel the necessity to implement these requirements into business schools' and university curricula and into the initial certification systems of professional competence development.

Most research (Kaplan, R., Cooper, R., 1998, Burns, J. and Yazdifar, H., 2001, Merchant K., 2003) confirms the significant role of quality financial management in the changing environment which is influenced by the following tendencies: the inter-disciplinary nature of company management, emphasizing its strategic perspective, its multidimensionality, and the integration of all substantial aspects of purposive business management including inter-relationships (but also divergence) between the user and processing areas of quality information systems (Simons, R., 2004, Parker, L., 2002, Merchant K., 2003). This situation has a significant impact not only on the substance of the company management control system, including its information support (Carruth, B., 2004), but also on the professional education, skills, experience and ethical values and attitudes of financial managers.

In this regard, some authors devote special attention to controllers or managerial accountants. For example Kaplan (1998) states that ICT development especially has enabled these experts to be liberated from routine data processing, which gives them the opportunity to spend less time on standardized statements of development and – subsequently – to devote more attention to analyses and interpretation of submitted information;

- Communicate more intensively companies' aims and means of their fulfilment with those people from departments who participate in the realization of the aims; and
- Shift part of its work from the area of comparison of actual and desired company results to the area of decision-making about the future course of the business process.

Also, according to Grandlund and Lukka (1998), controllers should not act as internal information support providers only, but more as business partners who are co-equal members of decision-making teams and as experts whose authority and responsibility it is to explain why a certain type of information is or is not relevant for a certain decision and – consequently – who are expected to enhance the decision-making quality.

Zralý (2007) reacts to the changing role of managers, controllers and managerial accountants and the interactions among them, as well as to the growing requirements of the interdisciplinary approach and linking up inside the management control system by suggesting the approach be titled the “controlling convergent concept”.

All the above-stated changes in the content of controllers'/managerial accountants' work have also manifested themselves in new requirements of professional competence and capabilities of these experts. Before, they were required to have adequate knowledge, skills and experience of the management accounting instruments and methods, and their implementation and use in the framework of company information systems. Recently, they are expected to be able to use this knowledge, and these skills and experience more as means to successive aims – to integrate on an interdisciplinary basis management accounting information with the other non-financial and qualitative data, to have the capability to justify, interpret and present ascertained results, to give adequate information support for decision-making and to be able to strengthen companies' synergistic effects through the communication and integration of the relations they develop and cultivate (see for example Burns and Yazdifar, 2001; Yasin 2005, Hoper; 1980, Horvath, 2006; and Zralý 2007)).

Moreover, according to many research outcomes, the level of soft skills (the ability to argue, interpret and present discovered results and to connect financial information with non-financial, intangible and “invisible” sections of business activities) is important; this aspect is undervalued in all respected materials devoted to the professional competence development of financial managers (Yasin, M. M. , Bayes, P. E., Czuchry, A. J. ,2005; Pierce, B. and O'Deam T., 2003; Grandlund, M. – Lukka, K., 1998; Jablonsky, F. S., Keating, P. J. and Heian, J. B., 2004).

Regarding the second group of stakeholders – universities and professional bodies which are implementers and supporters of these changes – the aim of this article is to describe the project whose general orientation is to define the quality standards for the work of these experts and consequently to develop a framework for a more precise specification of the requirements for their education, skills and experience but also for their professional approaches, values and attitudes.

The project was initiated in the middle of 2011 by the International Group of Controlling (IGC) – an international professional association in which the Czech Association of Financial Management plays an active roles, along with members of the Management Accounting Department of the Faculty of Finance and Accounting of the University of Economics, Prague. However, due to a shortage of resources to run it from the IGC level and due to the changes of IGC priorities, it was stopped very early as an international project and it was recommended to national bodies to realise it on national bases.

The “Czech version” of the project has been running since the beginning of 2012 at the Faculty of Finance and Accounting of the University of Economics, Prague. It has used the outcomes of the IGC team and now it has extended them in two principle lines, on the basis of:

- the development of the project’s general framework which comes from literature sources and from the requirements of professional bodies; and
- empirically oriented research, whose aim is to map the principle requirements of the professional competence of controllers/managerial accountants from two angles:
 - From the view-point of experts who are responsible for their professional competence development in the pre-qualification stage – during their stay at university and in the framework of professional education and certification programmes;
 - From the view-point of managers and controllers/managerial accountants operating in business environments as experts who perceive the needs for their way of professional competence development to be “in touch with business reality”.

In this regard, the aim of this paper is to describe the most important outcomes of the project, to analyse the “Draft for a Common Statement” and empirical research focused on changing the requirements of managers and controllers, and mapping the current situation in the Czech Republic in this area.

The general aim of the project

The general aim of the project is more complicated than it might appear prima facie. The requirements for competence of broadly defined profession of professional accountants are harmonised relatively unambiguously on the basis of the International Federation of Accountants (IFAC), International Education Standards (2003) and in the area of education. They are even specified by the United Nations Conference of Trade and Development (UNCTAD) Model Accounting Curriculum (2011); however, they are instruments of harmonisation which are oriented primarily to auditors as professional accountants acting in the public interest. With regard to their specific role in the framework of the accounting profession it is apparent that the requirements for their professional competence development will be different from experts whose principle focus is to optimise companies’ activities “from the inside”.

Moreover, unlike auditors whose activities in the public interest have been the subject of legislative treatment (and afterwards also of worldwide harmonisation of juridical standards), analogous legal harmonisation of the requirements for managerial competencies has been perceived to be not only useless but even harmful with regard to the creation of barriers for the free movement of experts.

Additionally, the historical development differences in the areas of managerial control and applied managerial approaches manifests itself by the fact that these experts have different titles in different parts of the globe, but they are also endowed with different levels of authority and responsibility and they operate in different levels of a company hierarchy.

Taking all this into consideration, it is not surprising that work on the project could not commence with an immediate discussion about quality standards; the project team decided to develop an initial general paper defining the conceptual foundation of the project, its aim, content, structure and consensual terminology. The so-called “Draft for a Common Statement” which represented the first stage of the project solution became the subject of discussion by national IGC members.

Common statement intention

The intention of the common statement was to generate internationally valid definitions of controlling and the controller's work.

These definitions serve several purposes:

- They can help internationally operating companies to assign tasks, competencies and responsibilities to controllers and management accountants according to their function and role in central or decentralized units of a company
- They can sharpen the "image" of the controller and the understanding of his partnering function with managers;
- They help to devise and validate the curriculum of educative organizations and make their programs meet the needs of the companies which hire controllers and
- They point out to prospective controllers if the institution they want to choose for their education will cover contemporary topics and teach the relevant topics in depth.

Although we supported this intention generally, our suggestion was to discuss the question whether it would be more appropriate to focus the whole project not on controllers operating in companies only, but – at least to some extent – to also include controllers operating in other

entities. This approach supports, for example, the Chartered Institute of Management Accountants' definition of management accounting (Management Accounting. Official Terminology, 2000): "Management accounting is the application the principles of accounting and financial management to create, protect, preserve and increase value as deliver that value to the stakeholders of profit and not-for-profit enterprises, both public and private."

Preamble

Controlling is defined in the statement as the work a manager (of every hierarchical level) performs to keep his business under control. This job includes awareness of financial performance and the controller's job is to enable managers to execute their controlling.

The profession is usually called "Controller" in Continental Europe whereas in English speaking countries it is called more frequently "Management Accountant".

- In the Institute of Management Accountants (IMA) and CIMA publications the term "Management Accountant" is used;
- The IGC uses the term "Controller";
- The IFAC sees management accountants as one group of "Professional Accountants in Business".

Especially for the reason to find consensus for the quality standards development, the statement suggests simplification in the sense that controller and management accountant are synonyms.

Although we supported this simplification for many reasons, we suggested an adjustment of primary orientation of controlling. The first sentence actually stresses the importance of **financial performance** which is understood very narrowly – see, for example, IAS Framework (International Financial Reporting Standards 2007) – especially in connection with factors influencing profit only; we suggested using "performance" only. This term

- better reflects that not only the financial, but also the non-financial section of performance is important for the companies' success; and
- it is in compliance with CIMA's terminology (Management Accounting. Official Terminology, 2000): "Performance measurement is the process of assessing the proficiency with which a reporting entity succeeds, by the economic acquisition of resources and their efficient and effective deployment, in achieving its objectives.

Performance measures may be based on non-financial as well as on financial information.”

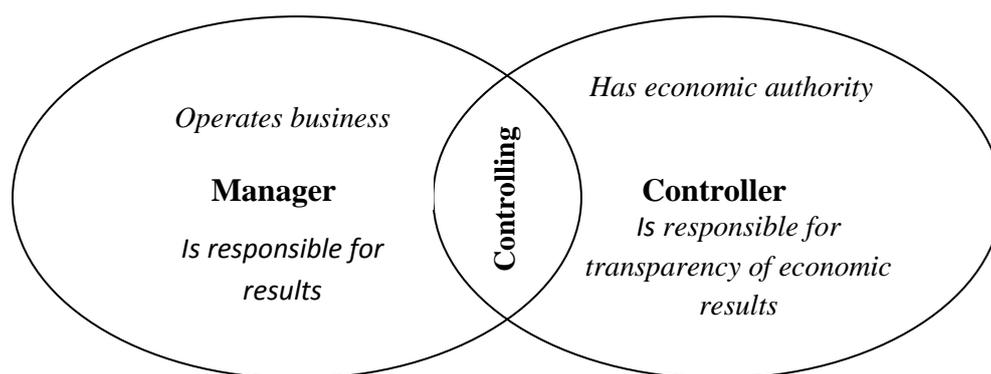
Mission

The statement defines controlling as an intrinsic part of management. In an organization, all people with the power to make decisions (managers) are also responsible for keeping their part of the organization under financial control. Financial control is understood especially as business control. This includes financial stability and transparency, sound and informed decision-making, forward focus on financial success, and a holistic view of the business and of the resulting financial issues (Horváth, 2006).

Consequently controllers are defined as the supporting partners for managers in business questions. They are involved when managers do not have enough time or knowledge to fulfil their controlling task.

Controllers prepare and use instruments, methods and key figures in a manner that enables managers to take decisions and to recognize their own responsibilities for results, processes and communication. The focus is on the sustainable financial success of the organization and on the performance of its parts. Also, controllers assist all other employees when they control their results, processes and communication with the help of support-systems and appropriate tools. The relation and division of the managers’ and controllers’ work is depicted (in a simplified way) in Picture 1.

Picture 1: Relation and division of the managers' and controllers' work



Source: International Group of Controlling (2011)

In our opinion, also stated mission contents the narrow orientation of the controllers’ activities on financial section of undertaking only. This is the reason why we suggested the

adjustments which would extend the controlling understanding like a part of management oriented to not only financial but also non-financial part of business and its control.

Also, the third paragraph of the mission does not reflect – in our opinion – the substance of a controller added value for the company’s success; we suggested changing the second question in sense: “As the system of management control has become too complex recently, controllers should support managers especially with the execution of information, but also communication, advisory and service functions of this system”.

Dimensions

According to the Statement, it is necessary to differentiate five principle dimensions in the controllers’ job: profession, function, processes, roles and job title.

Profession

The job title and function depend on the assignment of a given controller in a given organization. Therefore, the professional processes and roles are the subject of general investigation in the statement. After that, its conclusions result in the multidimensional framework of controllers’ activities.

Controlling is a profession that involves partnering in management decision-making, devising planning and performance management systems, and providing expertise in reporting and control to assist managers in the formulation and implementation of an organization's strategies. To do so, a controller needs a qualification in accounting and finance applied to operations within all areas of organizations through a combination of leading edge techniques and an in-depth understanding of the businesses in which they operate. Specifically, a controller must be able to

- Design, implement and manage (automated) integrated information systems that combine financial and non-financial data;
- Collaborate in structuring transaction accounting, including all financial sub-ledger systems as well as production planning and invoicing systems;
- Formulate organizational policy, strategy and objectives, producing business plans, forecasts, scorecards, cost/benefit analysis and budgeting information as appropriate;
- Identify excellence in corporate governance, including qualification and management, internal due diligence and control systems, corporate social responsibility and reporting.

Processes

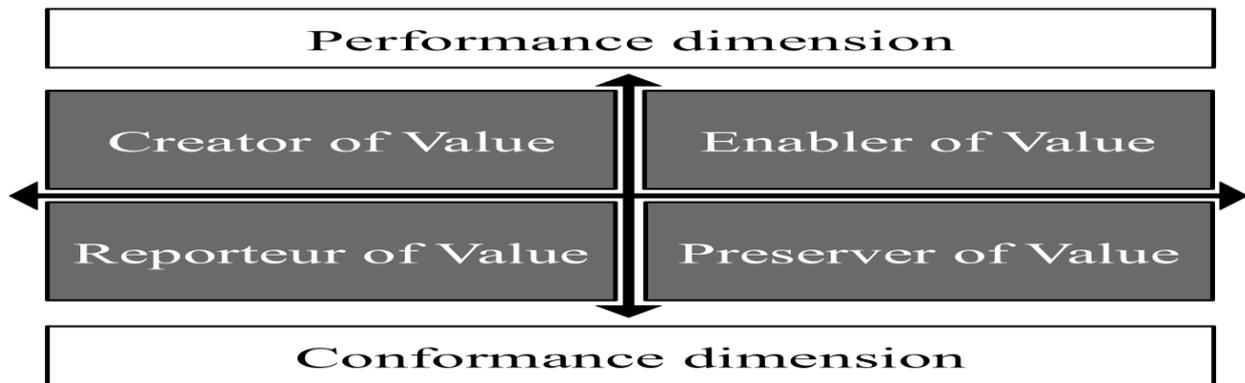
The statement stresses ten principle processes which controller should master (see picture 2):

Picture 1: Principle controllers' processes (Source: Draft for a Common Statement)

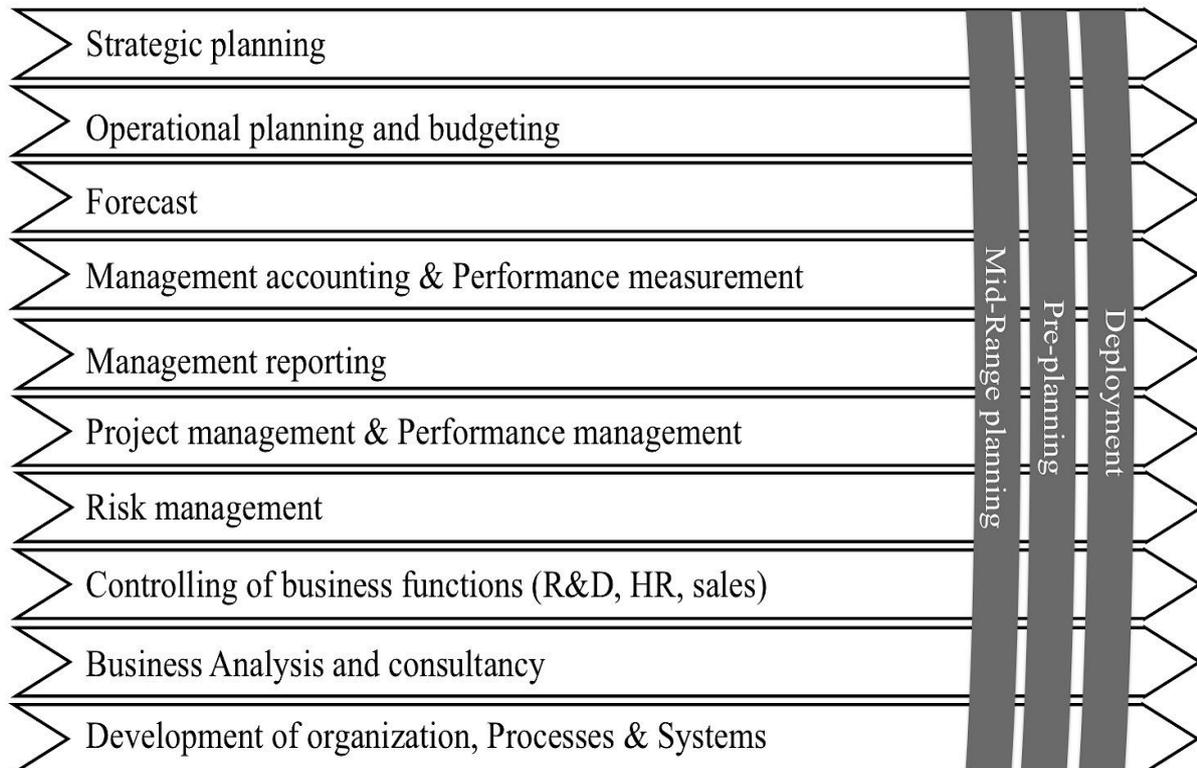
Source: International Group of Controlling (2011)

Roles

Consequently, the roles of controllers can be derived from the expectations placed upon their contribution to a business, both from a performance and a conformance perspective (see



picture 3):



Picture 3: Controllers' Roles

Source: The picture is based upon the IFAC (2003, 2005) definition
“The domain of Professional Accountants in Business”

Multi-dimensional framework of controllers’ activities

To perform according to the needs of his/her customers – the managers of all hierarchical levels – the controller has to fulfil his function (first section). The scope of this function depends on the position of the controller. The job and sub-job (second section) describe the working area and the responsibilities of a given controller.

The third section shows the knowledge, the personal competencies and other prerequisites a controller must bring to meet the necessities of his function and job. These elements define the contents of an educational curriculum for a controller with a defined function and job. They are therefore the basis for the development of seminars and they define the scope of examination questions.

The multi-dimensional framework of controllers’ activities is depicted in Picture 4.

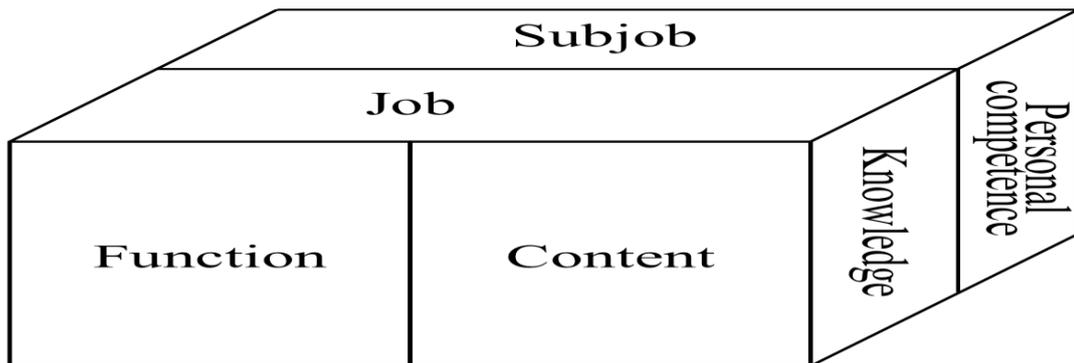
In our opinion, this principle part of the Statement is very well elaborated. This is the reason we suggest only one but quite important supplement. To be in the compliance with IFAC International Education Standards, especially with the IES Framework, we suggest the adjustment of the third section into the structure Professional Education, Professional Skills, Professional Values, Ethics and Attitudes and Practical Experience Requirements.

Personal requirements for a controller

In relation to the abovementioned framework, the Statement also defines personal requirements which a controller should have. The Statement stresses especially the following:

- Controllers should be the economic conscience of their organization and represent its values.
- Controllers should think and act future-oriented. To do so, they develop methods for the identification and evaluation of opportunities and risks.
- Controllers should design and maintain the controlling systems and provide for a uniform data base. They work with standardized systems and instruments on recurring questions, with customized systems and instruments on specific questions.

Picture 4: Multi-dimensional framework of controller's activities



Function	Design, implement & maintain systems
	Enable managers to make qualified decisions
	Coordinate
	Deliver
	Consult & train
Content	Management accounting integrated with enterprise resource accounting, planning, reporting and forecasting
	to fix objectives, plan, take decisions and responsibility
	Plans & objectives, rules, processes, incentives
	Reports on plans, actual results, performance and forecast
	Managers of all hierarchical levels
Job	Top controller
	Head of central controller department
	Functional controller
	Controller operating in decentralized units
Sub-job	Responsible for all controller functions
	Rules & regulations, internal consolidation, process structures, strategic controller
	Sales & marketing, plant, purchasing & working assets, capital investments, participations, research & development
	Business unit, division, unit
Knowledge	Management & financial accounting
	Strategic planning
	Operational planning
	Enterprise resource accounting & Business Intelligence
	Management by objectives
	Modern techniques
Personal competence	Loyal, dependable
	Persuasive
	Extrovert

Source: International Group of Controlling (2011)

- Controllers should be able to support and moderate the development of all performance-related and value-oriented plans of the organization. They build systems to measure the capability and performance of the organization. These orient themselves both towards the conditions of the business activity as well as to the requirements of the relevant interest groups (stakeholders) in a comprehensible way. When necessary, controllers also use comparative data (benchmarks) for verification. Managers determine the content and the level of objectives in the organizational units they are responsible for.
- Controllers should prepare internal reports according to the needs of managers to run the organization with equitable valuations. If the rules for external reporting contradict the internal use and purposes, controllers prepare the data to reconcile the internal and the external valuations and explain the differences in a comprehensible way.
- Controllers should be responsible to the board for the examination of the plausibility of plans and investment proposals that were prepared by others.
- Controllers should define and/or coordinate the period, content, procedure and methods of the complete planning process. They compile the required comparisons between targets and actual results as well as the variances. They interpret the results, determine the causes and effects, and provide recommendations for corrective action. They devise the management information system and develop it further.
- Controllers should present and interpret the data by an unbiased way to managers. They take care that the reports correspond with the possibilities of the respective managers to influence the results. They instruct and further train the management of all levels in the use and interpretation of the data.
- Controllers should work with reliable key figures and reference values (actual-/ plan-/ forecast-/ values). When aggregating data they consider the respective decisions.
- The controller should not pass on confidential information and not make use of it for illegal purposes or in order to damage the organization.
- Controllers should be loyal to their organization. They are open-minded towards the needs of their customers, the managers. They actively seek out interaction with their managers and suggest improvements and corrective actions also when not asked to do so.

In our opinion, this part reflects in a very comprehensive and understandable way controllers' personal pre-conditions. This is the reason we suggested adding only one

paragraph, corresponding with the above stated ethical section of controllers' activities: he/she should support and communicate the necessity of adhering to professional values, ethics and attitudes in the activities of an entity.

Empirical Research Methodology

The aim of the empirical phase of research which follows the definition of conceptual general outcomes is to map how the above stated tendencies manifest themselves in the recent requirements of professional competence of controllers and management accountants; moreover, the question has been analyzed – as previously already stated – from two view angles:

- from the view-point of experts who are responsible for their professional competence development in the pre-qualification stage;
- from the view-point of managers and controllers/managerial accountants operating in a business environment.

The research should give a comprehensive answer to the question to what extent the changing requirements of the professional competence of these experts are perceived in practice and reflected by institutions which are responsible for their universal education.

With regard to this aim the questionnaire was developed in two versions:

- a version concisely titled “**A controller/management accountant should be...**”, designated for the first group of experts; and
- a version concisely titled “**A controller/management accountant is...**”, designated for the second group.

The respondents of the second group are randomly selected companies operating in the Czech Republic (number of employees over 100, turnover over €50m and sales also over €50m). Companies from various industries are included in the sample.

Concerning the content and structure of both versions they are identical to a significant extent. Their basis was derived from the above stated analysis of the “Draft for a Common Statement”. However, other materials have been also used as inspiration sources, especially:

- IFAC International Standards for Professional Accountants (IFAC, 2003);
- Revised Model Accounting Curriculum (UNCTAD, 2011);

- Syllabuses of the specializations “Accounting and Company Financial Management” (Major) and “Controllership” (Minor) taught at the Faculty of Finance and Accounting of the University of Economics, Prague;
- Education and certification programmes of professional competence development of both the Chamber of Auditors and Union of Accountants professional bodies operating in the Czech Republic; and
- Education and certification of the British Association of Chartered Certified Accountants (ACCA).

A relatively broadly focused questionnaire, based mostly on questions, required answers on a scale from 1 (strong disagreement) to 5 (strong agreement), but – to a lesser extent – also required Yes or No answers and open answers. It investigated the experts’ opinions in the following problem areas:

- the position of controllers/management accountants in the companies’ organizational charts;
- the structure of departments of controllership/management accounting;
- the relationship of these departments to accounting, tax and other departments which, from different view-points, are interested in the company’s financial management;
- the general content of the controllers’/management accountants’ activities;
- areas and extent of the controllers’ authority and responsibility;
- the specific content of the controllers’/management accountants’ activities;
- requirements for education;
- requirements for professional skills and practical experience;
- controllers’/management accountants’ role in ethical aspects of undertaking;
- the selection of potential candidates for a controller / management accountant positions;
- quality assurance of the controllers’/management accountants’ work.

The intention of the research team was to work with the questionnaire in two stages:

- the aim of the first stage was to verify the questionnaire's understandability and completeness in individual interviews with 20 – 30 representatives of both groups of respondents; and
- on the basis of this phase, analyze both questionnaires to formulate a structure which would be appropriate for their electronic distribution and assessment.

Research results

The research is in the stage in which:

- 27 interviews with experts of the first group were conducted and evaluated; 21 of them participated in the first stage (they also judged the understandability and completeness of the questionnaire) and responded to the questions of “A controller/management accountant should be ...” questionnaire; and
- 74 interviews with experts of the second group were conducted and evaluated; 5 of them participated in the first stage (they also judged the understandability and completeness of the questionnaire) and responded to the questions of “A controller/management accountant is ...” questionnaire.

The evaluation of the questionnaires brought the following results.

Controllers' position in the companies' organizational charts

The present research did not produce an unambiguous response regarding questions of controllers' position in companies' organizational charts, desired structure of the departments assuring controllers' functions, or their relations to accounting, tax and other departments engaged in various aspects of companies' financial management.

In our opinion, it is not only the difficult generalization of progressive tendencies but also the different Anglophone and Germanic approaches to these questions which are applied in the Czech business environment which can be the main reasons for this ambiguity.

Nevertheless, most respondents of both groups supported a solution in which controllers or management accountants act under the supervision of the chief financial officer and stressed that these experts should not have straight-line authority and responsibility, so that they can act more like “the company's economic conscience”.

General content of the controllers' activities

Regarding the general content of these experts' activities, both groups of respondents were almost unanimous regarding the desired content of the controllers'/management accountants'

work. The correctness of data which are processed subsequently into the output information used in the managerial control and the successive quality, availability and transparency of the information rendered to company management belong into the responsibility of these experts.

In compliance with the above stated role of the company’s economic conscience, both groups of respondents also agreed that a controller/management accountant should not bear primary responsibility for the company’s financial results; nevertheless, we can notice slightly higher level of average and mode of responses provided by the second group of respondents, i.e. managers and controllers. In our opinion, it is possible to interpret in a sense that while the first group strictly reject this responsibility for financial results, in practice controllers earn a part of their bonuses based on the results. Nevertheless, this tendency comes more from the necessity to communicate interest for the company’s results across all company employees, regardless of whether they directly influence them or not.

The outcomes of the investigation are stated in Table 1.

Table 1 - General content of the controllers’ activities

	“Should be”		“Is”	
	Average	Mode	Average	Mode
Correctness of data processed subsequently into the output information used in managerial control	3.92	5	4.46	5
Quality of information rendered to company management	4.46	5	4.26	5
Availability of information for company management	4.13	5	3.94	5
Transparency of information rendered to company management	4.54	5	4.12	4
Financial results	2.0	1	2.69	2

Source: authors’ calculations

Areas of the controllers’ authority and responsibility

In relation to the preceding general content, the questionnaire also investigated the desired and actual areas of the controllers’ authority and responsibility. The results are stated in Table 2. They show the respondents’ agreement with the opinion that a controller should be equipped with an adequate level of authority and responsibility in the areas in which he/she serves as:

- coordinator of activities connected with the company’s aims and means of their fulfilment formulation;
- expert preparing scenarios of future solutions for management;

- a methodist who is responsible for company directives on pricing, costing, budgeting and management accounting development and who also pays attention to their adherence;
- an expert facilitating and supporting communication between departments in all areas of company management which require coordination;
- a communicator who is responsible for transferring reached results to the relevant management levels and someone who should comment on, explain and interpret these results to managers; and finally
- an expert who should participate substantially in the regulations of a company financial management development including the system of remuneration and motivation.

What is remarkable is that the results in the areas of coordination of activities connected with the company aims and means of their fulfilment formulation are significantly different. According to the first group, the role of these experts is crucially important in this area; however, according to the opinion of experts from companies, controllers do not support this area very intensively. In their view, controllers are more focused on the technical and process activities of controllership and information support of management, and they are not involved so much in general questions of strategy formulation and implementation.

Also, a relatively low agreement exists between both groups of experts regarding whether a controller should act as an originator of an information system or its parts.

Conversely, both groups found a consensus that a controller should not have the authority to influence source allocation (e.g. he/she should not decide about the sold products volume and structure, accept make-or-buy decisions or about the development/decline of customer, territory or distribution channels).

Table 2 - Areas of authority and responsibility

	“Should be”		“Is”	
	Average	Mode	Average	Mode
Coordination of activities connected with the company aims and means of their fulfilment formulation	4.29	5	3.03	3
Preparation of scenarios of future solutions	4.21	5	3.28	3
Development of an information system or its parts	3.67	4	3.13	3
Development of company directives on pricing, costing, budgeting and management accounting development and examination of their adherence	3.91	5	3.74	4
Communication of results reached to relevant management levels	4.33	5	4.21	5
Explanation and interpretation of rendered information to managers	4.54	5	4.37	5
Facilitation and support of communication between departments	3.54	5	3.24	3
Decision on resource allocation	1.79	1	2.19	1
Participation in the regulations of a company’s financial management development including the system of remuneration and motivation	3.42	4	2.81	3

Source: authors’ calculations

Approximately 25% of respondents mark the financial results value of 4 or 5. The sub-results for this group in relation to areas of controller activities are interesting. The average value of this group for the area of preparation of scenarios of future solutions is 2.72 and for the area of decisions on resource allocation only 2.61. That means a discrepancy between responsibility for financial result and power to influence this result.

Specific content of the controllers’ activities

Regarding the specific content of the controllers’ activities, the research has acknowledged the quite crucial role of controllers in ensuring the aims of target information i.e. in planning and budgeting on the strategic, tactical and operational levels, including processing and presentation of forecasts, estimates and expectations. The respondents’ answers also stressed the importance of “traditional controllers’ task” – adequate information support in business factors acquisition (fixed assets, inventories, human resources etc.) and business phases management (research and development, purchasing, production, logistics, sale etc.).

Surprisingly, substantially lower agreement exists regarding controllers’ participation in the management accounting system and connected internal reporting system development. The respondents also did not find strong agreement in response to the question “To what

extent should controllers bear responsibility for the quality of company project management, risk identification and management and organization structures development?”

We can also notice a fundamentally different answer to the question whether a controller should assure quality information support in the areas of business factors acquisition and business phases management between experts from academia and practice. Nevertheless, after analysing the data, the difference in this opinion may be caused by the sample of respondents; the companies included in the pilot part of the research have a relatively simple business cycle and these factors didn't apply to them.

The results of this part of the investigation are stated in Table 3.

Table 3 - Specific content of the controllers' activities

	“Should be”		“Is”	
	Average	Mode	Average	Mode
Strategic planning and budgeting	4.29	5	4.13	5
Tactical planning and budgeting	4.21	5	4.12	5
Operational planning and budgeting	4.04	4	4.07	5
Expectations and forecasts development	4.29	5	4.46	5
Communication of results reached to relevant management levels	4.33	5	4.12	5
Participation in the development of management accounting and internal reporting systems	4.00	4	4.12	5
Participation in the development of the project management system	3.54	3	2.57	3
Participation in the development of the risk identification and management system	3.33	3	2.79	4
Information support of business factors and phases management (research and development, purchasing, production, logistics, sale etc.)	4.17	5	3.44	2
The development and enhancement of organization structures and including connecting activities	2.88	3	2.33	1

Source: authors' calculations

Requirements for education

The research also focused on the educational requirement of controllers. Regarding the structure of these requirements, the questionnaire came from the structure of knowledge defined by the IFAC International Education Standards as well as the UNCTAD Revised Model Accounting Curriculum; as it has been already mentioned that also the aims, content and structure of initial (pre-qualification) programmes of Chamber of Auditors, Union of Accountants and ACCA, as well as the abovementioned syllabuses of the specializations of Accounting and Company Financial Management and Controllershship taught at the University of Economics, Prague were taken into the consideration.

Both groups of respondents highlight the requirement of financial accounting and reporting, management accounting and corporate finance knowledge. What is surprising is that the second group even prefers knowledge of financial accounting over management accounting one. According both groups of respondents, other areas of controllers' knowledge relevant to their work are taxation, internal control systems, business administration and information and communication technology. On the other hand, knowledge of law, auditing, marketing and international aspects of business have low importance for the controllers' activities, according to both groups of respondents.

The detailed outcomes of the investigation are shown in Table 4.

Table 4 - Requirements for education

Controller has been able to use knowledge from the following areas:	“Should be”		“Is”	
	Average	Mode	Average	Mode
Financial accounting and reporting	4.71	5	4.59	5
Management accounting	4.92	5	4.49	5
Corporate finance	4.63	5	4.20	5
Taxation	3.79	4	3.06	3
Business law	3.17	3	2.46	2
Labour Law	2.83	3	2.25	2
Social and health insurance Law	2.75	3	2.33	2
Auditing	3.42	4	3.03	3
Internal control systems	3.96	5	3.53	4
Economics	3.25	3	3.74	4
Management	3.75	3	3.26	4
Business administration	4.21	5	4.00	5
Marketing	2.79	3	2.16	2
Quantitative Methods (Mathematics, Statistics)	3.58	4	3.21	3
International aspects of business	2.88	3	2.73	3
Information and communication technology (ICT)	3.75	3	3.27	3

Source: authors' calculations

The research also examined the correlation between the importance of the controllers' activities and the requirements for their education. The correlation coefficient is 0.49. The research does not confirm a very strong dependence on the importance of controllers' activities and requirements for education. The respondents that gave a high value to the importance of controllers' activities do not support this opinion for education.

Requirements for ICT competencies

Currently, controlling and management accounting practice is very influenced by ICT; this tendency has been stressed in many of the abovementioned sources. This has been the reason why we devoted one special part of our questionnaire to this issue.

Generally, the responses of both groups acknowledged the fact that the development of ICT has changed the substance of controllers' work and –conversely – controllers are required to participate actively in the development of the ICT system.

Regarding more specific areas of investigation, the questionnaire tried to ascertain the role of controllers in the area of ICT, especially whether they act as users of ICT only or whether they also participate actively in ICT development. According to both groups, controllers are considered mainly ICT users rather than originators and verifiers of processing and user quality. Not very surprisingly for us, both groups also agreed with the statement that controllers should not serve as managers of ICT projects.

The results of this part of investigation are stated in Table 5.

Table 5 - ICT competencies

In the area of ICT controller acts especially as	“Should be”		“Is”	
	Average	Mode	Average	Mode
User (with stress on areas he/she uses)	4.26	5	4.48	5
Creator (with stress on areas he/she uses)	3.30	4	3.25	4
Originator or verifier of processing quality	3.70	3	3.13	3
Originator or verifier of user quality	3.91	4	3.51	4
Manager of ICT projects or their parts	2.71	2	2.91	3

Source: authors' calculations

Requirements for professional skills and practical experience

The research also focused on the relation between technical skills (analysed in Table 4) and soft skills (professional skills and practical experience). Their structure is derived from

the overview that is mentioned especially in IFAC International Education Standard 3 – Professional skills, but also from the other sources, mentioned in the section devoted to educational requirements.

Table 6 shows the results of this investigation. Both groups of respondents consider the stated soft skills to be important for controllers’ activities; nevertheless, technical skills have slightly higher values. What is interesting is that the respondents of the first group consider soft skills to be more relevant in comparison with managers’/controllers’ responses. In our opinion, the principle reason for this is the fact that, recently, the soft skills of controllers do not reach required level yet in the Czech Republic. Moreover, managers operating in business are still not convinced about their importance.

Table 6 - Requirements for professional skills and practical experience

It is important for a controller to develop especially	“Should be”		“Is”	
	Average	Mode	Average	Mode
Communication skills	4.38	5	4.10	4
Abilities to act with people and enforce his/her opinions	4.46	5	4.06	4
Presentation skills	4.58	5	4.22	4
Managerial and organizational skills	3.63	3	3.79	3
Language knowledge including ability to use it	3.57	3	3.63	4

Source: authors’ calculations

As well as in area requirements for education, the research also examined the correlation between the importance of controllers’ activities and the requirements for professional skills and practical experience. The correlation coefficient is only 0.24. The research does not confirm dependence between importance of controllers’ activities and requirements for professional skills and practical experience.

Controllers’ role in ethical aspects of undertaking

According to the results of the research, both groups of respondents generally agree with the hypothesis that it is important for a company to define, enhance, support and communicate effectively ethical principles and rules of how they are carried out.

On the other hand, the research confirms quite a poor level of application of ethical principles and rules in business. This fact is quite apparent from the comparison of responses of both groups to the third answer, stated in Table 7: according to the first group of experts, it

is very important to incorporate these standards into company standards, codes and guidelines. However, this importance is not followed by the recent situation declared by second group of respondents.

What is quite un-satisfactory, is the role of controllers in the process of ethical aspects of undertaking enforcement. While first group of respondents (and also all generally accepted standards and guidelines interested in ethical aspects of professional accountants' activities) evaluate this section of controllers' work as quite important, according to the second group of respondents, recent situation in companies shows great possibilities for improvement in the future.

The results of this part of investigation are stated in Table 7.

Table 7 - Controllers' role in ethical aspects of undertaking fulfilment

	"Should be"		"Is"	
	Average	Mode	Average	Mode
It is important for a company to define, enhance, support and communicate effectively the ethical principles and rules of business	4.58	5	4.13	5
These principles and rules are explicitly incorporated into company standards, codes and guidelines	4.50	5	3.90	5
Controller participates in the development of ethical company standards, codes and guidelines	3.63	4	2.49	3
In the scope of his/her authorities and responsibilities, the controller participates in the inspection of these standards, codes and guidelines fulfilment	3.38	3	3.16	4
Controller serves as an informal authority in the fulfilment of these standards, codes and guidelines – in internal company environment as well as externally	3.38	5	2.68	1

Source: authors' calculations

Human resource management

The section devoted to human resource management is concentrated in two basic problem areas:

- the selection of potential candidates for a controller position; and
- the attention which is devoted to controllers' continuing professional development.

The questions relating to the selection of potential candidates for a controller position provide especially interesting outcomes.

First: education and practical experience are considered to be more important than personal features and communications skills for both groups of respondents; nevertheless, the difference is small and confirms the high importance of communication and presentation skills.

Second: relatively high importance is also given to language knowledge; to some extent, the mode given by the group of managers of controllers is 5. The reason is probably due to the fact that a lot of companies in the sample belong to multinational corporations, and effective communication with higher corporate levels and other network members has a great importance.

The concrete results of the investigation are shown in table 8.

Table 8 - Selection of potential candidates for a controller position

In the process of potential controller selection it is important to take into consideration	“Should be”		“Is”	
	Average	Mode	Average	Mode
Previous education	4.17	5	4.03	4
Present practical experience	4.38	5	4.50	5
Ability to act with people and personality profile	4.08	4	4.06	4
Communication abilities and skills	4.33	5	4.04	4
ICT competencies	3.67	3	3.75	4
Language knowledge	3.57	3	3.44	4

Source: authors' calculations

Analysis of the area devoted to controllers' continuing professional development confirms that both groups of respondents consider professional development quite crucial for the quality of controllers' work. Management enables the continuing professional development of its controllers to some extent, especially when the company controllers are actively searching for such opportunities. However, according to the second group of respondents, company management does not pay adequate attention to whether controllers enhance their professional competence – especially if they (controllers) are passive in this regard.

Both groups are unanimous that most controlling departments consist of a stable team of experts, one which does not change very much, and that is quite important for the quality of the team's work. Regarding remuneration of controllers, it seems to be slightly higher than the average companies' level.

The results of this part of investigation are stated in Table 9.

Table 9 - Controllers' professional development

	"Should be"		"Is"	
	Average	Mode	Average	Mode
Department of controlling consists of stable team of experts which do not change very much	3.75	3	4.11	4
In comparison with employees operating at the same organizational level, controllers are paid above average	3.30	3	3.57	4
Continuing professional development is quite important for the quality of the controllers' work	4.58	5	4.43	5
Company management enables its controllers to continue professional development	4.63	5	3.75	4
Company management verifies whether controllers enhance their professional competence	4.17	5	2.76	3

Source: authors' calculations

Quality assurance of the controllers' work

Data gained from the part of questionnaire devoted to quality assurance confirm the necessity of regular evaluation of controllers' work. On the other hand, answers to the open question "How is the controllers' work evaluated?" were very general, for example by vague explanation "the evaluation is realised on a mother company level". In this regard, it seems to us that development of quality standards for this group of experts could enhance the general awareness of how to assure the future quality of the profession.

The results of this part of investigation are stated in Table 10.

Table 10 - Quality assurance of the controllers' work

	"Should be"		"Is"	
	Average	Mode	Average	Mode
Controllers' work quality is regularly checked and evaluated	4.48	5	3.85	5
Controllers' work quality assurance includes				
Correctness of entering data	4	5	4.04	4
Information relevance	4.67	5	3.87	4
Timeliness of rendered information	4.52	5	3.54	4
Formal level of rendered information	4.17	4	3.69	4
Neutrality and objectivity of information	4.71	5	3.71	4
Information flexibility	4.09	5	4.15	5
Information comparability and consistency	4.67	5	4.04	4

Source: authors' calculations

Conclusions

Although the outcomes of the project investigated the situation in the Czech Republic, in our opinion it already brings some general inspirations both in the area of general usage of ideas which are the subject of the analysis of the "Draft for a Common Statement", as well as the outcomes which it is possible to derive from the empirical research.

Regarding generalization of the "Draft" ideas, it is apparent that the "Draft for a Common Statement" is the first, but nevertheless an important step on the road whose general aim is not only to define, but also to enforce into practice and assure (more non-formal than supported by legislation) recognition of quality standards for managerial accountants' and controllers' work.

Nevertheless, this Draft development has been very beneficial. Its content has already contributed to a better understanding of the differences which accompany the development of this profession in different part of the globe. It also enables better identification of common features, but also differences in profiles and professional orientations of professional accountants, auditors and professional accountants in business (like experts whose professional development has recently corresponded with a higher level of certainty) and of managerial accountants or controllers (whose quality professional development is the principle aim of this project).

Consequently, the Draft content creates a solid outcome for the development of the first set of “Standards of good practice”, and discussion materials which can inspire by examples of “best practice”, all of which should contain:

- a definition of aims, content and structure of pre-qualification education including requirement for assessment of acquired level of knowledge;
- a determination of requirements for professional skills of these experts including how they are acquired;
- a definition of ways to gain practical experience including the manners and methods of verification whether the experiences have been really accomplished;
- the development of a discussion paper which would define the aims, content, structure and ways to verifying the continuing professional development of managerial accountants and controllers; and last but not least
- the development of a code of ethics as a principle instrument to enforce professional approaches, values and attitudes in the work of managerial accountants and controllers.

Concrete suggestions regarding individual the abovementioned problem areas should be derived from the results of empirical research. Already investigations made in the Czech environment have brought some important stimuli for the controllers’ professional development management:

- Controllers are required to be responsible primarily for the availability and transparency of the information rendered to company management; on the other hand they should not be responsible primarily for company’s the financial results;
- In the area of requirements for education, both groups of respondents strongly highlight the knowledge of financial accounting and reporting, management accounting and corporate finance; on the other hand, knowledge of law, auditing, marketing and international aspects of business are considered to have lower importance; in the ICT area, the controller is considered to be mainly a user rather than an originator and verifier of processing and user quality;
- In the area of requirements for professional skills and practical experience, both groups of respondents consider soft skills to be important; nevertheless, they perceive technical skills even more relevant for the controllers’ professional competence. According to the

research, however, the recent situation in the Czech Republic is worse in the area of soft skills of controllers as company managers are not convinced about their importance;

- Both groups of respondents also confirm how important for a company it is to define, enhance, support and communicate effectively ethical principles and rules of undertaking; on the other hand, the research also confirms a very poor level of application of ethical principles and rules of business in practice; this is the reason why this aspect should be incorporated into the quality standards as a very important one;
- The results of the investigation into controllers' professional development needs confirm that both groups of respondents consider professional development to be quite crucial for the quality of the controllers' work; in this regard, management enables its controllers to continue their professional development, but it does not always verify whether controllers enhance their professional competence;
- The statistical results of quality assurance of the controllers' work confirm the necessity of evaluating controllers' work. On the other hand, answers to open questions such as "How is the controllers' work evaluated?" were very general.

ABSTRACT

The article describes the outcomes of the project whose purpose is – on the basis of the "Draft for a Common Statement" – to state generally accepted requirements for the professional competence of managerial accountants and controllers. The paper concludes that, despite the fact that Draft is only the first step, it brings substantial contributions: it has led to a better understanding of the differences which accompany this profession's development in different parts of globe. It enables better identification of common features, but also differences in profiles and professional orientations of professional accountants, auditors and professional accountants in business, and of managerial accountants or controllers whose quality professional development is the principle aim of this project.

The important part of the project is the empirical research focused on changing the requirements of managers and controllers, and mapping the current situation in the Czech Republic in this area. The research compares the opinions of two groups of respondents – experts who are responsible for the professional competence development of controllers on the one hand, and managers and controllers operating in a business environment on the other. The paper provides results relating to following areas: the general content of controllers' activities, controllers' authority and responsibility, requirements for controllers' education,

professional skills and practical experience, ethical aspects of management accounting as well as the quality assurance of the controllers' work.

Key words: professional competence, controller, management accountant, developmental tendencies

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