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To my beloved parents
Marta Kawczyńska

To my beloved wife, Renata
Tomasz Wnuk-Pel

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INTRODUCTION

Business activities conducted by modern companies involve solving an ever growing number of problems and adjusting the processes they perform to a constantly changing market and business environment. In order to guarantee long-term success, companies need to constantly try to obtain and maintain a high position on the market. It is possible thanks to quick and appropriate responses to information about the changes which occur in the environment of the company.

Therefore, the system of controlling (the management accounting system) which provides information needed for decision-making and the management of processes becomes particularly important in terms of the global economy. However, the system itself has little value; it is only complete with people who prepare it and operate it. A controller (a specialist in terms of management accounting) is nowadays becoming one of the most significant employees of an organization; without his help, the management is unable to manage a company in an effective way (Burns & Scapens, 2000). Controllers, their qualifications and experience, as well as the role which the board assigns to the management accounting system, largely affect the success of controlling processes carried out in a company.

At the turn of the 20th and 21st centuries, companies went through rapid changes. Greater access to information, technological development and the globalization of markets introduced companies to new management methods. The changes taking place in organizations and in their management accounting systems affect the roles and responsibilities of controllers. It additionally resulted in setting higher requirements for professionals of management accounting. The requirements included extensive knowledge of business processes and being deep embedded in the operational activities of a company. These specialists must also be characterized by specific features and skills which will help them effectively perform assigned tasks (Siegel & Sorensen, 1999).

Management accountants function as advisors to people who are in charge of an organization. They relay information between the management and the rest of the staff, thus acting as a link between these two groups in the company. It is evident that controllers constitute a very important element in the organizational structure of an entity. Controllers provide services oriented to planning and control to the board and managers of different levels. They are also responsible for achieving the company's objectives. Due to the significant impact on the type and scope of management information, controllers largely affect the strategic decisions made by the management. The work of controllers has become so important that most companies which already have a controlling department are planning its development by hiring new staff, developing their skills and broadening the scope of their activities (Financial Controlling Summit, 2014). The tasks of these specialists focus mainly on providing information to managers, strategic analysis, and acting as support for planning and control. Therefore, it is difficult to imagine an efficiently developing and successful company without a controlling department.

The growing importance of controlling in modern organizations and the increasing role of management accountants poses new challenges which they must deal with. However, the personnel of controlling departments are perceived in different ways by the management, depending on the company. In various organizations, the board assigns a different rank to controllers and the tasks performed by them. Despite the generally growing tendencies, the role of management accountants and the scope of their tasks are very different, and the changes in terms of their roles and the scope of activities tend to develop in different directions. It is quite common that in one organization the importance of controllers is still growing, while in another company their tasks are taken over by other employees.

Previous research investigating the activity of management accountants involved analyzing their tasks and the most important factors influencing the scope of controllers' responsibilities. The research allowed the authors to analyze controllers' position in the organizational structures of companies and to specify the attributes necessary in their work. At the turn of the 20th and 21st centuries, many authors studied the role and tasks of management accountants, and in particular they took into account the changes occurring in controllers' activities (Scapens *et al.*, 2003; Malmi *et al.*, 2001; Clinton & White, 2012; Siegel & Kulesza, 1994; Burns & Yazdifar, 2001; Burns *et al.*, 1999; Siegel & Sorensen, 1999; Siegel, 1996). In these studies, one can see big discrepancies between the tested aspects. However, most researchers perceive the turn of the centuries as a time when the role of controllers in companies became significant. These professionals, who thus far had mainly performed tasks involving the provision of information, then began to participate in the decision-making process.

In Poland, issues relating to the role and functions of management accountants have not been studied in scientific publications frequently but there are some examples of such research (Szychta, 2006; Dynowska, 2011; Łapińska & Dynowska, 2010; Zarzycka, 2012a, 2012b, 2016; Financial Controlling Summit, 2014; Sobańska, 2010b; Sierpińska & Niedbała, 2003; Ignaszewska, 2004; Goliszewski, 2002a, 2002b). Most authors focused on the methods and tools of management accounting used in Polish companies. The role of controllers, the scope of their duties, and the requirements they face constituted in most cases only an additional element to empirical research.

Despite numerous studies conducted around the world, a comprehensive overview of changes in the activities of management accounting professionals is still lacking. So far, there has been no comprehensive analysis examining the current tasks of controllers, the challenges they encounter in companies in Poland, or their growing role in the future management of an organization. Therefore, filling this research gap is very important.

The main objective of this monograph is to determine the role of controllers in contemporary Polish companies. It also aims to outline the tasks which management accountants are responsible for, as well as the personal traits and professional abilities they should have.

In order to carry out the research, an extensive literature study was performed. It included an analysis of publications, both Polish and foreign, on management accounting. They were mainly monographs and articles published in major Polish and foreign journals. The literature review helped to determine the state of knowledge about controllers' activities, their role and responsibilities, as well as changes occurring in this area. The analysis of Polish publications allowed the authors to identify a research gap and it became the starting point for the empirical study they carried out.

The survey conducted among management accounting practitioners examined the activities of controllers in Polish companies. The questionnaire allowed the authors to determine the current role of controllers and the current scope of their duties. The study also addressed such issues as personality traits of management accountants necessary in their work and requirements for vocational training which controllers should have. Questions included in the questionnaire also allowed the authors to present the practitioners' opinions on controlling and the activities of management accountants in Polish companies.

For the purpose of the main aim, the structure of this monograph was divided into four chapters. The first chapter presents an outline of management accounting development and its essence. A presentation of different issues on management accounting from numerous sources, i.e., academic literature or those coined by management accounting organizations, is a starting point for further reflection. The following section provides a historical outline of management accounting. The authors analyzed the traditional approach by Garner (1954), as well as the views of Johnson and Kaplan (Johnson, 1986; Johnson & Kaplan, 1987). The same chapter additionally presents alternative views on the development of management accounting, as well as trends which emerged at the turn of the 20^{th} and 21^{st} centuries, especially the problem of relevance loss and recovery of management accounting.

The second chapter is devoted to management accountants. The information presented in this part was based on academic theoretical studies. This chapter describes the role of controllers and their position in the organizational structure of a company. The basic functions and tasks of controllers are presented here, as well as their personality features and professional skills that should be acquired in order to reliably perform their duties. This part also touches on the new role of controllers which has emerged in recent years, i.e., business partners.

The next chapter is based on previously conducted Polish and foreign empirical studies regarding management accountants. This part presents the main tasks performed by contemporary controllers in organizations and basic factors shaping them. The issue of awareness of controlling is also discussed. In previous studies, the attributes of management accountants and their position in the organizational structure of a unit were also analyzed, and therefore these issues are described in this chapter.

The last chapter of the monograph includes an analysis of conducted empirical research. Its main aim was to determine the role of contemporary controllers in Polish companies and to examine the scope of their tasks and the requirements they face in terms of vocational training and personality traits. This chapter contains the methodology of the study and the characteristics of the respondents. The results of the research constitute the most important part of this chapter; the results relate to the tasks and skills of management accountants in Polish companies. The information obtained by means of this research was compared with the results of major international and Polish research relating to this subject. The most important part except fourth chapter are the conclusions of the research, which are presented in the final section.

CHAPTER 1

THE ESSENCE AND OUTLINE OF MANAGEMENT ACCOUNTING DEVELOPMENT

1.1. The essence of management accounting

People who wish to define management accounting[1] may use many sources. One can refer to academic literature, leading academic textbooks or one can address definitions issued by management accountants' organizations.

In academic textbooks one may find two ways of perceiving management accounting – firstly, it can be perceived as a set of practical techniques, and secondly as a managerial function or a subsystem of the overall organizational information system (Wickramasinghe & Alawattage, 2007, p. 4). Management accounting seen as a set of calculative techniques is supposed to support the process of planning, decision-making and control by means of such methods as product costing, budgeting and variance analysis, cost-volume-profit analysis, or investment appraisal etc. The basic task of presenting management accounting as a set of techniques or functions has the emphasis on the development of tools and techniques that enable effective and efficient management. In the second case, management accounting is seen as a managerial function or as a subsystem of an organization's information system. This means that management accounting is one of many functions in a company, for instance a function of research and development, logistics, production, marketing, sales etc., and its main task is to support the processes of decision-making and control by providing financial and non-financial information. The attempts to define management accounting

[1] The term *management accounting* came into broader use after 1950, when William Vatter published the book *Management Accounting* (Jaruga, 2001, p. 45).

from selected Polish and foreign textbooks are presented below (chronological order):

- "the key role of management accounting is supporting the managers of the business in their financial decision-making process and being part of that management team" (Ward, 1996, p. 5);
- "management accounting includes techniques and processes which are meant to prepare and convey financial and non-financial information to managers and staff, so that they can make better decisions and manage the company as a whole" (Jaruga, 2001, p. 42);
- "management accounting is oriented towards internal users of information. It is a system of collecting, classifying, aggregating, analyzing and presenting financial and non-financial information, which supports managers in decision-making and control" (Sojak, 2002, p. 22);
- "management accounting deals with how information about costs and other financial and non-financial information should be used for planning, controlling, continuous improvement and decision-making" (Hansen & Mowen, 2003, p. 2);
- "a multi-dimensional, flexible and internally integrated system using economic calculation, which involves collecting, preparing, processing, interpreting, presenting and evaluating information that meets specific needs of managerial functions" (Świderska, 2004b, p. 163);
- "management accounting is the process of measuring, analyzing, and reporting financial and non-financial information that helps managers make decisions to fulfil the goals of an organization. Management accounting is an important element in the control system" (Horngren *et al.*, 2005, p. 5);
- "management accounting is concerned with the provision of information to people within the organization to help them make better decisions and improve the efficiency and effectiveness of existing operations. Management accounting could be called internal accounting" (Drury, 2008, p. 7);
- "the purpose of management accounting is to provide information fulfilling the special needs of managers *at all* levels in an organization, and employees (or teams) determining its future and measurement of performance, used to estimate and evaluate the company's goals, as well as to motivate employees" (Sobańska, 2009, p. 68).

The analysis of the definitions presented above allows us to observe that individual authors draw attention to many different aspects of management accounting. It should be noted that several issues are raised particularly often, namely, information, problems which can be solved thanks to management accounting information, the people who find this information useful, and the goals that management accounting must fulfill. Most definitions in a straightforward way refer to the fact that management accounting is meant to "provide information" (Jaruga, 2001, p. 42; Sojak, 2002, p. 22; Świderska, 2004b, p. 163; Drury, 2008, p. 7); some authors emphasize that they mean both "financial and non-financial information" (Jaruga, 2001, p. 42; Sojak, 2002, p. 22; Świderska, 2004b, p. 163; Horngren *et al.*, 2005, p. 5). Information provided by the system of management accounting is mainly used in "decision-making" – all definitions refer to this point. The second area of using information from management accounting is "planning and control" (Sojak, 2002, p. 22; Horngren *et al.*, 2005, p. 5). In terms of addressees of the information, the authors of these definitions are unanimous – "managers" are the addressees of the information. A few definitions additionally emphasize the fact that management accounting allows "the company's goals to be fulfilled" (Jaruga, 2001, p. 42; Horngren *et al.*, 2005, p. 5; Sobańska, 2009, p. 68). Individual authors emphasize a few additional issues; they claim that management accounting:

- "is used for continuous improvement" (Hansen & Mowen, 2003, p. 2);
- "is a multidimensional, flexible and internally integrated system" (Świderska, 2004b, p. 163);
- "provides information to all levels of management" (Sobańska, 2009, p. 68);
- "is used for performance measurement and motivating employees" (Sobańska, 2009, p. 68).

Definitions coined by accounting organizations[2] seem to see the changes in the theory and practice of management accounting. The International Federation of Accountants (IFAC) changed the definition of management accounting between 1988 and 1998, putting emphasis on the problem of the use of resources. Thus: "management accounting refers to that part of the management process which is focused on adding value to organizations by attaining the effective use of resources by people, in dynamic and competitive contexts" (Sharman, 2003, p. 46).

The definition of management accounting was also developed by the world's largest organization of management accountants i.e., the Institute of Management Accountants – IMA. IMA (at that time the National Association of Accountants – NAA) in 1981 (p. 1) published a Definition of Management Accounting, which was defined as "…the process of identification, measurement, accumulation, analysis, preparation, interpretation, and communication of financial information used by management to plan, evaluate, and control an organization and to assure appropriate use of and accountability for its resources."

The second largest organization of management accountants, Britain's CIMA (Chartered Institute of Management Accountants) perceived management accounting as an integral part of the management process. According to the definition coined by CIMA (CIMA, 2005, p. V), "management accounting is defined as the application of the principles of accounting and financial management

[2] One of the first definitions of management accounting was presented in 1958 by the American Accounting Association – according to this definition management accounting is "the application of appropriate concepts and techniques in processing the historical and projected economic data of an entity to assist management in establishing plans for reasonable economic objectives and in the making of rational decisions with a view toward achieving these objectives" (Wickramasinghe & Alawattage, 2007, p. 5).