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## Global Challenges of Management Control and Reporting



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## Introduction

Contemporary management control and reporting both face challenges. Consequently, a new and more sophisticated scientific approach is needed. From one point of view, interdisciplinary studies and theories are necessary. From another point of view, empirical research and practical issues call for a more specific and specialized approach. This complexity is reflected by the content of this book, which covers topics that emerge from present world's complexity. Therefore, the authors focus on ever-important issues (such as the strategic approach and its support by management control and reporting, survival of companies), and more modern issues (e.g. cultural aspects, measurement and reporting adjusted to branches, spheres and organizations and specific issues of management control and reporting).

The strategic approach to managerial control and financial statements and their role for company's survival is presented in papers by J. Dyczkowska (who addresses the question whether annual reports communicate strategic issues and focuses her study on reporting practices of high-tech companies), A. Bieńkowska, Z. Kral, A. Zabłocka-Kluczka (who explain the role of responsibility centers in strategic controlling), P. Kroflin (who explores the value-based management and management reporting examining impacts of value reporting on investment decisions and company value perception) and A. Reizinger-Ducsai (who discusses bankruptcy prediction and financial statements). The problems of management control and reporting and their adjustment to specific conditions and organizations are undertaken by T. Dyczkowski (who introduces his NGO performance model), Z. Kes and K. Nowosielski (who present the case study of the process of cost assignment in a local railway company providing passenger transportation services), S. Łęgowik-Świącik, M. Stępień, S. Kowalska and M. Łęgowik-Małolepsza (who analyse the efficiency of the heat market enterprise management process in terms of the concept of the cost of capital), and M. Pietrzak and P. Pietrzak (who discuss the problem of performance measurement in the public higher education). The cultural aspect of managerial control and reporting is explored in papers written by M. Nowak (who presents cultural determinants of accounting, performance management and costs problems showing the issue from Polish perspective using G. Hofstede and GLOBE cultural dimensions) and P. Bednarek, R. Brühl and M. Hanzlick (who provide a literature overview of planning and cross-cultural research). The specific problems and concepts of managerial control and reporting are investigated by M. Ciołek (who discusses the lean thinking and overhead costs), E. Nowak (who analyses the role of costs control role in controlling company operation), Ü. Päril, R. Koyte,

S. Näsi (who examine middle managers' mediating role in MCS implementation), R.L. Sichel (who discusses the relevance of intellectual property for management control), J. Paranko and P. Huhtala (who analyse the productivity measurement at the factory level).

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## **RESPONSIBILITY CENTRES IN STRATEGIC CONTROLLING**

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## **O OŚRODKACH ODPOWIEDZIALNOŚCI W CONTROLLINGU STRATEGICZNYM**

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**Summary:** The paper justifies the purposefulness of establishing responsibility centres in strategic controlling. On the background of the presented notion and essence of responsibility centres the way of their distinction has been proposed for the purpose of strategic management. It applies to the traditional concept of formulating and implementing the strategy of an organisation and covers the balanced scorecard. It was emphasised that the variant in which responsibility centres established for the purposes of both strategic and operating controlling coincide is the most favourable solution, particularly from the point of view of the unity of command and consistence in operation of an organisation as a whole. If, however, new frames of reference are created for the purposes of strategic controlling, the discussed criteria should include respective business domains or functional areas, processes, etc. Such centres are investment ones with the greatest degree of autonomy, which is at the same time responsible for the largest number of economic parameters.

**Keywords:** strategic management, strategic controlling, responsibility centres.

**Streszczenie:** Uzasadniono celowość wyodrębniania ośrodków odpowiedzialności w controllingu strategicznym. Na kanwie prezentacji pojęcia i istoty ośrodków odpowiedzialności zaproponowano sposób ich wyróżniania na użytek zarządzania strategicznego. Dotyczy to zarówno tradycyjnej koncepcji formułowania i realizacji strategii organizacji, jak i z uwzględnieniem strategicznej karty wyników. Podkreślono, że wariant, w którym ośrodki odpowiedzialności są wyodrębnione zarówno dla celów controllingu strategicznego, jak i operacyjnego, stanowi najbardziej korzystne rozwiązanie nie tylko z perspektywy spełnienia

zasady jedności rozkazodawstwa, ale również z perspektywy organizacji jako całości. Jeżeli jednak nowe układy odniesienia są tworzone na potrzeby controllingu strategicznego, kryteria ich wyodrębniania powinny dotyczyć domen działalności, obszarów funkcjonalnych czy procesów w ramach wyszczególnionych domen działalności. Takie centra są wówczas ośrodkami inwestycyjnymi z największym stopniem samodzielności, które jednocześnie odpowiadają za największą liczbę parametrów ekonomicznych.

**Słowa kluczowe:** zarządzanie strategiczne, controlling strategiczny, ośrodki odpowiedzialności.

## 1. Introduction

The increasingly complex conditions in which businesses operate imply changes in contemporary organisations – in their size, growth rate, structure, processes and management systems. Tendencies to create global international organisations can be observed; however, they are expected to be able to individualise, in a mass scale, products offered by them. Taking into account the increasing diversification of serviced markets and the changeability of customer needs, it causes a rise in the risk related to the effective achievement of operating objectives. Thus, it becomes necessary to look for new solutions, supporting the formulation, choice and, in particular, implementation of the strategy that ensures the making of profits by an organisation in future periods and an increase in its market value, concentrates on a higher value for a customer and makes possible the effective fulfilment of the set objectives. Concurrently, methods used to measure organisation's accomplishments, thus understood, are being urgently sought. In this respect the concept of strategic controlling seems to be an interesting proposal. Its essence has already been defined and described [Bieńkowska, Kral, Zabłocka-Kluczka 2014, pp. 3–15], while the subject of this paper is an attempt to discuss one of the specific problems in working out solutions for strategic controlling, i.e. the need for and the way of taking account of responsibility centres in strategic controlling, including also the balanced scorecard.

## 2. The notion and essence of responsibility centres

“Efforts made to improve the efficiency of enterprises' operation caused that the decentralisation of management systems has become an increasingly frequent phenomenon” [Nowak (Ed.) 2001, p. 9]. In large organisations operating in the dynamic environment the need for decentralisation results from, among others, the limited possibility of managing effectively when all power is concentrated in the hands of senior management and the wish (necessity) to relieve the senior management of taking decisions related to the day-to-day operation of an organisation. This need may be also the consequence of a changed approach to the issues of human resources management, which aims at building employees' competence through, among others,



providing them with greater autonomy and freedom in decision-making within the scope of their accountabilities and thus enhancing employees' commitment to an organisation and enabling them to self-develop. The decentralisation of management is considered to be one of the conditions for the effective implementation of controlling [Sierpińska, Niedbała 2003, p. 92]. In order to fulfil its superior function – management support – controlling concentrates predominantly on the enhancement of efficiency in smaller, separated parts of an organisation and on the coordination of their efforts to focus them on the objectives set by an organisation. An improvement in performance is possible here owing to a better understanding of business activity and, based on that, a more rational management of limited resources, a reduction in the response time and a greater sense of agency and direct influence on the produced results. However, the precondition for the efficient operation of such formations is the assignment of tasks to respective groups of employees and the allocation of resources necessary to perform them, the delegation of authority, and the determination of accountability for their results. Therefore, it can be stated that one of the manifestations of decentralisation, characteristic of controlling, is the setting up in the organisational structure of the so-called responsibility centres.

Responsibility centres (management centres, mini business centres) represent organised parts of an enterprise, in which efforts are concentrated on specific objectives and tasks [Nowosielski 2001, p. 11]; these are distinct areas in an organisation with specific costs, results and resources, where it is possible to link the accountability for performing assigned tasks with the relevant managers [Drury 1998, p. 32]. Their formation represents the interest on the part of controlling in the level of partial values related to plants, divisions, departments, products, market segments, distribution channels, etc., as opposed to the traditional audit and influence exerted on the level of global values concerning an organisation as a whole. In practice, the process of establishing responsibility centres does not lead to the creation of completely new internal units, but it only changes the economic rules of functioning and assessing the already existing units, unless the formation of responsibility centres is an element of the intended process of restructuring an organisation (cf. [Nowosielski 2001, pp. 30–36]). As a result of establishing responsibility centres, an improvement in the level of management is expected as well as an increase in the efficiency, flexibility and competitiveness of organisation's operation on the market [Nowosielski 2001, pp. 13–15].

Issues related to the establishment of responsibility centres feature a range of interesting subjects, such as the way of organisational formation of centres and assignment of tasks for completion, the determination of responsibility and thus the type of centres, difficulties related to the process of delegating authority, and, finally, ways of assessing the utilisation of entrusted resources, in the context of previously set objectives, and rewarding for the produced results. In the literature there is no mention of solutions specific to strategic controlling, although it is strongly emphasised that the establishment of responsibility centres in controlling “should be

first of all subordinated to the adopted strategy of an enterprise” [Nowosielski 2001, p. 39]. Nowosielski points out that the issue of establishing responsibility centres should be viewed in the context of competition strategies adopted by an organisation as they imply – apart from such factors as the size of an organisation, the specific nature of its operation, the extent of diversification of operations, the way of planning and record keeping, management style or employees’ competences – the economic criteria for the establishment of responsibility centres, i.e. the criterion of efficiency of resources, process and markets [Nowosielski 2001, p. 40]. Apart from economic criteria (classified as belonging to a group of substantive criteria) also a group of formal criteria for establishing responsibility centres is often mentioned, i.e. product and market, organisational, territorial, property (technical and technological), bookkeeping and accounting, financial or ownership and legal criteria [Nowosielski 2001, p. 43]. While grouping organisational units in the process of establishing responsibility centres the strategic significance of the functions performed by them, their role in the process of creating organisation’s success and the impact exerted on an organisation’s economic result should be taken into account. This last factor will be significant, to a considerable extent, for the determination of the centre type and the scope of decision-making powers entrusted to its management.

The formulation of objectives set for respective responsibility centres is a very important stage in their formation. They may not be inconsistent with the objectives of an organisation as a whole and they should result from the strategy adopted by it and be conducive to the achievement of the goals set for the whole business. In accordance with the formulated objectives, the scope of independence granted to the centres is defined, reflecting the decision-making freedom and responsibility of their management. In the opinion of E. Nowak, “the independence of responsibility centres should be relative and it should concern specific partial tasks (...) [It means that – note of A.B., Z.K. and A.Z.-K.] not all powers over decision making relevant to the functioning of responsibility centres are delegated to managers of such centres” [Nowak (Ed.) 2001, pp. 19–20]. According to Nowak, managers of responsibility centres should only take operational decisions related to the day-to-day running of a business in these centres and prepare draft strategic decisions concerning the responsibility centres managed by them, subject to approval by an organisation’s management board. Strategic decisions concerning organisation’s development and long-term plans are to be taken by the management board [Nowak (Ed.) 2001, pp. 19–20]. On the other hand, the research conducted by Nowosielski shows that “it is possible and acceptable to grant to the centre managers powers of co-management over an enterprise as a whole (strategic approach) and operational management of an internal entity” [Nowosielski 2001, p. 81]. So the scope of autonomy granted to managers of responsibility centres can be diversified, but obviously it should ensure that the tasks assigned to them can always be performed. Furthermore, it can be related to the position of a given responsibility centre in the organisational structure and it can depend on qualifications and competences of the manager of the responsibility centre and his

or her attitude (willingness/unwillingness to assume responsibility and authority) as well as on the possibility of providing support, e.g. by an IT system. Interestingly, the scope of decision-making independence granted to respective managers can change over time – depending on the needs of an organisation, the “maturity” of organisational solutions and a variable situation.

Depending on the decision-making powers and the extent of accountability assigned to managers of centres several types of responsibility centres can be distinguished. Usually a distinction is made between three basic types of centres:

- responsible for costs, the so-called cost centres, in which managers are accountable only for the level of costs;
- responsible for results, the so-called profit centres, with the accountability for revenue and costs;
- responsible for investments, the so-called investment centres, with the accountability for revenue, costs and resources [Bieńkowska, Kral, Zabłocka-Kluczka 2011, p. 30].

The above division is extended by adding centres responsible for revenue, i.e. the so-called revenue centres, responsible solely for the level of revenue [Świdorska (Ed.) 1997, p. 244], and also centres responsible for production results, i.e. the so-called production centres, responsible for operational results in terms of volume, timing and quality [Nowosielski 1997, p. 6] and centres responsible for expenditure limits, in which there is no clear link between their operation and incurred expenditure [Sierpińska, Niedbała 2003, pp. 93–94]. The established responsibility centres can be independent of each other (although inter-related through processes taking place in an organisation), or they can form a multi-level, hierarchical, internally embedded structure (when responsibility centres with a narrower scope of decision-making independence, e.g. cost centres, form a part of responsibility centres with a greater scope of decision-making independence, e.g. profit centres or investment centres). They can comprise the whole organisation or only such parts thereof which from the management’s point of view are critical for organisation’s market success. Finally, their implementation in an organisation can be concurrent or gradual.

For the efficient operation of responsibility centres, it is not enough to equip their managers with specific competences that they can use as empowered members of an organisation. It is equally important to provide them with “benchmarks against which they can assess the quality of their activities and performance” [Sobańska (Ed.) 2010, p. 35]. An important issue in the process of establishing and, then, functioning of responsibility centres is the development of solutions making it possible to assess the efficiency of their performance. The basis of such assessment is the achievement of objectives and the completion of tasks assigned to respective responsibility centres. It is therefore postulated to develop such a system for measuring accomplishments of respective responsibility centres that would provide a basis for their verification. It requires the adoption of specific criteria and measures for the assessment of responsibility centres, matching the type of the centre and the range of its tasks.

As the tasks assigned to the centre can focus on substance, effectiveness or efficiency also the measures adopted to assess the centre should be of the same nature. It is also possible to introduce qualitative assessment measures (more information on this subject in [Bieńkowska, Kral, Zabłocka-Kluczka 2004, pp. 160–171; Nowosielski 2001; Sierpińska, Niedbała 2003]). In practice, when diversified measures are adopted, the assessment system for responsibility centres will be characterised by the multiplicity of criteria and comprehensiveness. It is important to have the performance of respective responsibility centres assessed regularly and the obtained assessment results should be linked to the remuneration system of their employees and managers.

The presented process of establishing responsibility centres and the related problems are universal in principle. Interestingly, however, although “the establishment of responsibility centres is subject to the same rules, criteria and procedures in each enterprise” [Nowosielski 2001, p. 38], the final result is always specific to a given organisation. Each time a unique set of responsibility centres is obtained and their functioning should contribute to an increased operational efficiency of the whole organisation, in the context of its adopted strategic objectives.

In the process of establishing management centres the perspective of operational controlling is usually – although not directly – adopted. Questions thus arise as to whether for the purposes of strategic controlling, it is necessary to identify responsibility centres in some other, specific way. What would the criteria for identifying them be? How will the extent of independence of these centres change and how to assess the efficiency of their operation in such a case?

### 3. Responsibility centres in strategic controlling

While working out solutions for responsibility centres in strategic controlling overall guidelines, described hereinabove, regarding general management centres should be taken into consideration, obviously as required and if possible. It would be advisable, however, to develop solutions specifically dedicated to strategic controlling that go beyond the above-mentioned framework. Such a situation would be obviously acceptable or even necessary as controlling, being a “tailored” method [Skrzyniarz, 2002, pp. 8–12], should be characterised by flexibility and should be skilfully adapted to the needs of organisation’s management staff – in this case to expectations of managers responsible for taking actions in the area of strategic management.

With reference to the above, in the discussion on the legitimacy and the way of establishing responsibility centres in strategic controlling the following questions have to be answered:

- *Is there a real need for taking account of the concept of responsibility centres in strategic controlling?*
- *Should new responsibility centres be created specifically for the purposes of strategic controlling or should the solutions for operational controlling be used (if available)?*

- *What criteria should be adopted for establishing responsibility centres?*
- *What should be the number and size of responsibility centres in strategic controlling?*
- *What types of responsibility centres should be established for the purposes of strategic controlling?*

If we would like to answer the first question, we should remember that, at present it would be difficult to imagine controlling that does not take account of the concept of responsibility centres although, in business practice in particular, such a situation is possible. For example, as shown by the research conducted by Bieńkowska, almost 12% of examined organisations in which controlling is implemented declare they have no responsibility centres [Bieńkowska 2015]. Nowak emphasises, however, that the basic premise for introducing management centres in an organisation, in the context of concurrent implementation of other controlling solutions, is the necessity of delegating decision-making powers and accountability for decisions taken to lower management levels [Nowak 2000, p. 23]. Similarly, Nowosielski thinks that the need for establishing responsibility centres arises from the necessity of decentralising management and the resultant requirements for a team management style and an atmosphere conducive to cooperation, and entrepreneurship in an organisation [Nowosielski 2001, p. 7]. It seems that especially in strategic controlling the idea of responsibility centres can be useful. Economic analyses conducted from the perspective of the established management centres provide the basis for assessing the extent to which strategic goals of respective centres have been achieved as well as (or perhaps predominantly) determine the effectiveness of delegating powers and responsibility to such centres. Furthermore, there arises a possibility (as opposed to the situation where no responsibility centres are used in an organisation for the purposes of strategic controlling) of supporting pro-efficiency and pro-market behaviours of managers of a responsibility centre, pursuing profit generation more strongly, increasing the transparency of processes that create value, and enhancing cost awareness.

Moreover, if we discuss the necessity of creation the new responsibility centres be for the purposes of strategic controlling, we should note that the second question has been intentionally formulated with the assumption that the implementation of strategic controlling solutions in an organisation is preceded by the implementation of operational controlling solutions. Such an assumption is based on the tendencies observed in economic practice. Functional solutions in controlling implemented in organisations most often apply to the operational level of management (cf. [Bieńkowska 2015]) and, consequently, the remaining controlling solutions are characteristic of operational controlling. However, if an assumption is made that in an organisation it is recommended to go on from the strategic level of management to the operational one, it would be natural to adapt the solutions of operational controlling to those of strategic controlling, and the question formulated above would not be valid.

Irrespective of the above, in response to the posed question it should be stated that just like strategic controlling differs from operational controlling, responsibility centres

in strategic controlling differ from management centres in operational controlling. Managers of both types of centres focus on different subjects of interests and take decisions of different significance and over different time frames. Therefore, the question should be basically reformulated: *Are the existing responsibility centres in operational controlling able to take over additional duties, powers and responsibility arising from tasks performed in strategic controlling?* It seems to be possible in the case of large (in relation to the size of an organisation) consolidated centres in operational controlling. Furthermore, it should be emphasised that the variant in which responsibility centres established for the purposes of both types of controlling coincide is the most favourable solution, particularly from the point of view of the unity of command and consistence in operation of an organisation as a whole. Whereas in the case when responsibility centres in operational controlling are fragmented, it is necessary to consolidate them or to create new frames of reference. Then, it should be remembered that the relations between new centres and the already existing ones have to be defined to avoid the duplication of their employees' duties, powers and accountabilities.

Moreover, in case responsibility centres related to operational controlling are used for the purposes of strategic controlling, the criteria for establishing them (see next question about criteria that should be adopted for establishing responsibility centres in strategic controlling) would be, in principle, imposed by the assumptions adopted for operational controlling. Management centres are then established on the basis of, among others, organisational, functional, geographical, product or process criteria. If, however, new frames of reference are created for the purposes of strategic controlling, the discussed criteria may include:

- respective business domains (products, markets, aggregated internal organisational units, e.g. plant, division);
- functional areas, processes, etc. identified within respective business domains.

When decisions are taken with regard to the number and size of responsibility centres established in strategic controlling, irrespective of whether operational controlling solutions form the basis for the above or new solutions are created, two situations should be considered:

- one responsibility centre covering the whole organisation is created,
- numerous responsibility centres are established in accordance with the adopted criteria.

The first situation can apply to either small organisations or the ones with a single business domain. Then, there is no need for further decomposition of frames of reference and, concurrently, it is possible to achieve benefits derived from the implementation of the concept of responsibility centres, described hereinabove. Whereas in the case of numerous management centres being established for the purposes of strategic controlling, one should take into account that the creation of responsibility centres always corresponds to the identification of areas that potentially can function as relatively independent internal units [Nowosielski

2001, p. 37]. Undoubtedly, in strategic controlling each of the identified business domains, because of its specific character, can form a separate responsibility centre. The establishment of internal management centres within domains depends on such situational factors as, for example, the dynamics of business environment or the market or domain size.

In the end, we should discuss what types of responsibility centres should be established for the purposes of strategic controlling. If in an organisation the existing responsibility centres related to operational controlling are used for the purposes of strategic controlling, then – which is understandable – the type of established responsibility centres is in principle determined by the solutions adopted for operational controlling. If, however, new frames of reference are created, investment centres, in particular, are dedicated to responsibility centres coinciding with the domains identified in an organisation.

**Table 1.** Solutions for establishing responsibility centres in strategic controlling

Characteristics	Solutions for given characteristics	
Origin of responsibility centres	The existing responsibility centres related to operational controlling are used for the purposes of strategic controlling	Responsibility centres are established specifically for the purposes of strategic controlling*
Criteria for establishing responsibility centres	Adopted in operational controlling, e.g.: – organisational, – functional, – geographical, – product, – process	Adopted in strategic controlling: – business domain, – functional areas or processes within the specified business domains
Number and size of responsibility centres	Determined by solutions adopted in operational controlling: – one responsibility centre covering the whole organisation, – several responsibility centres established according to the adopted criteria	
Types of responsibility centres	Determined by solutions adopted in operational controlling: – production centres, – cost centres, – revenue centres, – profit centres, – investment centres	Any variant can be adopted**:
<p>* Attention should be paid to the relations between responsibility centres established for the purposes of strategic controlling and those created in operational controlling.</p> <p>** In the case of responsibility centres that coincide with organisation’s business domains profit or investment centres should be adopted.</p>		

Source: own work.

An investment centre is the one with the greatest degree of autonomy, which is at the same time responsible for the largest number of economic parameters. It is responsible not only for influencing the level of costs and revenue, i.e. for the level of profit, but also for managing entrusted assets, and in fact for the relationship between the financial result of the responsibility centre and the amount of capital invested [Sierpińska, Niedbała 2003, p. 271; Sojak 2001, p. 22]. Managers of an investment centre, being fully responsible for the running of business activity, should also have a complete freedom of choice regarding investment projects that increase the efficiency of managing entrusted assets. However, the material scope of investment projects should be supervised and approved by the top management as consistent with the objectives of the whole organisation [Bieńkowska, Kral, Zabłocka-Kluczka 2004, p. 163].

Taking the above into account, when management centres are designed for the purposes of strategic controlling there are many configurations that can be implemented. Table 1 presents synthetically the proposed solutions for establishing responsibility centres, taking into consideration their characteristics in strategic controlling.

#### **4. Responsibility centres in strategic controlling taking account of the balanced scorecard**

At present, the balanced scorecard, developed by R.S. Kaplan and D.P. Norton, is a specific document to be used for carrying out specific tasks in strategic controlling. In the broadest sense it represents a useful tool for formulating, implementing and executing a strategy. For this reason, its authors treat it even as a strategic management method or system [Kaplan, Norton 2001, pp. 12, 29]. Therefore, it can be used with regard to all the component parts of strategic controlling – strategic planning and strategic audit, strategic control and supply of strategic information. Furthermore, the strategy can be formulated and its execution can be assessed from the angle of not only an organisation as a whole, but also of the proposed frames of reference, called perspectives. The structure of the balanced scorecard, taking account of the adopted perspectives, represents a withdrawal from the traditional, functional system, with the strategy being focused “on the key processes taking place in the organisation (from the point of view of satisfying customer needs and, thus, influencing the organisation’s economic results as well as taking account of the capability of carrying out diversified tasks). These processes, in accordance with the organisation’s vision and mission, are focused on four perspectives: financial, customer, internal business processes, and learning and growth” [Kral 2011, p. 123]. These perspectives, including their components parts in the form of strategic objectives, values of adopted assessment measures and strategic undertakings, provide the basis for establishing responsibility centres serving as frames of reference for controllers in strategic controlling. Therefore, such centres should be identified for each perspective and their types should be determined, possibly together with assessment criteria.



The financial perspective is related to the fulfilment of expectations of organisation's owners and shareholders, focused predominantly on multiplying capital. It applies to the whole organisation and therefore for this perspective one responsibility centre can be established covering an organisation as a whole. The organisation thus understood should be treated as an investment centre with the largest extent of decision-making powers assigned to the top management or even to the management board. In the discussed type of the centre assessment criteria related to the decision-making powers of organisation's management can be divided into substantive criteria, including mainly an asset utilisation ratio, and those strictly connected with the investment centre, such as operating expenses, revenue, operating profit or loss, and return on capital employed. In some cases investment centres corresponding to the financial perspective could form specific, internally established units of an organisation, for example, branches, divisions, daughter companies or even organisational units with limited responsibility regarding investment projects. In this case they would represent the so-called quasi-investment centres [Sierpińska, Niedbała 2003, p. 272], and the responsibility of their managers would be limited.

In the customer perspective various types of activities, mainly those related to marketing and sales, are quantified and their ultimate aim is to ensure customer satisfaction and loyalty, resulting in favourable financial performance. If customers represent a homogenous group, these activities are addressed to the market as a whole, whereas in the case of several groups of customers, marketing and sales activities have to be differentiated in respect of the identified parts of the market. It has an impact on responsibility centres established in this perspective. In the case of a homogenous customer group, the corresponding responsibility centres can be formed by sales and marketing departments or a final production department, when the activities undertaken by these organisational units lead to the creation of a final product with a specified price, and when sales and marketing functions are assumed by these units. However, when there are groups of customers on the market, it is necessary to adopt a larger number of management centres. In such a case, they would be represented by market segments. All responsibility centres established in the customer perspective can be profit, revenue or cost centres. Their type depends on decision-making powers given to the managers of such centres. The substantive assessment criteria for responsibility centres in the discussed perspective include mainly all those affecting the customer value, i.e. product quality and price, costs of its delivery and use, customer service quality and time, and also customer satisfaction, loyalty and market share. The principal criteria dependent on the adopted centre type will include: for a cost centre – cost of products sold, for a revenue centre – revenue from sales of products, and for a profit centre – both the above criteria and the return on sales.

The ultimate goal of the internal processes perspective is to manufacture and deliver to customers products that satisfy their specific needs. These processes, as indicated above, are connected with the creation of value for a customer and, concurrently, they represent responsibility centres. If they are treated as suggested by Kaplan and Norton

[2001, pp. 43–44, 95–121] as the centres responsible for innovation, operational and after-sales service processes, such an approach seems to be too narrow. In this perspective it is recommended to adopt management centres in accordance with Porter's value chain. They would be represented by the primary processes: logistics (inbound and outbound), production, marketing and sales, and customer service, as well as the support processes: procurement, technology development (research and development), human resources management, and management of the organisation's infrastructure [Bieńkowska, Kral, Zabłocka-Kluczka 2014, p. 9]. If responsibility is only partial, manufacturing, marketing and sales processes could represent quasi-profit or quasi-revenue or quasi-cost centres. The substantive assessment criteria for the type of management centres in question should include: process feasibility, percentage of new products, and process quality and duration. Depending on the type of the centre the principal assessment criteria would comprise: process costs – for cost centres, revenue from the process – for revenue centres, and both the listed criteria and profit or loss on the process – for profit centres.

The learning and growth perspective is connected with the improvement in resources employed for the completion of internal processes and tasks concerning the customer. These processes and tasks are valid for an organisation as a whole, and therefore they can be concentrated in one management centre – being the organisation as such, or possibly the parts thereof, because of the diversification of processes and tasks carried out in the organisation and the resulting different needs for improving resources. The discussed management centre would represent a cost centre and its substantive assessment criteria would include: the level of employees' qualifications, satisfaction and turnover and the level of employees' efficiency, performance quality and motivation. The principal assessment criterion corresponding to the type of the responsibility centre would be the cost of employee's development and education.

Obviously, all responsibility centres established in respective perspectives of the balanced scorecard can be treated as management centres of the lowest level – production centres, responsible only for the completion of substantive tasks based on the identified type of assessment criteria. It would be a traditional system and its possible adoption could be supported by ensuring greater accountability for the completion of substantive tasks and making employees' remuneration more dependent on the degree of fulfilment of these tasks.

## 5. Conclusion

At present, the establishment of responsibility centres is important for task performance, not only in operational, but also in strategic management. In the latter case tasks concern both an organisation as a whole and their established parts, representing responsibility centres. Only when the planning of tasks in management centres is fully harmonised and then systematically implemented, it can contribute to the success of an organisation's strategy. Therefore, the proper identification of

responsibility centres in strategic controlling, being a specific method of strategic management, is particularly important, although the problem as such is of a general nature. This paper has addressed the gap in the subject matter under consideration. The authors' proposals are specifically applicable to multifaceted strategies, i.e. taking account of strategic undertakings initiated in different parts of an organisation. Therefore, they are strictly connected with the trend towards decentralised task performance, markedly present in operational controlling, also with regard to strategic management tasks. It can be assumed that the knowledge of issues related to the creation of responsibility centres in strategic controlling will also improve the process of formulating and implementing an organisation's strategy.

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