# The multi-faced controller

- A study of how managers and controllers perceive the role of the controller within a Swedish industrial company

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# Abstract

**Title:** The multi faced controller – A study of how managers and controllers perceive the role of the controller within a Swedish industrial company

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**Key words:** Controller, manager, role, role theory, management accounting and control.

**Purpose:** We intend to discern, explore and analyse different understandings of managers as well as controllers regarding the role of the controller in one particular case company. In our description and analysis we will focus on extracting and providing explanations of any discrepancies concerning the different perceptions of the controller´s role and also scrutinise how the controllers interpret the managers' view on their role.

**Methodology:** In order to give an answer to the purpose of our study, we have used a qualitative/semi-deductive approach. All of the interviews carried out were semi-structured.

**Theoretical perspectives:** The theoretical references derive from our academical studies from the literature concerning role theory such as books and scientific articles. The type of role theory that we estimated as the most fitting in our case study was the organisational role theory.

**Empirical foundations:** In the empirical section we present gathered material from the interviews with suited controllers and managers in our study.

**Conclusions:** We have identified a number of different roles within the controller's role. Two types of discrepancies were discovered. The first one, called interpretation gap shows that there is a discrepancy between the managers' expectations of the role of the controller and the controllers' interpretation of these expectations. The second discrepancy illustrates that there are expectation gaps occurring when it comes to the managers' and controllers' expectations of the role of the controller.

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Lund, January 2009

Eyllin Goanta                                                    Daniel Nilsson

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# 1. Introduction

*The upcoming chapter will provide a short background description regarding the role of the controller. This will be followed by the problem discussion where we give a presentation of the aim of our study. This will lead to our problem formulation which will then be a springboard for the purpose of our thesis. The chapter will then continue with a description of our target groups, the delimitations of the study and finally end up with the disposition of the thesis.*

## 1.1 Background

> "The controller is not the commander of the ship – that is the task of the chief executive – but he may be linkened to the navigator, the one who keeps the charts. He must keep the commander informed as to how far he has come, where he is, what speed he is making, resistance encountered, variations from the course, dangerous reefs which lie ahead, and where the charts indicate he should go next in order to reach the port in safety" (Heckert and Willson (1952), p. 4).

Even if the quotation above is over 55 years old it still provides a good description of today's controller[1] and his/her role in the company.

The "Controllers Institute of America" from 1931 is considered to be the starting point for the evolution of the controller concept. This institution is credited with the institutionalisation of using accounting data for managerial purposes. At that period of time, only a few companies had employees performing what was considered then as controller duties[2] (Dudley, 1965). Since these days the original tasks of the controller have gotten broader in scope and now include analysing as well as interpreting business data in order to advise the management. That way the controller contributes to a higher degree to the management of the company and assumes a more important role. In Sweden the original concept of the controller was being frequently used during the late 60ies. The American concept of a controller had often led to resistance in Swedish companies as it was perceived as being too strictly controlling and dominant (Mattsson, 1987). This resistance can be best explained by a more consensus-driven work environment in Swedish companies (Havaleschka, 2002).

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[1] Controller is commonly used in Non-English speaking countries such as Sweden to describe a management Accountant. The word controller, however, does not exist in the English language to denote a management Accountant. It is a made-up word derived from the verb to control. In our essay we will, however, use the term controller to denote a management Accountant.
[2] For example being responsible for maintaining an economical organisation with the function to install, devise and operate methods on data gathering, assembling as well as preparing reports and statements for the company (Samuelson, 2001)

Recent developments within the organisational external environment have made the responsibilities and tasks of a controller more complex. A rising number of mergers and acquisitions, financial restructurings, emphasis on shareholder value and past accounting scandals (Enron and WorldCom) have shown the importance of contributions and assistance that an organisational controller can provide in planning and supporting a company's performance. Due to an increased concern of investors for businesses to have sound accounting practices as well as a greater emphasis on corporate governance, companies begin to realise the benefits they will obtain from paying more attention to controllers who will understand and evaluate the strategic decisions of the company (Khowaiter, 2006; Granlund and Lukka, 1998). Other factors urging a change of the controller's work are the increased global competition (Cooper, 1996), changes in technology (Spicer, 1992) as well as a shifted focus for business organisations from an efficiency-only based orientation towards an emphasis on quality management (Yasin et al, 2005). Recent research has indeed shown that controllers are experiencing considerable role changes, with a decrease in the monotonous "scorekeeping" roles and an increase in the proactive "business-consultancy" (Hopper et al., 2007).

In general, controllership is one of the major functions of management accounting, which mainly concentrates on offering information and help making sound executive decisions in an organisation. The provided information can include financial and non-financial aspects of certain decisions, analysis of risk and performing budgeting, development of new products, strategic planning, etc. The overall objective of controllership is to add value as a business partner as well as helping to accomplish strategic objectives of the company (Sutthiwan and Clinton, 2008).

A controller can basically be defined as the top accounting officer within an organisation, whose duties and tasks can considerably vary from company to company (Horngren et al, 2002). In broad terms a controller´s task can consist of compiling data for analytical purposes which in turn helps with managerial planning and control (Roehl-Anderson & Bragg, 2004). They could also take on the role of key executives who help with the managerial planning and control. According to Sathe (1983) the two major responsibilities of a controller are to assist the management team in their decision-making processes regarding the business operations, as well as to insure the accuracy and truthfulness of the presented financial information. Another task is the preparation of the balance sheet of the company and the income accounts as well as other financial statements and reports. Furthermore the responsibilities include the supervision of the preparation and filing of reports, statements and statistics as well as the enforcement and maintenance of the accounting rules and regulations.

Samuelson (2004) makes a clear distinction between two types of controllers, namely the accounting controller, or financial controller as we refer to it in our thesis, and the business

controller. Some characteristics of these two controllers could be summarized in the following:

| Accounting controller | Business controller |
| --- | --- |
| Produce the numbers | Use numbers, both the ones connected to accounting and others |
| Coherent logical system with local parts | Adopted to the view of the local unit |
| Many customers satisfaction should be fulfilled | One line manager is the main customer |

The Swedish controller's tasks are namely participating in the long-term strategic work and working primarily with the budget and various forms of economic analyses. He/she should also be in charge of the company's control system (Mattsson, 1987; Olve, 1990).

Sathe (1983) goes a step further and describes some characteristics a controller should posses, in order to succeed, which seems a little too generalising but nevertheless worth mentioning. A controller should have energy and enthusiasm as well as personal and professional integrity and commitment. He/she should possess accounting and analytical skills and knowledge on managing and running a business, such as being proactive in anticipating the issues that may come up while leading a business, and giving possible recommendations. Furthermore the controller should understand not only the business unit he/she is in charge of, but other units as well. Another skill relates to communication such as the ability to point out the important issues that will or have arisen, and provide suggestions. A controller´s interpersonal skills should include building strong relationships within the unit, have an influence on employees as well as being able to think critically and evaluate possible and accepted decisions.

## 1.2 Problem discussion

As described above, the existing research states that the role of the controller can contain a broad spectrum of different tasks (Mouritsen, 1996). In addition the literature on the topic also raises a number of attributes that are advantageous to have as a controller. Despite this fact, research being carried out within this field has only identified relatively few types of controllers' roles. Since Heckert and Willson (1952) described the controller as being the navigator of a ship, the main distinction of the controller's tasks is between the *bean counter*, characterised by performing routine work associated with accounting oriented tasks, and the

*business controller* being more extrovert, business oriented and strategical (Smith & Briggs, 1999; Parker 2002). This is quite a rough distinction when it comes to describing the complexity which seems to characterise the controller's role. Yet another of the few role appellations regarding the controller´s role surfacing in the literature is the one of a *corporate police* (Ferling, 1998). Merchant and Van der Stede (2003) are raising the question if controllers who are highly involved as part of the management team can succeed wearing two hats – one as a team member and confidant and another as a police officer.

Considering that the literature talks about many tasks and characteristics of the controller, we believe there is considerable room for identifying even more different role attributes of the controller. With our study we thus hope to be able to contribute with knowledge about even more varied controller roles. We therefore aim at identifying and extracting more roles which we think are prevalent in the controller´s work and through that help creating a better understanding for the complex role construction called the controller.

Our aim is to contribute to the research on the role of the controller by investigating different views of the controller's role within a middle sized Swedish company. The setup of this study resembles to a certain degree the one by Byrne & Pierce (2007) which is the reason why we find their study suitable to serve as a starting point for the problem discussion of our thesis. Similar to us Byrne & Pierce investigate different perceptions of the role of the controller by interviewing people in different positions within the company. This arrangement is favourable in at least two ways. Firstly, it gives us a broader and more comprehensive picture of what is characteristic for the role of the controller, rather than only interviewing one kind of official(s), for example the controllers themselves. Secondly, the arrangement makes it possible to draw conclusions and analyse reasons using multiple sources and various perspectives within the company.

Our study differs in some crucial aspects from that of Byrne & Pierce. Firstly, Byrne & Pierce have not conducted interviews with focal role holders, i.e. the controllers themselves. Their respondents are instead financial managers and operating managers. Our group of respondents consists of six controllers as well as six managers in different positions but with the common denominator of having connections to at least one of the controllers within the organisation. The thirteenth and last respondent is a chief controller, which makes him a controller as well as a manager. Secondly Byrne & Pierce conducted interviews in 16 different companies. We have chosen to focus on just one single company, in order to get a deeper understanding of how the role of the controller is perceived in that company. By focusing on just one company – which leads us to the final crucial point where this study is different compared to that conducted by Byrne & Pierce regarding the choice of theoretical lenses – we eliminate contingency factors such as for example the size and structure of the organisation, the nature of the industry and the degree of maturity of the business etc. This focus allows us, in other words, to strictly concentrate on the role of the controller. Hence we intend to discuss our

empirical findings using only an organisational role theory perspective, as opposed to Byrne & Pierce whose theoretical framework is a combination of role theory, contingency theory and management accounting theory.

## 1.3 Problem formulation

Our problem discussion results in the following main question, which will guide our study and which we attempt to provide an answer for:

How can one describe different roles of the controller and are there any discrepancies when it comes to the controllers' as well as the managers' depiction of the role?

This main question can be divided into three sub questions;
- Which expectations do the managers, respectively the controllers, have on the role of the controller and how do the controllers interpret the managers' expectations of the controller's role?
- How can the relationship between managers and controllers be described?
- Which possibilities do managers as well as controllers have to influence and affect the controller's role?

## 1.4 Purpose

Summarising our statements from the problem discussion as well as the problem formulation we are now able to succinctly formulate our purpose:

*We intend to discern, explore and analyse different understandings of managers as well as controllers regarding the role of the controller in one particular case company. In our description and analysis we will focus on extracting and providing explanations of any discrepancies concerning the different perceptions of the controller´s role and also scrutinise how the controllers interpret the managers' view on the controller's role.*

## 1.5 Target group

With our findings we hope to enhance existing knowledge about the role of the controller. Hence our targeted audience are people in academia and the university such as our supervisors and other interested researchers as well as the students partaking in our seminar. Moreover we wish to provide our respondents, who have kindly participated in our study, with a better understanding of their own role and their colleagues' role. With the wish not to

appear too presumptuous we also target other organisations which might benefit from our findings and the problematic issues in the manager and controller relationship.

## 1.6 Delimitations of the study

In this study we will mainly focus on how the role of the controller in our respondent company looks like right now. Thus we will not adopt a historical approach and look at how the role has changed over time. Since the time of employment in the company differs a lot among the interviewees such an approach would be inadequate. If our aim was to see how the role of the controller has changed over time we would have to solely interview long-time employees in the company. Although we will mention changes over time when we find it relevant for the discussion, this will, however, not constitute a main point for our study.

As mentioned in the problem discussion earlier, one of the aspects we will place emphasis on is the influences on the role of the controller. Byrne & Pierce (2007) discuss several factors that have an effect on the controller's role; e.g. the owner structure of the company, the size of the organisation and the current status of the business. Although we will not entirely exclude such factors, when discussing what influences the focal role, we will mainly focus on role orientated factors, i.e. the manager's as well as the controller's own ability to influence.

## 1.7 Disposition

Our study will be disposed in the following way:

**Chapter 2** describes our methodological considerations and its relevance for our inquest.

**Chapter 3** contains a theoretical frame of reference consisting of the relevant theory that supports our purpose.

**Chapter 4** presents the gathered empirical findings that are of importance to our study.

**Chapter 5** holds the analysis of the theory and of the gathered empirical findings.

**Chapter 6** presents our knowledge contribution, end discussion and possible reflections. Suggestions for further investigations are also to be found in this chapter.

**List of references** is the chapter in which the list of references can be found.

**Appendix** includes the supplements in order for the reader to be able to create himself/herself a better understanding of the research object.

# 2. Methodology

*In the following we will describe the philosophical principles guiding our research approach as well as the research traditions associated with it and also present our reasons for choosing these. Based on these more abstract descriptions we will then present the specific methods used in our study and critically evaluate them.*

## 2.1 Philosophical foundation

Methodology is defined as the general approach to studying a research question. A methodology cannot be true or false only more or less useful in approaching one´s research question (Silverman, 1993). The description of our methodology should include the general philosophical foundation which underpins the study as well as the concrete methods associated with these underlying principles.

Before gathering empirical data in a research project it is essential to clarify the philosophical assumptions of how our knowledge will be generated (epistemology) and how we think the world is constructed (ontology) (Bryman and Bell, 2007). Ontology deals with the question if reality exists independently of the subject experiencing it or if reality can only exist when it is experienced and given meaning by individuals. Epistemology is closely related to ontology and examines how knowledge is generated and how reality should be studied (Hatch, 2006).

There are two mutually exclusive positions within the fields of ontology and epistemology. On the one hand there is the notion of positivism which claims that reality can be described and examined objectively by testing hypotheses developed from theory using statistical methods and quantitative measures (Bryman and Bell, 2007; Hatch, 2006). The common perception is that social science phenomena can be studied with methods used in the natural science (Prasad, 2005). The logic of a positivistic approach is laid out in the following figure.

**Individual**                                                                **Reality**

Examines, analyses, describes, understands...
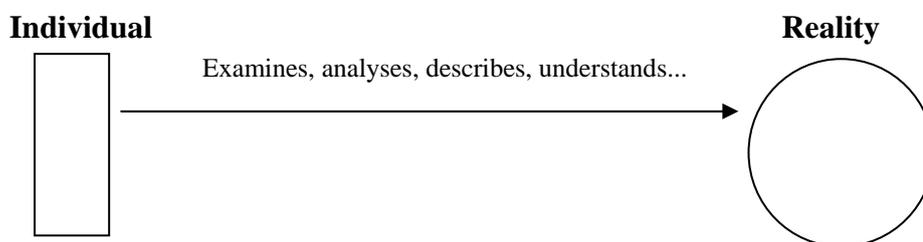
Figure 1: Positivistic approach

Positivism is closely related to the ontological position of objectivism which sees reality as existing independently of the individual experience. Social phenomena are beyond our influence and exist on their own accord  (Bryman and Bell, 2007).

An interpretative approach on the other hand is based on the assumption that reality is constructed through the mutual interpretation of social interactions by individuals (Prasad, 2005). In other words, individuals create their social reality through the understanding of meanings attached to events, actions and objects. Closely related to the notion of constructionism is the epistemological concept of understanding rather than explanation. This means that the aim is not to provide causal explanation but rather try to understand individual actions and their meanings (Bryman and Bell, 2007). The following figure shows the logic of an interpretative approach.
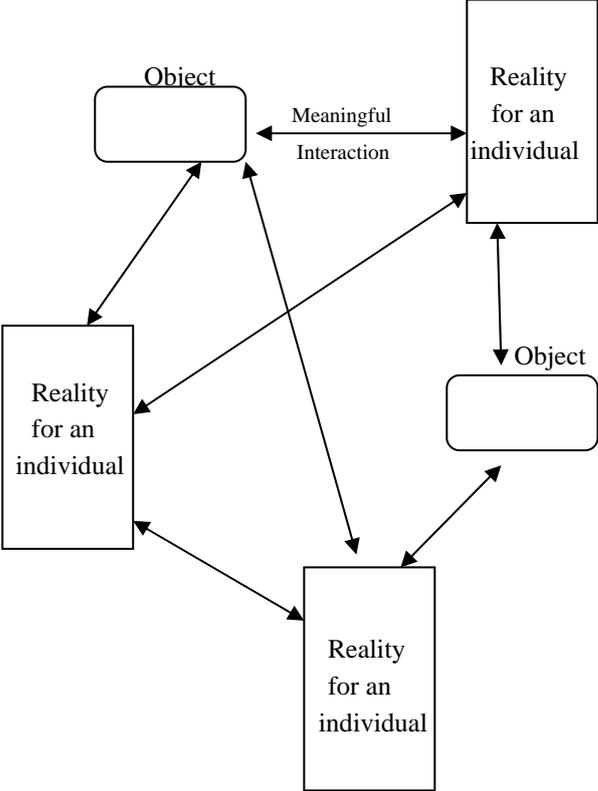
Figure 2: Social Construction of Reality

We have chosen to use an interpretative approach in the thesis to examine our research problem. We concur with Prasad (2005) that a positivistic research tradition is mainly concerned with the transfer of natural science methods, which examine mostly biological phenomena, to the social science. These methods, however, do not consider human reflectivity and the capability to understand one´s own behaviour (Prasad, 2005, p. 5). This is taken into account by an interpretative approach and hence makes it more suitable to investigate human behaviour. Based on this philosophical foundation a certain research tradition has to be chosen which will be discussed in the next section.

## 2.2 Research Tradition

Prasad (2005) discusses various research traditions and their implications within the interpretative framework. For our study a hermeneutically inspired approach[3] is suitable as it is concerned with the interpretation of texts and relates closely to the notion of understanding (McAuley, 2004). We will, however, not analyse actual texts such as policies, statements or meeting minutes. We use the term text in a metaphorical sense (Prasad, 2002) which means that in our methodological context text refers to the transcriptions of the interviews we conducted which is in line with a hermeneutic strategy used by other authors (Bryman and Bell, 2007).

A central tenet in the hermeneutical approach is the idea of a circular understanding. This process of understanding is expressed through the so called hermeneutic cycle. In general the hermeneutic cycle describes an alternating movement between the whole and the part. In other words, the part of a phenomena can only be understood when it is related to the whole of that particular phenomena (Prasad, 2002).

For example the role of the controller (part) and its meanings can only be understood when it is put into a wider context such as the organisational structure (whole). In turn the organisational environment can only be better understood when the role of the controller is closely scrutinised. Our theoretical approach is based on this circular principle as the role-set and the close environment exert an influence on the role of the controller but the actual exhibited behaviour of the controller is fed back to the role-set. Hence an understanding of the role of the controller has to take the single role as well as the larger whole, such as the role set, into account (see chapter 3). A hermeneutically inspired approach thus puts a strong emphasis on the context and the understanding of the research object (Bryman and Bell, 2007). Applying the logic of the hermeneutic cycle the scientist is able to move between part and whole to gain a more thorough understanding (McAuley, 2004). In our study we will use role theory as our frame of reference to support the movement between part and whole and deepen our understanding of the role of the controller in an organisation.

Another important feature for us in a hermeneutically inspired analysis is the dialogue between the text and the interpreter so that deeper underlying meanings in the text can be revealed (Prasad, 2005). We engage in such a dialogue by trying to distil the best possible interpretations from the transcribed interviews which will be more closely described below.

In conclusion our aim is to lay bare deeper meanings through a hermeneutically inspired analysis of our interviews and consequently gain a deeper understanding of the role of the controller.

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[3] Since we will not rigorously adhere to all the principles of hermeneutics we have chosen to speak of a hermeneutically inspired approach. For a comprehensive overview please refer to (Prasad, 2002).

## 2.3 Research strategy

The description of the philosophical underpinnings of our thesis leads to a discussion on how to infer claims from our interview statements. There are two opposing principles of inferring claims from data, namely induction and deduction.

Induction refers to the creation of universally valid concepts or theories by drawing inferences from empirical data to come to a conclusion (Bryman and Bell, 2007). In other words the researcher accumulates observations until a generalised statement is announced. In our study we will not generate such theories from scratch by gathering empirical data hence we will not apply an inductive research strategy.

Deduction relates to the testing and inferring of statements from existing theories which describe a phenomenon. Bryman and Bell (2007) depict the ideal deductive process below.

```
┌─────────────────────────┐
│         Theory          │
└─────────────────────────┘
            │
            ▼
┌─────────────────────────┐
│       Hypothesis        │
└─────────────────────────┘
            │
            ▼
┌─────────────────────────┐
│     Data Collection     │
└─────────────────────────┘
            │
            ▼
┌─────────────────────────┐
│        Findings         │
└─────────────────────────┘
            │
            ▼
┌─────────────────────────┐
│ Hypotheses confirmed or rejected │
└─────────────────────────┘
            │
            ▼
┌─────────────────────────┐
│    Revision of theory   │
└─────────────────────────┘
```
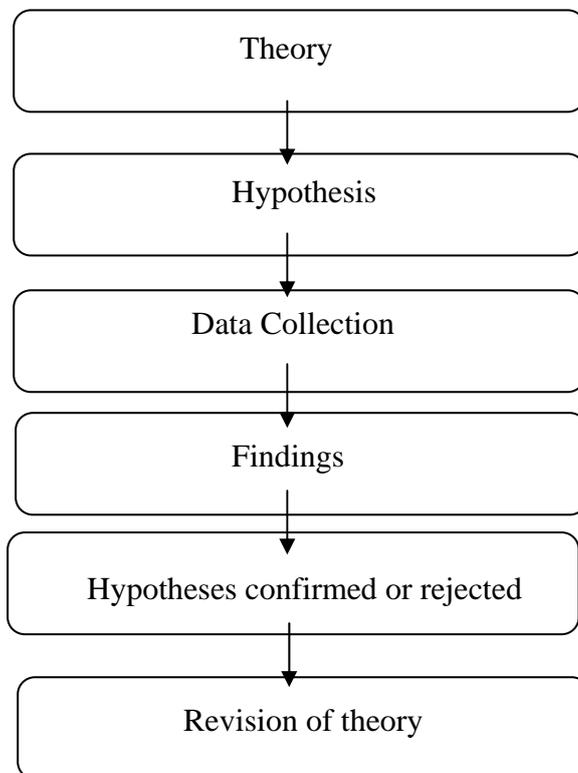
Figure 3: Ideal deductive process

In our case we will use role theory as a theoretical frame of reference not to generate testable hypotheses but rather as an interpretative guiding device for the interpretation of our data. This is in line with the interpretative underpinning of our study described above. We will thus not use a "pure" deductive approach by departing from the ideal process depicted above. The strict distinction between induction and deduction is also criticised by Bryman and Bell (2007):

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"It is useful to think of the relationship between theory and research in terms of deductive and inductive strategies. However, as the previous discussion has implied, the issues are not as clear-cut as they are sometimes presented. To a large extent, deductive and inductive strategies are better thought of as tendencies rather than as a hard-and-fast distinction." (p. 15)

Hence we will use a more deductive tendency to come up with the best possible interpretations of our material.

The above described philosophical underpinning of our thesis, namely an interpretative approach, is commonly related to qualitative research methods (Bryman and Bell, 2007). Silverman (1993) distinguishes between four different methods within qualitative research which are: observations, textual analysis, interviews and transcripts. We have chosen interviews and transcripts for our study and in the following section we will give a detailed description of our applied method and discuss the process of analysing the data as well as critically evaluating it.

## 2.4 The choice of company

The interviews were conducted with members from one company. The choice of one company is due to the fact that we intended to gain a deeper understanding of the processes in one particular case. When choosing a company we took two criteria into consideration: the company size as well as the location. In terms of company size we were of the opinion that medium-sized companies with approximately 10 000 employees would be most suitable as an object to study. If we had chosen a much bigger company, considering the timeframe and the scope of our study, we would not have been able to carry out enough interviews in order to provide a satisfying picture of the controller's role within the company. A smaller company on the other hand might not have enough controllers and managers willing to cooperate. This would, on the other hand, not provide us with an acceptable amount of respondents. When it comes to our second criteria, namely the time limit, we had the wish to find a company located in Scania since both of us study and live here.

With regard to the number of respondents we were of the opinion that a minimum number of 10 would be required in order for us to render some meaningful insights. We would have to be able to distinguish some kind of pattern and a broad spectrum of standpoints in the controllers' respectively the managers' answers. Considering the time limit and the size of our study we chose 13 respondents; six controllers, six managers and one respondent which holds some kind of hybrid position being a controller as well as a manager.

We started out by contacting controllers in the company. In order to study as many different controllers' viewpoints as possible, we aimed at recruiting controllers for our study who held

many different positions within the company and worked with various tasks. We accomplished this goal by recruiting many different controllers. The next step was to contact the managers cooperating with our chosen controllers. Just like it was the case with the controllers, we had a wish for a certain variety, regarding the position within the organisation, the hierarchical level as well as the type of relationship to the controllers. Again we were successful in gaining the support of a variety of managers for our study. Another criterion was that all (the) controllers would have a direct as well as an indirect line of reporting to these managers. Some desired respondents among the managers however were not available for interviews, which is the reason why a complete match in this regard between controllers and managers was not viable. This means that we are not able to compare the managers' opinions with those of the controllers' in the analysis when it comes to the line of reporting. This implies that our analysis will not address anything about the degree of congruence or discrepancy between each individual controller and the manager that he/she reports to indirectly or directly. Even though such an analytical dimension would be possible to carry out partly, which goes for the controller and manager relationship where we have interviewed both parties, we have chosen to leave this out due to consistency reasons. We will instead focus on comparing and explaining the patterns with regard to the conceptions of the two respondent groups, such as how many controllers and managers who advocate a certain aspect of the controller's role.

The respondents will be introduced in detail in chapter 4 where our empirical findings will be presented.

## 2.5 The choice of method

We have chosen to use semi-structured interviews designed within an interpretative research tradition. We used open-ended questions rather than fixed choice questions which provided us with an authentic insight into the interviewee´s experience (Silverman, 1993). We also encouraged our interview partners to talk while minimising our own talking. The questions for our interviews were derived from our research themes and related to the role theory model (see Appendix for the questionnaire).

The interviews were conducted in Swedish and lasted about an hour. They took place on site and were recorded and subsequently transcribed.

To gain a deeper understanding and come up with suitable interpretations we read and reread the transcripts of the interviews and looked for recurrent themes. During this process we found that our empirical material could be sorted into three main categories which highlight different parts of the controller's role, namely expectations of the role of the controller, the controller's relationships as well as the influence on the controller's role.

## 2.6 The choice of theory

After deciding on the general topic of our thesis, which we were both interested in initially, we had to choose a suitable theoretical frame of reference. We reflected mainly upon three potential candidates, namely Contingency Theory, New Institutional Theory and Role Theory. We pondered if the above mentioned theories would, on their own, provide a suitable frame of reference or if the purpose with the study would potentially benefit from a combination of two of these theories.

After deciding upon the delimitations of our study, two of the candidates were ruled out. To study the role of the controller Byrne and Pierce (2007) use both contingency theory and organisational role theory. Since we, in contrast to Byrne and Pierce, have chosen to limit our study of the controller's role to a suborganisation within an organisation comprised of controllers and managers we will not focus on factors external to this suborganisation. Thus, our choice of delimitation led us to reject contingency theory as a potential ally to organisational role theory.

New Institutional Theory has according to Carruthers (1995) and Covaleski et al. (1996) proved to be useful when it comes to research concerning management accounting systems. After having read up on the theory we came to the decision that this theory, with its emphasis on how different institutions and the process of institutionalisation are affecting the role (Burns and Scapens, 2000), would be more fitting if we were to study how the role of the controller would have changed over time. However, as our study is not intended to make such an historical comparison, but instead takes a snapshot of how the controller's role looks like, this theory was discarded, too.

Our choice of a theoretical frame of reference fell on organisational role theory instead. It is a theory which was used before in other studies concerning management accounting and the role of the controller. (Byrne and Pierce, 2007; Collins 1982; Hopper, 1980). Our understanding is that organisational role theory, with its emphasis on intra-organisational processes as well as the interaction between different roles, offers an apt conceptual tool box which will be of use for us when studying the role of the controller. It is suited because our focus will be on a suborganisation comprised of controllers and managers with whom they cooperate. A more detailed presentation of organisational role theory as well as the different concepts it entails and which we will use in our analysis will be presented in chapter 3.

## 2.7 The course of action in the analysis

The procedure in our analysis will be to compare the managers' as well as the controllers' view on the role of the controller, within the three main categories used in the empirical

chapter. In case of any discrepancies we will, by using our theoretical lens namely organisational role theory, account for these differences. With regard to our analysis chapter we will, with the intention of familiarising the reader with the analytical procedure, give a more detailed description of our approach below.

In the category *Expectations of the controller's role*, we looked in the respondents´ answers for recurring characteristic attributes they expect from the controller's role. The role attributes mentioned by the respondents were used to create different role denominations referring to occupation titles. We feel that these occupation titles symbolise and summarise succinctly some of the attributes that the respondents ascribe to the controllers. Such an example would be *Member of Parliament* which is characterised by being part of the decision making.

The different role appellations have then been ranked according to three dimensions such as: to what degree the managers expect a certain aspect of the controller's role, to what extent the controllers apprehend the managers' expectations regarding a certain aspect of the role and lastly to what extent the controllers expect a certain aspect in their own role. The ranking has been made by a relative point scale where 5 is the highest point possible and 1 is the lowest. If for instance all the managers would ascribe the controller's role a certain quality, such as being involved in the decision making, this would imply that *Member of Parliament* was to get 5 points according to the "Managers' Expectation Points". If approximately half of the controllers believe that the managers expect of them to take part in the decision making, this would in that case generate 3 point for *Member of Parliament* in the "Received Role Points". Lastly, if only one controller had the expectations of the own role as being a participant in the decision making, that would consequently result in 1 single point for *Member of Parliament* within the scale of "Controllers' Expectation Points". This ranking system makes it possible to compare not only the managers' expectations of the role and the controllers' interpretation of them but also the controllers' own expectations of the role of the controller.

In our analysis of the controller's relationship with the managers we have identified six potential problem areas, which have the purpose of helping us when it comes to explaining possible discrepancies that have occurred using the above described ranking system. If only one or a few managers or controllers have mentioned factors that we feel can contribute to explaining discrepancies regarding the view on the controller's role this could turn them into potential problem areas, even if it certainly is difficult to evaluate the importance of each separate disturbance.

## 2.8 The criticism of the method

A method is usually evaluated by using the criteria of reliability and validity. Reliability refers to the consistent measurement of a method. In other words, the researcher should come up

with the same results using the same instrument and leaving conditions unaltered every time. Validity refers to the accuracy of the measurement which means the method should measure exactly what it is designed to measure. For example a questionnaire about the controller´s skills should not include questions about his/her personality if those are not related to the required skills. In that case the validity to measure the skills would not be given. Reliability and validity have a central place in evaluating quantitative research methods. There is an ongoing debate about the applicability of the concepts of reliability and validity in qualitative research. On the one hand scholars transfer the concepts nearly unaltered to assess their qualitative research strategy whereas others establish  new criteria which they use in their research (Bryman and Bell, 2007). We feel that it is inappropriate to merely transfer the criteria of validity and reliability to assess our qualitative research approach.

Bryman and Bell (2007) describe two criteria which can be used to assess qualitative research methods: trustworthiness and authenticity. The latter is concerned with the wider social impact of our research findings and the effects they have on the social systems. The criterion of authenticity is disputed and did not have much influence (Bryman and Bell, 2007). Thus we feel it is more suitable to discuss the criteria of trustworthiness to evaluate our research process.

Trustworthiness consists of four features: credibility, transferability, dependability and confirmability.

Credibility refers to the trustworthiness of the interpretation which could be enhanced by feeding interpretations back to the respondents to confirm the accuracy (Bryman and Bell, 2007). Due to time limitations we are not able to do so but we feel that by working in a team we can discuss interpretations and feed suggestions back to each other which should increase credibility. Transferability refers to the application of the findings in other contexts (Bryman and Bell, 2007). As we do not aim to generalise our findings it is not appropriate to say that our findings also are true for other contexts. However, we would like to present some guidelines which could be useful to assess the role of the controller in other contexts. Dependability is concerned with the rightfulness of the research process, which means that records should be kept of how the process was conducted (Bryman and Bell, 2007). As we tape-recorded the interviews and subsequently subscribed them we feel that we have documented our process fairly well and for everyone to check up on. Confirmability relates to the good intentions of the researcher meaning that no biases and harmful values should have guided the research process (Bryman and Bell, 2007) which is not the case for us as we do not have ulterior motives other than analysing the role of the controller.

In conclusion we will use an interpretative research approach to investigate the role of the controller. This approach encompasses the standpoint that reality is socially constructed and that individuals derive the meaning of reality through subjective experiences and interactions. This interpretative approach is related to the research tradition of hermeneutics which we will

be using to interpret our data. To come up with good interpretations we will use some kind of deductive approach which does not strictly adhere to the principles albeit uses the logic of inferring interpretations from a pre-given frame of reference. These principles are commonly related to qualitative methods which we will also apply, namely interviews and transcripts.

After having laid the foundation of our analysis we will now turn our attention to the theoretical frame of reference.

# 3. Theoretical Frame of Reference

*In the following section we will discuss the theoretical framework of our thesis. Our aim is to use a theoretical frame of reference which proves to be the most useful to investigate our research question.*

Role theory has been used before in a multitude of studies concerned with the role of the controller and management accounting (Byrne and Pierce, 2007; Collins, 1982; Hopper, 1980). In our eyes role theory is a distinctly suitable theoretical frame of reference which focuses on intra-organisational processes. The choice for role theory neglects a focus on extra-organisational factors which could have been investigated using contingency theory (Byrne and Pierce, 2007) but reasons of limited space, focus and time, urge the choice of using role theory as a single frame of reference (Collins, 1982).

In the following we will first discuss the meaning of role and different versions of role theory in general. Based on this account we will present our chosen version of role theory, namely organisational role theory. We will present the ideas of organisational role theory in-depth as well as discuss critical voices.

## 3.1 Role and role theory

A role can be defined in a variety of ways. Gabriel and Fineman (2000) state that role is

> "[a] central unit of analysis in sociology and social psychology. It refers to the duties, obligations and expectations which accompany a particular position." (p. 347-348)

What is interesting is the function of role within a group or a social system. Alvesson (2004) sees role as the position we assume when interacting with each other and separates role from identity, which is the way we see ourselves. Hogg and Vaughan (2002) define roles within a group as

> "[p]atterns of behaviour that distinguish between different activities within the group and that interrelate to one another for the greater good of the group." (p. 298)

Roles are prescribed behavioural patterns based on group norms which are embraced by individuals (McCormick and Ilgen, 1985). Roles should, however, not be mistaken for people (Hogg and Vaughan, 2002).

Bakka et al (1993) are of the opinion that the social structure consists of roles which can be seen as the sum of expectations, including personal expectations that are directed towards a

given person in a given position. This can for instance be the position as a leader of a work group. The expectations include both tasks and behaviour, which are ways in which people in question are expected to behave.

To better understand the function and dynamics of roles within a group, various theories have been developed. Biddle (1986) categorises five closely interrelated but nevertheless slightly different perspectives on role theory which are briefly presented in the following.

*Functional role theory* is concerned with expected behaviour and prescribed norms guiding individual behaviour within a *stable* social system. Individuals learn these norms and adjust their role behaviour to a prescribed function in the social system. *Structural role theory* assumes that roles are *fixed* within stable social structure and these structures determine the individual´s role. Hence in contrast to the functionalistic view the structuralists place the emphasis on the force of wider social structures and not the individual´s learning process. *Symbolic interactionist role theory* describes roles as social positions which are *developed* through shared norms and social interaction. *Cognitive role theory* is based on ideas from cognitive social psychology and examines the relationship between social conditions, expectations and role behaviour. In addition the emphasis is on analysing the processes of how expectations are perceived by individuals (Biddle, 1986).

These perspectives are helpful in understanding roles in social systems but for our purpose organisational role theory, which is also discussed by Biddle (1986), seems to be the superior choice. The following quote expresses the emphasis in organisational role theory on formal organisations and the conflicting expectations within roles of an organisation.

> "However insightful the work of functionalists, structuralists and symbolic interactionists is, most empirical research in the role field has not come from these perspectives. Instead it has reflected other perspectives that have generated their own traditions of effort. One of these has appeared among researchers interested in the *roles of formal organisations*. Their efforts have built a version of role theory focused on social systems that are *pre-planned, task oriented, and hierarchical*. Roles in such organisations are assumed to be associated with identified social positions and to be generated by normative expectations, but norms may vary among individuals and may reflect both the official demands of the organisations and the pressures of informal groups."
> (Biddle, 1986, p. 73, emphasis added)

These basic ideas of organisational role theory and the impression of the role of the controller, who can be in a conflicting position within the organisation as well as perceiving his/her role very differently than the role set, renders organisational role theory a useful theoretical lens for our study (Hopper, 1980). In addition the attention on intra-organisational processes usefully focuses our studies on the active role of the controller within an organisation (Collins, 1982). In the following we will therefore discuss organisational role theory in depth.

## 3.2 Organisational role theory

Organisational role theory is a concept which originated in the 1960ies and was first articulated by Daniel Katz and Robert L. Kahn (Wickham and Parker, 2007). It is a concept within the discipline of social psychology and relates to intra-organisational behaviour. To familiarise the reader with role theory the original assumptions will be described in the following.

Katz and Kahn (1978) developed their theory to explain organisational behaviour and they propose that organisations are essentially (social) role systems. They define role as following:

> "Roles describe specific forms of behaviour associated with given positions; they develop originally from task requirements. In their pure organisational form, roles are standardized patterns of behaviour, required of all persons playing a part in a given functional relationship [...]" (p. 43)

We find that Katz and Kahn's definition of role corresponds in) the best way with our meaning of role. Yet another role definition, stated by Gibson, Ivancevich and Donnelly (2000), is the following:

> "Organized set of behaviours expected of an individual in a specific position" (p. 216)

Organisations are viewed as a system of acts rather than physical structures. In the following the logics and interrelationships of organisational role theory are explained. The following figure summarises the components of a role episode described by Katz and Kahn (1978).
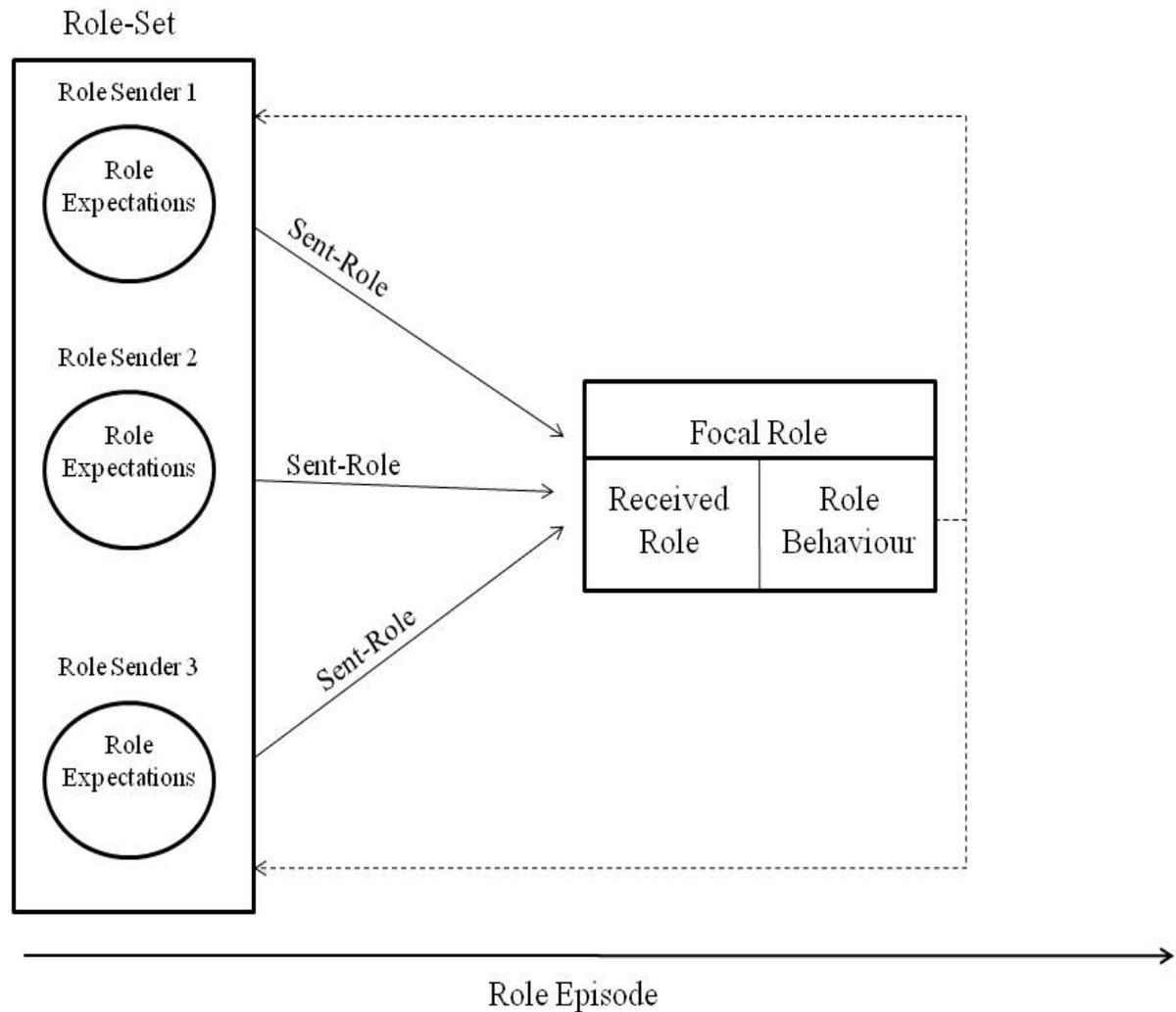
Figure 4: Organisational Role Theory adapted from Katz and Kahn (1978) and McCormick and Ilgen (1985)

The social system which strongly influences the *focal role* is referred to as the *role set* which relates to a clearly staked out subsystem within the organisation. The *focal role* describes the person which is on the receiving end of behavioural prescriptions by the role set which in our case would be the controller. The role set comprises of a number of influential people, the role senders, which exert their influence on the focal role (Gabriel and Fineman, 2000). The role set in an organisation usually consists of significant others which are closely related to the office of the focal role. The role set could comprise the upper management, the subordinates and other individuals with whom the focal role person has to work (Kahn et al., 1964). All the persons in the role set depend in one way or the other on the performance of the focal role person (Katz and Kahn, 1978). That is the reason why the role senders are individuals which have a strong interest in the behavioural outcome of the individual (McCormick and Ilgen, 1985). The role senders have certain expectations of how the focal role should be carried out. These expectations are usually communicated and sent on to the focal role. This is referred to as *role-sending* and the acts of communication as *sent-role*. Collins (1982) maintains that managerial accounting systems are useful in prescribing behavioural expectations through

sent-role. Sent-role can be related to specific responsibilities and formal procedures but can also contain informal demands to make working life easier for the role-sender. The messages can be instructions, information, recommendations, evaluation of performance etc. (Katz and Kahn, 1978). Role sending basically occurs to align the interests of the role-set member with the focal role's behaviour otherwise sanctions will be pending.

> "Even in the least punitive of organisations, the enactment of a role within the limits of tolerance of the role-set is a condition for holding the associated office. A person who fails utterly to meet the expectations of the role is thus confronted with the most logical of sanctions, removal from office." (Katz and Kahn, 1978, p. 191)

However, the focal person will not perceive his/her organisational environment for instance the management accounting system as objective but as an entirely subjective experience filled with meaning derived from the actions of significant others (Covaleski et al., 1996).[4]

> "To consider the compliance of the focal person with the sent-role or the deviations from it, however, takes us immediately beyond the objective organisation and environment. Each individual responds to the organisation in terms of his or her perception of it, a subjective or psychological "organisation" that may differ in various ways from the actual organisation." (Katz and Kahn, 1978, p. 192)

Hence the intention of the role sender is not necessarily congruent with the perception and the interpretation by the focal role. Byrne and Pierce (2007) drawing on their findings state:

> "Role theory postulates that focal role occupants enact roles based on the expectations of role senders. While the findings provide strong support for the influence of management expectations (Hopper, 1980; Sathe, 1982), they also highlight a number of difficulties for MAs – the focal role occupants – in interpreting role sender expectations when managers have different and discretionary approaches." (p. 487)

Katz and Kahn refer to this role as the *received role*. The conditions influencing the alignment of the sent-role and received role are the characteristics of the sender as well as the focal person, the actual content of the sent-role and the comprehensibility of the communication (Katz and Kahn, 1978). In addition the focal role does need to have the required skills and characteristics to comply with the sent-role ((Byrne and Pierce, 2007; McCormick and Ilgen, 1985). The received role, not the sent-role, is pivotal for the behaviour of the focal person. The interpretation of the sent-role as legitimate and appropriate determines the behavioural outcome of the focal role. Hence there could be also resistance to the role expectations if they are perceived as coercive and manipulative (Katz and Kahn, 1978; Dubrin, 2001). The

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[4] See also chapter 2 for a thorough description of an interpretative point of view.

fulfilment or non-compliance of role expectations are fed back to the role set and determine the content of the next role-sent. Hence a role episode, that is the sequence of role-sending, role receiving and role behaviour, is an ongoing feedback process which is repeated over and over again.

A role episode does not occur in isolation. There are various other factors which influence a role episode. These are organisational factors such as technology, structure, culture, interpersonal factors such as the quality of the relationship between the focal person and the role set and lastly the personal attributes of the focal person.

## 3.3 Criticism of role theory

Organisational role theory has been under criticism but there has been little reconceptualisation since its first publication (Wickham and Parker, 2007). Scholars criticise role theory mainly for its assumptions and simplicity.

Biddle (1986) for instance bemoans that organisational role theory includes the assumption that organisations are stable entities and that all conflicts are merely role conflicts and when these are solved the employees are happy. This does not correspond with the complexities of organisational life and paints a too simple picture. We agree with his criticism albeit we feel that organisational role theory is apt to investigate the specific role behaviour of the controller. In other words our study is concerned with studying role behaviour and we do not seek to explain or investigate organisational behaviour in its totality.

Wickham and Parker (2007) criticise the little adaption of organisational role theory to the realities of the modern work life. They state that the multiple roles of an individual are overlooked by the original organisational role theory. For them it is important to take into consideration the different roles of an employee like mother or father, son or daughter, coach and teacher etc. They assert that it is imperative to integrate more non-work roles into organisational role theory to obtain an updated image of organisational life. We acknowledge their criticism. We will, however, focus in our analysis more on the relationship between the role-set and the focal role to extract demands places upon the controller's role from the role set. The limited time and space of our study does not allow us to include various other role expectations from the external environment.

Furthermore role theory is criticised for its generality and breadth which allegedly renders it an unsuitable tool to explain specific phenomena (George, 1993). However George (1993) goes on to state:

"The concepts of role and socialization are sometimes used to interpret empirical findings, but direct tests are rare. [...] Role theory is attractive as a heuristic or general metaphor for thinking about links between social structure and individual behaviour."

(p. 355)

We concur with this statement. We are not harmed by the alleged generality of organisational role theory since we are not interested in "testing" certain assumptions and statements of organisational role theory which we have discussed in chapter 2.

Hence, despite the criticism role theory still points out valuable interrelationships when it comes to the functions of roles in social systems. We are inspired by the inherent and straightforward logic of the concept and feel that it is a useful theoretical lens to interpret our empirical data.

# 4. Empirical findings

*In the upcoming chapter we will provide an account of the empirical findings from our study reporting how our respondents, consisting of controllers and managers working directly or indirectly with each other, perceive the role of the controller within the studied company. At the outset a short introduction of the company as well as its organisational structure will be given. The following account will then be divided into two main sections: one in which the results of the controllers´ perceptions regarding the role of the controller will be presented, and another in which the managers´ perception of the role of the controller will be illustrated. Each section is split into three categories which deal with different parts related to the role of the controller, which are: the expectations connected to the role of the controller, the controller's connections and relations as well as the influence on the role of the controller. The two main sections will be introduced with a presentation of the controllers and managers which were interviewed.*

## 4.1 The company and its organisational structure

Since the company we studied has expressed the wish to keep a low profile, we have chosen to ensure them absolute anonymity regarding the company name, divisions as well as people being involved.

The company, henceforth referred to as "Terrific Technologies", is a manufacturing, industrial enterprise listed on the stock exchange with approximately 10 000 employees. The products of the company are being manufactured within three main, high technological areas. The corporate group, of which "Terrific Technologies" is a part of, is divided into three different divisions globally. Two of these are business divisions called Business 1 and Business 2 in the study. Both of them are in charge of sales and the development of marketing strategies concerning all the products. The divisions are divided into different market segments and market groups. The third division, called Supply, comprises all the supply chain activities within the company, such as factories, purchase and logistics.

All the three above mentioned divisions are divided into 5-7 segments. In excess of the divisions, the company has a number of product centres – one for each manufactured product – that work outside the division boundaries. Further, there are four staff functions on a global level with the responsibility for supporting the whole corporate group across division frontiers, which are Human Resources, Communications, Corporate Development and Finance & Legal.

The company is located in Scania which is also the location where the entire operative business within south of Sweden can be found. All three divisions are in operation within the

company which furthermore is the set of one of the product centres. In addition to the operative business within the company, there are some administrative functions from which the economy function is of biggest interest to our study.

## 4.2 The controllers' view of the controller's role

### 4.2.1 The respondents and their positions and functions within the company

In order to be able to present an extensive picture of the role of the controller within the company, the controllers selected for the interviews held different positions within the company and the hierarchy as well as working in different directions as controllers. As to the controllers' position within the company, three of them are working within Business 1, one within Supply and the three remaining in the business function of the company. Concerning their hierarchical position, one controller works at division level, two have the global responsibility for the product groups or segments they work for, while the last four operate on a local level within "Terrific Technologies". The interviewed controllers can be divided into two categories; business controllers and financial controllers. The former has a more business related direction while the main centre of attention for the financial controllers lies within accounting. The controller function within "Terrific Technologies" as well as within the corporate group is part of a matrix organisation where each controller has a financial manager or a superior controller they directly report to but also a broken line to the manager of the segment, department or product group with which the controller works.

All names of the controllers taking part in the study as well as the managers being interviewed are imaginary due to the respect of their anonymity. Richard, the controller having the highest position within the hierarchy, is a business controller at division level within Business 1. This position makes him part of the management team for the division as well as being the boss of five segment controllers. The fact that Richard works with controllers reporting directly to him means that he is the only respondent in the study with two perspectives on the role of the controller, that of the controller as well as the manager.

The remaining controllers within the study are active within two hierarchical levels, working either on a global or a local level. However, none of those have anyone working as subordinates to them with the task of reporting directly to them. Each of these controllers serve at least one, but in the majority of cases, more than one segment, function or product group within the organisation.

Ingemar and Christer both work as business controllers on a global level. The former works within Business 1 which implies that he is reporting directly to Richard. He is responsible for a segment as well as being a controller for the product centre located within "Terrific

Technologies". Christer has thus an equivalent task with the difference that he works for Supply where he is concerned with two product groups on a global level. He also reports directly to the division controller within his division.

The four remaining controllers we interviewed operate on a local level. Johannes is a controller working for one of the five segments within Business 1 besides him being business controller for two different products in which "Terrific Technologies" collaborates with external companies, so-called joint ventures. Just like Ingemar he is reporting directly to the division controller, Richard.

The last three controllers working on a local level can be found in the same working group of "Terrific Technologies' economy function, in which all of them are classified as being financial controllers, even though their titles might differ. They report directly to Torsten, being the financial manager as well as the administrative chief executive for "Terrific Technologies". Samantha and Lena have responsibility areas of a similar kind which means they are controllers for one segment each in addition to being sales controllers. Åsa, on the other hand, is a R&D controller, i.e. she is responsible for the controlling within the R&D department of the product centre located at "Terrific Technologies". To shed light on the complex structure of the controllers' different positions and the reporting structure table 1 provides an overview.

*Table 1*

| Imaginary name | Controller position | Organisational level | Division/ function | Reports directly to | Reports indirectly to |
| --- | --- | --- | --- | --- | --- |
| Richard | Business controller | Division level | Business 1 | Division manager in Business 1 | CFO |
| Ingemar | Business controller | Global level | Business 1 | Division controller in Business 1 | Segment boss + chief of product centre |
| Christer | Business controller | Global level | Supply | Division controller in Supply | Two product group managers |
| Johannes | Business controller | Local level | Business 1 | Division controller in Business 1 | Segment boss + two product managers |
| Samantha | Financial controller | Local level | Economy function | Chief executive/ fin. manager at "Terrific Technologies" | Segment manager |
| Lena | Financial controller | Local level | Economy function | Chief executive/ fin. manager at "Terrific Technologies" | Segment manager |
| Åsa | Financial controller | Local level | Economy function | Chief executive/ fin. manager at "Terrific Technologies" | R&D manager for the product centre |

We will now turn the attention to the perception of the controller regarding his/ her role.

### 4.2.2 Expectations of the controller's role

*The controller's tasks and assignments*

One of the tasks and assignments that were mentioned most frequently among the controllers is putting together the annual reports, the quarterly statement of accounts, the monthly reports as well as the analysis and follow-up on the above mentioned tasks. It is mainly at the end of each year, quarter of a year, month as well as during the forecast process that the work of the controllers is comprised of more routine tasks. Apart from these regularly recurrent tasks, each respondent in the study states that the tasks have a strongly varying character. Thus, there is no such thing as a "regular working day" since each day differs from the other.

All interviewed controllers, except Richard the division controller, are as mentioned earlier, responsible for the controlling of at least one segment or production group. A large amount of controllers also mentioned as one of the main tasks to serve the segment or the production group. This is mainly done by giving financial input but also by being supportive in other ways. Ingemar is for instance of the opinion that his overarching assignment lies within adding value to the segment in form of analyses, follow-ups as well as by questioning the financial operation that is being run by the segment.

Regarding the work and report on the financial operation, the task of the majority of our interviewed controllers, indicate to be more analysing reports rather than producing the numbers themselves. Christer for instance states that the sites within his responsibility area report their numbers, after which the consolidation is being taken care of automatically in total. Johannes thinks along the same line by stating that he, only to a small extent, is involved in the reporting of the numbers. It is not until the numbers are to be found in the system itself that he uses them for analysis.

Thus, the analysis of the reports seems to be an important part of the work for several controllers. Ingemar also stresses the analysis as being the highest priority of his tasks but also adds that the analysis itself is not enough to create value to the organisation.

> "You see, I cannot sit in a closet and analyse until I get blue in my face, but instead it's the fact that I, in one way or the other, further mediate the analysis that adds value to this".

A considerable amount of controllers also give evidence of the fact that the interaction with the surrounding environment is an important part of the work, partly in order to distribute information and partly to acquaint oneself with information and, in that way, stay updated with what is happening in the organisation. A fair number of our controllers' working hours are also reserved for meetings, formal or informal. It is for instance common that the controller is part of the management team within the segment that he/she is in charge of.

Furthermore, all controllers are part of various project groups concerned with a variety of tasks. Samantha mentions the fact that she, among her tasks, also allots time for project work and that her role within the bigger projects she partakes in, is to add input thanks to her knowledge of warranties, terms of payment and such. The working areas of the project groups are varying, as well as the controllers' roles in them. It can often be a question of some type of improvement work. In the case of Åsa she is involved a great amount of time in a project with the purpose to improve the IT-system.

Moreover the job assignments of the controllers in question seem to differ among each other and are partially affected by which level within the hierarchy the controllers can be found. Richard, the division controller, explains that an important part of his job is to support the management team for the division when it comes to formulate strategies, both long term as well as short term. However, he is of the opinion that an even more significant task connected to the division controller is to implement the strategies that the management decide upon. Furthermore the tasks and assignments between the two different types of controllers, namely business controllers and financial controllers vary partially. When it comes to the business controllers, a big part of the work revolves around analysing products, markets as well as sales statistics. The financial controllers taking part in our study have, on the other hand, an important task in controlling which is the fact that the departments they work in follow the rules and standards set up by the company as well as the external environment. Åsa tells us for instance that a lot of focus in her work lies within the quality assurance, i.e. to secure that the tax regulations, bookkeeping rules as well as the internal rules are being adhered to. Lena and Samantha are working a lot with controlling the orders and making sure they have the correct codes, the right marginal and prices as well as being in charge of controlling the invoicing.

### A decision making or a supporting role?

The most common answer we got when asking the controllers to describe how they look at their own role, is them referring to the role as supporting or consulting but not decision making to such a great extent. Ingemar says for instance that he can support those that are making the decisions, question the decisions, or take part in the decision making process but when it comes to it he is not the one in charge. Christer explains that the idea of his role in the product groups he works with is one of being strongly involved in the decision making, but that at the same time the profit responsibility is not his field but instead the product group manager´s. Some of the controllers feel that a great number of their recommendations result in decisions, so that they consider themselves as being decision-makers, if only indirectly, even though the segment they work with has the formal responsibility for the decisions. Åsa points out here the importance of the segment managers taking their responsibility which according to her is something that they do at "Terrific Technologies" when it comes to making the decisions regarding the budget and the forecast. In case the decisions that are being assigned

to the controller and the segment at the end of the year are not able to meet the budget goals, the controller has to hold himself/ herself accountable for their faulty decisions. Christer's point of view is that the matrix organisation that prevails at "Terrific Technologies" can make the decision-making process even more complicated which adds an element of uncertainty regarding the decision-making process.

### Responsibility

A majority of the controllers claim that they are happy with the responsibilities they are having today. They are neither too few nor too many to feel the need to broaden their responsibility areas in the present situation. Christer feels that it is to a great deal up to the controller himself/herself which responsibility he or she wants to have. It is mainly about how much responsibility one is willing to grab when given the chance and what one chooses to focus on in the work.

> "You see, the role of the controller is somehow about what you are aiming at. Are you aiming at diving deep together with your local controllers in their local operations or are you aiming at working strategically together with your product group manager?"

Yet another point of view is that the responsibility often increases with time. Even if the controller does not necessarily gain a bigger formal area of accountability, the responsibilities still grow in a natural way related to increasing experience as well as being prepared to take on more. Johannes who is relatively junior as a controller within the company is of the opinion that as a new controller one must have respect for the importance of knowledge and thus the accumulation of it over time. He refers to Ingemar who has been working for "Terrific Technologies" for 20-25 years and who naturally has a different role and thereby more possibilities to influence developments. Ingemar himself concurs and argues that he has taken upon himself bigger and bigger responsibilities during his years within the company.

### Personal attributes

When we ask the controllers what different personal attributes and characteristics they consider themselves that a controller should have in order to be best suited for the role, many of them emphasize the importance of having social skills. Johannes explains it like this:

> "A social ability is important, especially considering the fact that one, as a controller, is somewhat odd. One is, so to say, working inside the organisation but yet not. One does not, sort of like, become an obvious and self-evident part."

Christer also refers to the fact that a controller must have a certain authority and that the further up one is in the organisational hierarchy, the more authority is required.

To be a strong communicator is an attribute that is also being stressed by many controllers. Åsa argues that it is of great importance to really be able to properly sell her message to the rest of the organisation.

Among the qualities that are being mentioned are also; analytical ability, thoroughness, the ability of being service minded, to have a great commitment and to constantly think in terms of improvement. Richard states that a controller in his superior position has to be able to handle a macro perspective as well as having an eye for details.

### Expectations before entering the occupation

All of the interviewed controllers feel that the expectations they had before they entered "Terrific Technologies" as controllers have all been met in the company. Many of the controllers have a background in accounting, either at "Terrific Technologies" or within other companies. A strongly motivating factor of taking up a controller position seems to have been the possibility of becoming a part of the business/operation to a greater extent than before, immerse themselves more strongly in the processes of the organisation and being able to meet more people. Richard mentions, as the main motivational driving force, the chance of creating value for the organisation as well as being able to see the effects and outcomes of one´s work. He states that his reality and expectations are well aligned and congruent. Lena on the other hand is surprised over how much the controller job is composed of the system part. Working with systems has according to her turned out to be just as an important part of the role as the economy work itself. Christer names three beneficial aspects of his job as a controller at "Terrific Technologies". Those are the ability of being part of the company and exert influence within it, the possibility of development and being able to work in a global environment. He is of the opinion that all of his prior expectations have been met.

### Utilization of the controllers' expert knowledge

Throughout our interviews the controllers stated that their expert knowledge is being well utilised within the organisation. Richard asserts that "Terrific Technologies" is structured in a way that is highly beneficial to the controllers at the same time as it is contributing to the controllers getting a great deal of respect. Christer is, however, of the opinion that the controller often does not have any actual expert knowledge but that he/she is more of a generalist instead, someone with a broad economical knowledge. Ingemar feels that his expert knowledge consists of providing the financial angle to business decisions. A viewpoint which appeared during our interviews is that the engineers, forming the dominating force within the company, do not always have great enough economical knowledge to entirely grasping the controller´s potential of adding value.

*Interpretation of the managers' expectations*

The controllers were also being asked which expectations they believe the managers they report directly to have concerning the role of the controller. These managers include for instance the financial manager or the division controller, as well as indirectly, the segment managers. Among the role attributes described by the interviewed controllers as what they think the managers feel are important skills for a controller to have are the ability to support the segment and the production group with economic information, to be a springboard regarding the decision making, to question as well as being updated on economic questions. Further they also express the importance of providing good quality in the follow-ups and the forecast as well as closely adhere to deadlines of reports and analyses. Some controllers further state that they believe that the highest rated controller abilities among the managers are the ability of being proactive and independent, that one is present in the business operation and keeps oneself updated with the latest events in the company.

*Conflicts*

The conflicts occurring between the controllers and their managers deal with the former's priority concerning their tasks. This is being experienced by many controllers as the main reason for ensuing conflicts. Since all the controllers taking part in the study serve more than one organisational unit (segment, product group etc.) within the company it can sometimes happen that the controller is being pulled in different directions. The segment manager or product manager whose demands are being less prioritised by the controller is then naturally taking up an unsympathetic attitude towards this negligence. However, in most cases these conflicts can be solved with the help of discussions between the controllers involved and their segment managers or product managers. Ingemar expresses it in the following way:

> "If it comes to a difficult tense situation one has to discuss with each other and say: " this is manageable, this is not manageable". It is mostly before one has taken part of that discussion and solved things among each other that a source of irritation can occur."

Åsa states however that in certain situations a controller is forced to turn to higher managers in order to bring about a solution in the conflict. The explanation to why such conflicts are relatively rare after all is according to Richard due to the organisational culture which is being characterised by him as an open, friendly culture;

> "One does not tell anyone off. Instead one gives each other constructive criticism."

Samantha who reports directly to the financial manager, but who also has a broken line report to a segment manager, can to a certain extent relate to the different expectations of the

controller's role by the two managers. The explanation, according to her, is to be found in the managers' educational background as well as their differing occupational experiences.

> "The engineers think in a different way than the economists, that is my apprehension."

## 4.2.3 The relationships of the controller

All interviewed controllers, except for Richard, the division controller, report as mentioned earlier, to either the financial manager as well as the managing director by the name of Torsten, or to the respective division controllers. In addition the controllers have relationships with one or more segment managers or product managers even if the controllers are not formally subordinated to these managers.

This section starts with a review on how the controllers look at the relationship to their formal managers which is followed by a description of opinions regarding the relationship with the segment managers as well as the product group managers. Furthermore we will illuminate the relationships between the controllers. Lastly we will provide an account for how the controllers experience their relationship within "Terrific Technologies" as a whole.

### *Relationships to formal managers*

Christer emphasizes that the relationship to the division controller, his formal manager, is not only formal but that is also contains a great amount of informality. This, according to him, is something that is a characteristic of "Terrific Technologies" organisational culture;

> "I have had lunch with the managing director a number of times and it has been very informal. He is a very extrovert and outgoing person. So, to that sense, it is an informal company, at the same time as there are formal structures. I like that."

Johannes states that he has a somewhat independent role in comparison to his present formal manager and that the manager quite simply expects such an independence from him;

> "I had considerably more dealings with my former manager without judging what was right or wrong. That is just two different ways of functioning. My current manager is very independent and he poses questions when there is something he needs to know."

Christer is of the opinion that contacting the manager is based on situational demands. When there is a need he gets in touch with his boss immediately. The remaining occasions are part of joint meetings but where the controller does not discuss specific issues. The three

controllers who report directly to the financial manager describe him as very busy and constantly on the move for the most part of his working hours. They do not consider that to be a nuisance though. When he is actually physically available in Scania he is always accessible to them. During the rest of the time most of the contacts are by e-mail. On the whole, all interviewees point out the fact that approximately half of the contacts with the formal manager are being initiated by themselves and the rest half, by the manager himself. Hence the number of contact initiations are evenly distributed. Richard remarks that he has a very straight-forward communication with his boss, the division manager;

> "It is a question of giving and taking and one has to be able to handle differences of opinion".


### *Relationships to line managers*

As to the controllers' relationships with the managers they are not reporting to directly, such as the segment managers, product managers and similar, one can state that these controllers, to a great extent, feel that the managers in question take advantage of the controller's expert knowledge. Christer who cooperates with two product group managers and thus has the possibility to compare the handling of the controllers' knowledge is however of the opinion that the utilisation of the controller's repertoire of qualifications can vary to a great deal. Christer recalls that one of the product group managers certainly has great faith in his knowledge regarding economy and finance, but that their professional relationship ends at that. When it comes to the cooperation with the second product group manager, Christer is far more involved in other processes, projects as well as the development of the entire operation. Christer means that the maturity of the relationship in this case plays a big part when it comes to which exchange the line manager has with the controller and that with time newer and more increased forms of collaborations can arise.

There is yet another characteristic of the relationship which surfaces in the answers of the controllers which is that they are considered to be like police officers. Åsa expresses it like this:

> "I believe that I am being perceived as a police officer more often than I would like to, but at the same time I suppose they realise that one, just like in the reality, is in need of a watchman."

Lena concurs that the police aspect of the controller's role is a common perception;

> "It is not as if they are sour, but many might have the opinion that it does not matter how they do it since it will still be wrong, so they might as well ask first."

A majority of the interviewed controllers are, despite this fact, of the opinion that they are being perceived as a support or an asset by the segment managers as well as the product group managers. Samantha feels that the relationship to the line managers she reports to indirectly is good but that these managers, due to their background in engineering, often have a different way of looking at things. This, she elaborates, can be an asset as well as a disadvantage. Ingemar feels that the concept of "trusted advisor" which is being advocated at "Terrific Technologies", expresses well his hopes regarding his perceived role by the segment manager.

### Relationships between controllers

In another vein it is interesting to look at how the relationships between the controllers look like. Åsa, Lena and Samantha, which are all working in the same group within the economy function of "Terrific Technologies", are unanimous regarding the fact that they benefit a great deal from each other's experiences and expertise knowledge. Lena states that they in case of a deadlock discuss the issue among the colleagues within the group and that very often they come up with a solution. Lena appreciates especially the cooperation with those within the group whose personalities and way of thinking differ to a great extent from her own. To her it means that they can form a complement to each other with the result of better work output. Christer, a controller on a global level, stresses the guidance and support of the local controllers as an important part of his role. Those controllers are, however, not formally subordinated to him within the product groups that he works with.

None of the controllers experience any competition on a territorial basis. Åsa argues that it often comes naturally which controller is getting involved in which corresponding project. This is partly due to the different knowledge the controllers have and partly due to the fact that far from everyone has got the time to participate in a project at the same time as dealing with their own regular tasks. Ingemar explains the lack of the territorial thinking like this;

> "That is somewhat connected to the business culture. We probably do not have so much of that in our company. Instead we are very open and share information with each other."

When it comes to the career possibilities within "Terrific Technologies" as well as the competition, the controllers' opinions are somewhat diverging. The size and the organisational structure of the company implies that there are controllers on several different positions and locations, which according to many of our respondents means that the career possibilities are great for controllers. Richard points out that there are three different divisions with a total of 14 segments as well as a number of sales companies where controllers are part of the organisational setup. The most attractive positions named by our interviewees are the

ones as division controller, business controller with a global responsibility for a segment or a product group, as well as the regional controller. Christer expresses himself in the following way with regard to the career like competition;

> "If interesting positions arise this will obviously lead to chatter behind ones back, which is quite natural."

Other than that many controllers are of the opinion that they certainly strive upwards within the hierarchy but that there is no noticeable competition situation in the day to day work.

### *Relationships to the company as a whole*

In terms of the controllers' relationship with the company as a whole, all interviewed controllers experience that they work towards the same direction as the company at large. None of them feel that their goals connected to their role as well as their personalities, are in conflict with either the overarching goals of the company or the goals of the segment or product group. Ingemar states:

> "I am employed in order to help out with the development of the company. The organisation has visions concerning what is important and how one should work, watchwords. They treat their employees with great respect and I have had an opportunity to develop within the company."

Samantha recounts that the members of her working group have made a great effort of breaking down the core values of the group management and incorporating them as part of their daily work. These core values include examples such as "*acting now*" and "*thinking flexible.*"

## 4.2.4 The influence on the role of the controller

In the following section we will start by taking a look at the perception of the controllers to exert influence on their role. This will be followed by a discussion of the chances the managers have to influence the controllers and their roles. In conclusion we will present some remaining factors that the controllers themselves feel affect on how their role is being perceived.

### *The controllers' influence on the role*

A majority of the controllers feel that their role is to a large degree defined beforehand but that they within certain given boundaries have the opportunity to leave their own mark on the

role. Lena for instance states that it is up to the controller himself/herself what should be prioritized in their work. Johannes experiences that he has been able to influence his role to such a great extent that it has developed into something completely different today than what it used to be when he took over his position as controller. Ingemar refers to the fact that a controller has certain tasks but that it is up to each and everyone in which way one wants to solve these tasks. Samantha believes that she was employed because her personality fitted well to the role that was defined by the company;

> ”They told me that I would fit in here.”

She is however of the opinion that this does not mean that she does not has a certain freedom to affect the role. Christer argues that, like many of the remaining respondents, it is a combination of a pre-defined role and possibilities for the controller to affect his/her own role;

> ”Yes, well the role is probably reasonably defined but then there are a great deal of measures within the role that deals with being the initiator and defining it a little bit.”

### *The managers' influence on the role*

The controllers have the general opinion that their managers have great possibilities to influence the role of the controller. Some examples of how the managers can affect the role are, according to the controllers themselves, by: “*supporting me*”, *“being attentive”, “coaching”* as well as *“making sure that I educate myself further”*. Christer takes the following standpoint on the role of the manager;

> ”Then of course one wants for the manager to engage himself in me as a person but I do not think that one necessarily should expect that all the time. It is a lot of receiving according to my experience.

Samantha is on the same track and feels the need of more frequent contact with the manager and that he/she would have the time to give feedback to a greater extent than it is the case now.

### *Other factors influencing the role*

The interviewed controllers frequently mentioned three other factors which have great importance on how their role looks like, apart from their own and the managers' possibilities to influence their role. These three factors are the business culture, the technological development as well as the economic situation. The business culture is perceived by many

controllers as open. All co-workers are constantly encouraged to be proactive and constantly raise questions. With regard to technological developments many controllers state the importance of having a good system support and also being willing to adopt and accept new technology. Ingemar expresses it in the following way;

> "One can not sit around with a quill-pen and snort at computers. Instead it is important to keep up with the technological development and understand how to take advantage of the systems that are available."

Since he has worked a long time for "Terrific Technologies" it is obvious for him that the development of the system support has resulted in better performance by him and other controllers. They simply do a better job today than 20 years ago when he started in the company. Lena has also worked a long time for the company and she feels that the improved system support has resulted in less workload when it comes to the routine work. Another effect is that the controller can consequently focus to a greater extent on analyses. The controllers, who call attention to the economic situation as an important factor for how the controller's role looks like, are of the opinion that in a business recession, the focus can be on controlling costs. Lena who works as a sales controller and who deals a lot with the control of orders argues that there can be more time for project work in a business recession due to the decreased order intake. Christer states that companies which are in the middle of a growing phase have the most interesting tasks to offer compared to a company that has stagnated where the tasks can be characterized as more routine like work.

## 4.3 The managers' view of the controller's role

### 4.3.1 The respondents and their position within the organisation

The managers who have been interviewed are in different positions within the hierarchy of the company as well as in different divisions and areas of operation. Even the organisational structure in terms of the relationship to the controllers looks different. This should, just like in the case with the controllers, guarantee that the study generates a fairly broad picture of how the controller's role is being perceived by the managers within "Terrific Technologies". Parts of the interviewed managers have controllers who report directly to them while others do not have any subordinated controllers in the formal sense. All these managers however cooperate to a considerable degree with one or more controllers and should consequently have had good possibilities to form themselves an opinion regarding the role of the controller. As an introduction to the section, a short presentation of the managers taking part in the study will be given as well as the way the organisation structure looks like in terms of the relationship to the controllers they work with.

Two of the managers having controllers that report directly to them are the financial manager as well as the administrative chief executive for "Terrific Technologies" called Torsten and Richard, the division controller for Business 1 who in this study is to be considered as both manager and controller. Torsten has a group of six controllers working under him, of which Åsa, Lena and Samantha are part of. They work in the production center as well as in different segments and report directly to Torsten. Torsten has, except for these controllers, four factory controllers that report directly to their factory manager but that also have an indirect reporting link to him. Richard, the division controller for Business 1 has got five segment controllers who report directly to him, among them Ingemar and Johannes.

Hugo is chief accountant within the economy function of "Terrific Technologies". He himself reports directly to Torsten. In his working group he is responsible for two other controllers working for central functions within the company, such as IT and safety.

Benny is one of the four vice presidents within Supply which means he is a direct subordinate to the president of Supply. He is part of the management team for the division of Supply in which the division controller is also a part of. The latter is to be found in the same hierarchical level within the organisation as Benny. The remaining controllers like Benny cooperate with the controllers that have an indirect reporting link to the three product group managers, which in their turn report to Benny.

Sören also works within Supply where he is the responsible manager for an area of operation within production. In the organisational hierarchy he is placed three levels below his vice president. The controller who Sören works together with reports to a manager located two levels above Sören in the hierarchy.

Kenneth and Viktor are both managers at the product center which is a part of "Terrific Technologies". Kenneth is a manager for the R&D department within the center while Viktor is the man in charge of the product managers. Both of them report to the man in charge of the product center. The controllers who indirectly report to them both is Ingemar, the business controller for the center who is also part of the management team, and Åsa who concentrates on the financial controlling of the center. The following table summarises the managers' titles and their respective relationships with the controller.

*Table 2*

| Imaginay name | Title | Organisational unit | Relationship to the closest controller(s) |
|---|---|---|---|
| Torsten | Financial manager + CEO | "Terrific Technologies" | Six reporting directly + four reporting indirectly |
| Richard | Division controller | Business 1 | Five reporting directly |
| Hugo | Chief accountant | The economy function | Two reporting directly |
| Benny | Vice president | Supply | One on the same level (the division controller) + three reporting to Benny's subordinated managers |
| Sören | Operations manager for an operation within production | Supply | A controller that reports to the boss of Sören's manager |
| Kenneth | R&D manager | The product centre | Two controllers reporting indirectly |
| Viktor | Boss of the product managers | The product centre | Two controllers reporting indirectly |

## 4.3.2 Expectations of the role of the controller

### *A decision making or a supporting role?*

All interviewed managers emphasize that the role of the controllers are more supportive, assistant and advisory rather than concerned with decision making. Many of them, however, also find the role to some degree decision making. Torsten holds that the extent in which the controllers are involved in decision making varies depending on the position they hold. He believes that the business controllers are, to some degree, involved in the decision making process where for instance decisions have to be made regarding the acceptance or decline of an order or if the costs for R&D should be lowered. With regard to the more financially oriented controllers who report directly to him he states;

> " […] the controllers that I work with are more supportive, assistant and consulting, but naturally it is very important that the controller is involved in the decision making process as much as possible."

Viktor sees the role of the controller as extracting and providing right information which then can be used by the manager for decisions. Hugo states that the controller can at least not be seen as a decision maker as regards the business operation but that they certainly can make

decisions regarding the more routine parts of their work. Sören perceives the role of the controller as educational when it comes to economic questions. Benny concurs with the rest of the managers that the controller has mainly a supportive role. His experience however is that the controller can also be the decision maker at times. The controller is for instance analysing results in order to make decisions regarding the measures to take in conjunction with the responsible manager.

### *Responsibility*

When it comes to the responsibility of the controller, most managers are of the opinion that the controllers they cooperate with have just the right amount of responsibility. Some managers however beg to differ regarding this view. Kenneth feels that a lot is up to the controller himself/ herself which responsibility he/ she is wiling to take. He adds that the one taking most responsibility is not always the most experienced controller but instead of seniority it is about the attitude the controller has to the role. Torsten, on the other hand, argues that there seems to be a quite distinct connection between experience and responsibility. Two of the managers feel however that some controllers in their proximity have an all too heavy workload. Viktor sees a danger in the fact that the same controller works with 2-3 segments or product groups;

> ”If one wants to have better results one has to give them more time otherwise they become more like robots that produce a certain material. In that case one is not the type of controller that I expect, which is someone adding value in the decision making process”.

Hugo who is of the opinion that certain controllers are too heavily burdened with work believes that the controller, in many cases, even does the work of its manager when it comes to the business side. He states that managers as well as controllers must act to prevent that from happening;

> ”If one is responsible for the costs or for part of the organisation, it goes without saying that one should use the systems oneself and put the numbers in that one is required to do. They have to take responsibility for their operation so that it does not get to be the controller’s responsibility […] there it is very important as a controller to dismiss this and say: “I help you but it is your responsibility””.

Viktor believes that certain controllers have too little responsibility relative to their skills and qualifications. He argues that those controllers who work only with control of costs within an operation should actually not be considered being called controllers, at least not according to the expectations that he has on how a controller should work. According to him a controller should work out in the business operation and be involved in the analysis of products and markets as well as participating in, having ideas about and questioning different business

decisions. When it comes to this, he is of the opinion that the company's expectations of the role of the controller partially differs from his own expectations.

### *Utilization of the controllers' expert knowledge*

Otherwise, several managers feel that the expert knowledge of the controllers is being fully acknowledged within the company. However, many suggestions came up during the interviews about additional fields in which the skills and qualifications of the controller could be useful within the organisation. Viktor is one of the managers having suggestions on new fields where the controllers could be used in a different way than today. One of his proposals is that one should hire controllers to a greater extent as project leaders for each team and not only as project group members which is currently the case. Another suggestion deals with nominating someone to a new post as controller with special knowledge in currencies and exchange fluctuations which he feels is being necessary due to last year's heavy fluctuations on the foreign exchange market. Even Benny has ideas about fields in which the competence of the controllers could come well at hand. One idea is to use controllers to a greater extent when it comes to analysis and follow-up of the rationalisation goals which should be implemented continuously throughout the year. Another thought would be to make use of the controller not only when it comes to the investment calculation but also to the estimation afterwards of the investment in question. Hugo thinks that it can sometimes be difficult to be assertive as an economist in an engineer driven company like "Terrific Technologies". However, he is of the opinion that the controllers will receive greater attention in tougher times which seem to dawn upon the economy now where it is for instance necessary to secure costs even more. Torsten has had his position as a financial manager within "Terrific Technologies" for 10 years and argues that he has seen clear changes in the status of the controller during his time;

> "[…] if one goes a few years back in time I think sometimes that one perceived the controller more as an assistant to whom one could throw a little bit of different tasks […] I believe that there is a difference today regarding that and also that one looks at the controller as more of a professional help rather than an assistant."

### *Preferable and less preferable controller features*

The general skills of controllers which are appreciated by the managers interviewed in our study are: being proactive, having an analytical ability, an overall way of thinking, being punctual when it comes to keeping deadlines, having a developed communication skill as well as pedagogical proficiencies. Benny expresses his point of view regarding good controller work like this;

"I like when a controller is self reliable, asks questions and does not accept the first answer but instead is asking himself "why", one additional time. This is the way we get down to the root of the problem".

To continuously looking where there is potential for improvement is yet another important controller skill being mentioned by Benny. He is of the opinion that the controller´s focus should be on analytical work, which implies that a controller in question should have an aversion to perform pure routine work as he/she would when constantly thinking in terms of automation.

Torsten considers that the "perfect" controller, except for having the business and technical knowledge which is required, should also have the ability to adapt to different situations. He feels that the controller on one hand should be someone with a sensitive ear, socially flexible and service minded but also being able to speak his/ her mind and question when he/she feels it being necessary.

Some managers claim to have seen what they understand as being insufficient controller work. Viktor searches for controllers with a better understanding for the operation as a whole, including the products as well as markets for the respective segment they are working in;

"They just deliver and say: "Those are the figures", but they do not tell why they think it is that way. Then someone who knows about business should do that […] they can not know all details either but I feel though that it would have been good  if they were to have more product education, product understanding and a little more feeling for customer requirements and market demands. That would probably have helped them in the understanding of the whole."

Another manager argues that certain controllers tend to be a bit overambitious and that the overall grasp of the operative business, in certain cases, can be lost by too much focus on details;

"They have a hard time separating from ants and elephants, with the result of them being focused on details and thus the number of money involved is very small."

Kenneth has previous experiences with controllers who lack the proactive and pedagogical features that many of the managers claim to be important skills for controllers;

"Yes, it is this kind of reactive matter, stating:"now you have made a mistake."
"Oh well, thank you for that. Was there something else?"

### 4.3.3 The controller's relationships

*The manager and controller relationship*

The managers that have been interviewed have close contact with one or several controllers, at least on a weekly basis. Several managers frequently mention words as openness and communication to describe their relationships with the controllers. Kenneth mentions for instance that the controllers are invited to be part of his entire operation and welcome to participate in all meetings. Such openness is, according to him, a prerequisite for a good relationship and also an efficient way for the controller to get a full understanding of the operation they have to support. Hugo, the chief accountant, describes that the relationship to the controllers who work under him is being characterised by a high level of communication as well as support from both directions. He feels that he sometimes has to be a springboard for the controllers and not only vice versa. This is particularly the case when the controllers work with accounting related questions. Viktor is of the opinion that the controller's physical location within the organisation plays a great part in the relationship between manager and controller;

> "I think this is an important part for the controller as well, the fact that he is located close to the environment in which he will work which is the case with Ingemar who is located here with us. Then one becomes part of the family. That is very important".

Torsten has meetings with his controller group on a monthly basis. Since he is travelling frequently a lot of the everyday contact is being handled by e-mail, which might result in a decrease of personal contact in the process.

All questioned managers look at the controller as a support in their work. Many of them claim that this does not necessarily exclude a "police" aspect to the role of the controller. Some managers claim to be aware if the controller can get a police label but also feel that in certain situations it can be necessary for the controller to take the role of a police officer. One manager feels that there are situations where the controller simply has to assume a policing role;

> "As we know, sometimes there can be very authoritarian and at times quite creative managers or people in question being responsible, where one has to be a kind of police and say stop if one sees that something can not be handled in a certain way. It is maybe not so simple all the time but sometimes one has to do that as well".

Torsten concurs with the fact that the police aspect of the role has to exist;

"… sometimes they have to be like a police officer: "You can not do it this way, this is not the way to give an account for this, we can not take the costs for this year in advance", or whatever it might be. Then you have to be a police officer and in that case you might as well be perceived as one".


## *The controllers' relationship to the company as a whole*

As a whole the managers are of the opinion that there seems to be congruence between the general goals of the company and the goals of the controller. Viktor argues that the controller certainly can have personal goals but that his/her goals often are the ones set by the manager who often is being considered as the intermediary for the company. Torsten, the CEO of the company, gives an example for when such a goal conflict can occur. He recounts that there is currently a technical systems harmonisation process going on within the corporate group. He claims that this could result in the company getting worse system solutions and tools compared to before and also that controllers in this case would probably oppose such a new coordination of systems – even if it can benefit the corporate group as a whole to work with the same system.

Some managers argue that situations can occur where the goals of the controller as well as the manager do not match. One of them believes that perhaps the clearest goal for the controller is to do a correct annual account, while the managers under certain circumstances do not want it to be just as perfect. Kenneth gives yet another example of a situation where a goal conflict between the manager and the controller can arise. Such a situation could occur when his department has found a technical solution to proceed in a project but then quickly wants to find a short cut. Short cuts like these can sometimes be opposed by the controller. In a situation like this Kenneth is of the opinion that it is up to the responsible manager to proceed without awaiting the approval of the controller.

"We are after all the ones that make the decisions and it is also we that can end up in court, not the controller."

In the case of such a scenario, where the manager goes against the recommendations of the controller, the controller can end up in a moral conflict. Should he report this to the division controller or financial controller further up in the hierarchy or is it better to quietly let it pass by?

*The relationships between controllers*

The managers' opinions regarding the competitive environment between controllers differ. A few managers detect signs of career-like competition, which Benny explains with the following statement;

> "We have had the advantage to be a growing company. If you are in a company that grows, possibilities are given to the individual as well to grow and the opportunities are then opening up".

In his day to day work Torsten is not experiencing any competition-like way of thinking regarding the group of controllers reporting directly to him. He is however of the opinion that there can be situations where competition occurs;

> "I do not think they experience any competition in that sense in their day to day work. Instead they are hopefully rather feeling that it is more important to support and help each other and move it forward. But when an interesting post is free and there are certain groups that feel they want to take another step forward, there is a certain competition between those persons, of course".

Some managers experience that the competition which is occurring between some controllers is rather territorial than career oriented. One of these managers states that the way the controller function is build up in the company, with every controller supporting one or more segment groups or production groups as well as participating in different projects, facilitates competitive situations, which means that certain departments or projects are being perceived as more attractive to work with than others. Hugo feels that there is a certain group formation whereby the controllers from the sales department form the first faction while the factory controllers working in the production department form the second one. He states that these two existing controller groups within the business functions are being led by different interests who can lead to conflicts and a feeling of "we against them".

## 4.3.4 The influence on the role of the controller

*The controllers' influence on their roles*

A majority of the managers argue that the role of the controller is, to a great extent, defined beforehand advance. Kenneth feels that the financial manager for instance, has a clear picture regarding which type of controllers fit the different departments and that he subsequently tries to find the controller who fits into the role in question. In Kenneth's department this would be finding the most appropriate R&D controller. Hugo states that sometimes one focuses a little too much on how the original role looks like. According to him, it would be much better

instead to focus on finding a well-suited person for the role and then slightly adjust the role after the person in question. Viktor is also critical of the fact that the role of the controller is so well pre-defined;

> "The result is somehow people casted in the same mould, which cuts both ways. One knows what one gets but not what one could have gotten."

Some managers have contrasting opinions regarding this. They believe that a controller has good possibilities to affect his/her own role. Benny stresses the fact that "Terrific Technologies" is a matrix organisation which means that departmental boundaries are not always being crystal clear. There is supposedly always room for a controller to take care of oneself and adapt one's role to some degree. Richard thinks that the company doubtlessly seeks a certain profile with distinct value-adding skills respectively qualifications. He himself feels that he provides a great amount of independence to his subordinated controllers and thereby certain possibilities to define their role themselves. According to Sören the controllers definitely have possibilities to form their own role. He describes an instance when he, during a relatively short period of time, cooperated with three different controllers who had all formed their roles in various ways.

### *The managers influence on the controller's role*

The managers have all quite divergent opinions concerning the way they look at their own abilities to affect and change the role of the controller. Some of them have a hard time seeing how they themselves could be an influential factor for the role of the controller while others believe that they can affect it in several ways. A number of ways that are being mentioned to affect the controller's role is by being committed, having clear expectations, giving feedback as well as having open and straightforward communication. Benny experiences that he has great possibilities to affect the controllers, not to mention the younger ones with less routine, through a behavior that resembles of a coach;

> "Sometimes I get in contact with younger controllers that I notice are sharp thinkers but that are a little too timid. Then I give them the advice to help themselves: "you have my full support, make your own way, pose uncomfortable questions".

Torsten who at all times has six controllers reporting directly to him, mentions two ways in which he can affect the role of the controller, namely by continuously making sure they educate themselves and by offering them the best possible systems and analytic tools.

Concerning the way on how the role of the controller can be improved Viktor states that the controllers themselves as well as the whole organisation would benefit from a frequent rotation of controllers between different parts of the company. He accentuates that it would be

educational as well as intellectually stimulating for the controller to rotate between different business segments, factories and departments. He further argues that such an exchange of controllers would give them a more comprehensive view of the company´s operation. The company could thus profit a lot more from the skills the controllers have. Kenneth feels that a way of influencing the controller´s role as a boss would be through taking a greater responsibility for the business part oneself and hence facilitate the job of the controller.

### *Other factors influencing the controller's role*

Other factors influencing the role of the controller according to the managers are: the business culture, the organisational structure, the growth of the company and the degree of external exposure. Hugo gives the following statement regarding the business culture and its impact on the controller's role;

> " The culture in this company is extremely Swedish; there is an enormous amount of consensus which breaks through on everything. That affects the controller. I do not think the controller has a particularly hard time getting involved."

Benny thinks that the organisation structure is of great importance on how the role of the controller looks like. He claims that the matrix organisation in the company favours the controller's role and how it is being perceived by others;

> "In a strictly hierarchical organisation, the boss commands and everyone obeys. We do not have that kind of culture but instead we have matrixes and there the controller comes in naturally and gives his/her input and is being respected for that."

Viktor has a slightly different view regarding the business culture and its effect within the company. He states that the prevailing culture is characterized by an all too strict division between the business functions and the technical functions in terms of qualification which results in too few people having the ability to create themselves an overall picture of the operation;

> "It is a little bit like: "now we are entering your area" and then one jokes about it but this is the culture here within the company".

When it comes to the external exposure and its effect on the controller's role, Benny is referring to the latest turbulences, such as raw material prices skyrocketing and the fluctuating exchange rates. He states that these factors place greater demands upon the controller regarding the risk analysis as well as being flexible and able to make adjustments and revisions of former plans as the situation is changing.

# 5. Analysis

*In this chapter we will discuss why the role of the controller looks the way it does within our studied company and why the different actors perceive the controller's role in a certain way. In the case of differences in the way the controllers as well as managers look at the role in question, we will aim at explaining this. To the extent it will become necessary we will also discuss why the perceptions differ between the managers. The chapter is divided into three main categories, which individually take different aspects of the controller's role into consideration. These categories are the same as in the empirical findings chapter, namely the expectations of the controller's role, the relationships to the managers and the influence on the role of the controller. The mentioned objects for the discussion will be regarded through our theoretical framework which is organisational role theory.*

## 5.1 Expectations of the role of the controller

Pursuant to our theoretical frame of references, namely organisational role theory (see chapter 3), every *focal role holder* – in our case the controller – is surrounded by a number of privies, or *role senders* which in our case are the financial manager as well as the line manager. These role senders have different expectations, *role expectations*, on the controller's role and try in various ways to affect it. The controller's and the other operators' interpretation of the organisation as well as what the actual role means, is a highly subjective matter. Thus, the view of the controller regarding his/her own role, *the received role*, can be more or less in accordance with the *sent-role*, the role attributed and expected by the managers in question. Paraphrased, there can be a misalignment between role expectations and received role. In this chapter we will present the expectations of the managers' and controllers' angles. On one hand we will discuss whether the received role is in accordance with the role sent and on the other find out if there is an expectation congruity between the role sender and the focal person. In the case of the first aspect we will distinguish if the controllers' interpretation of the expectations stemming from the managers regarding the focal role is congruent with the actual manager expectations, i.e. if the received role corresponds with the role sent or if there is an *interpretation gap*.

Yet another type of discrepancy can occur when the controller's expectations regarding the content of the own role is not coinciding with the manager's expectations of the role in question. Such a lack of congruency concerning the expectations is here called *expectation gap*.

In order to look into the possible occurrence of interpretation gaps as well as expectation gaps we are thus interested in three dimensions with regard to the expectations of the controller's role. These are the managers' expectations, the controllers' own expectations as well as the controllers' interpretation of the managers' expectations.

1. What do I expect of the role of the controller?

2. What expectations do I have on my own role?
3. What do I think about the managers' expectations of my role?

**Manager**
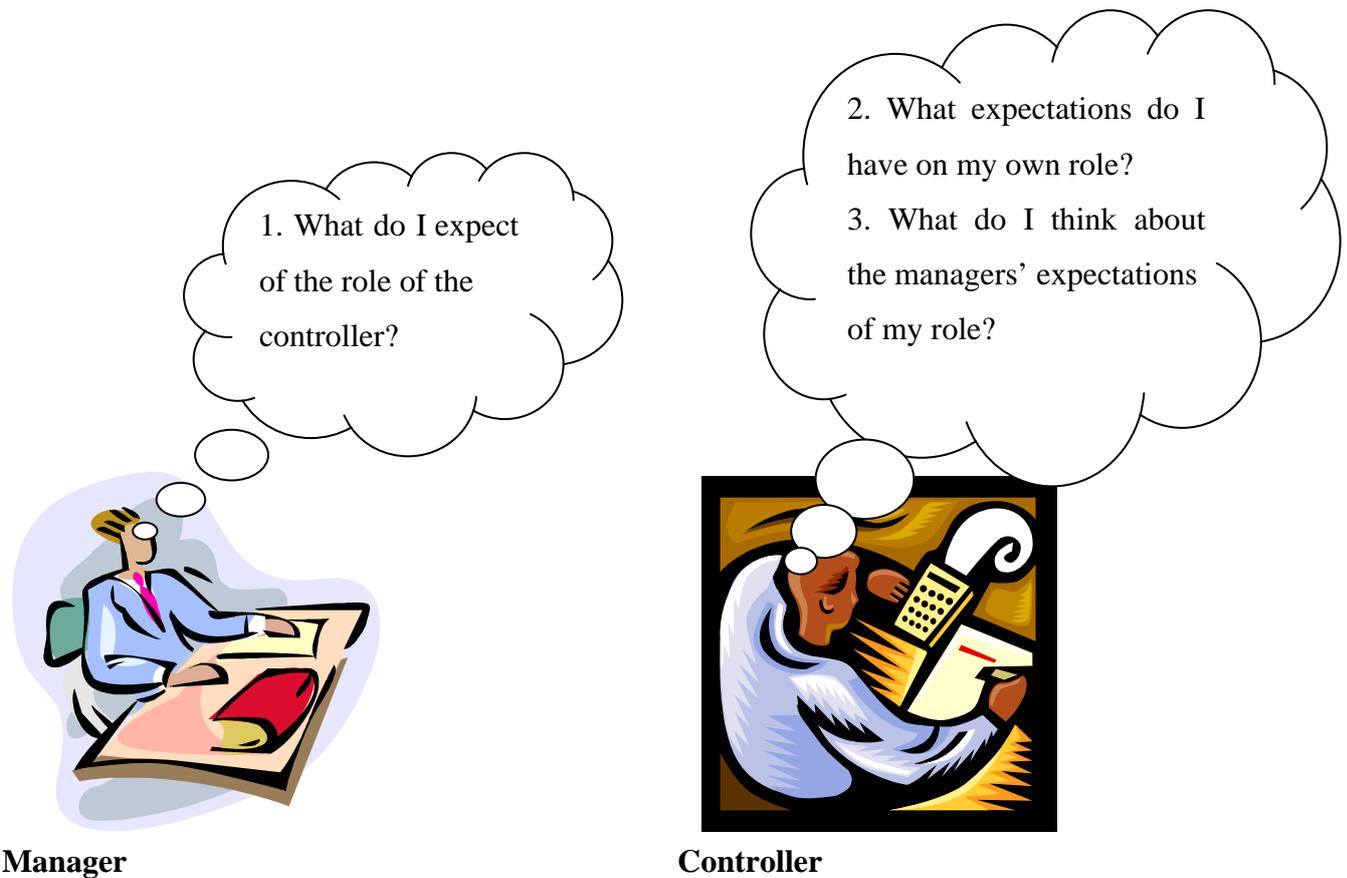
**Controller**

*Figure 5*

## 5.1.1 The managers' expectations of the role of the controller

Looking at the expectations that the consulted managers have on the controller's role one can distinguish the fact that they ascribe the controller a number of different "roles within the role". We have assigned these controller's roles different appellations, which are summarised in table 3 below:

In the column called "Manager expectation points" the different role denominations are ranked based on the number of managers voicing expectations of the features that are included in the respective role denomination. The points given to each role description are set in accordance with a relative point scale from 1 till 5 where the highest point implies that all, or as good as all managers, expect of the controller the attributes in question that are included in the respective role naming. Thus, 1 point means that only a few managers expect the mentioned role in particular of the controllers.

Similar markings were made with regard to which roles the controllers believe that the managers expect of them as well as the controllers' own expectations regarding the controller's role. This awarding of points enables comparisons between the expectations of the controller's role and the interpretations of these which will be presented in a tabular form as well as be discussed in the two following sections:

*Table 3*

| Role appellations | Distinguishing attributes/tasks | Manager expectation points |
|---|---|---|
| The Consultant | Supportive, consultative | 5 |
| Member of Parliament | Participating in the decision making process | 4 |
| The Seer | Proactive, can see signs of and give signals for what will happen before it does | 4 |
| The Sheriff | Keeps an eye on the line managers and reprimands when it is required | 3 |
| The Journalist | Questioning, challenging | 3 |
| The Lifeguard | Is not " detail blind" but has an ability to raise the eyes and see the wholeness | 3 |
| The Accountant | Neat, proper, structured and punctual with regard to keeping deadlines | 3 |
| The Informant | Takes out information and communicates it further | 2 |
| The Archaeologist | Profound analytical ability, digs in order to come to the root of a problem | 2 |
| The Receptionist | Service minded, helpful, flexible | 2 |
| The Teacher | Pedagogical, educational when it comes to economical questions | 1 |
| The Sales-person | Socially competent, can sell the role as well as the message to others within the organisation | 1 |
| The Chieftain | Has qualities of leadership | 1 |
| The Innovator | Thinks in terms of improvement and efficiency of systems and processes | 1 |

The role that most managers expect of the controller is the *Consultant*, who is being supportive and providing advice. This role is expected by all the interviewed managers and should therefore be considered as the most significant when it comes to the manager's expectations of the role of the controller within "Terrific Technologies".

The managers' conceptions are more differentiated regarding the role called *Member of Parliament*. This role involves participating in as well as affecting the decision making process. Three of the managers are of the opinion that the controllers certainly can give advice and collect information which can be a form of foundation for decisions but that they in no way whatsoever are involved in the decision making process itself. Yet another three managers argue that the controller is not only consulting but that he/she can also be a participant in the decision making. Benny feels that the controllers do not have that much to say when it comes to businesslike decisions but on the other hand, when it comes to accounting or rule questions, they can undoubtedly be fulfilling a decision making role;

> "In the main I see the controller as a support but in certain cases he/she is decision making… …Maybe it is a question of how to interpret the rule book: "How should we handle this cost? Where should it be accounted for?"  In those circumstances the controller has the right of decision."

Richard, in his capacity as a division controller, is located highest up in the controller hierarchy and has five segment controllers who report directly to him. He argues that the controller´s role does not exclude being a part of the decision making process. He further estimates that his own role is supporting and consulting to 2/3 and that the rest is decision making. He also thinks that the decision making part is less and less the further one goes down in the controller hierarchy. Torsten states that the business controllers have a considerably bigger participation in the decision making process compared to the financial controllers who work under him. He states that business controllers, who often work with a market segment on a global level as well as being part of the management team for the segment in question, are clearly participants in the decision making process as regarding business related questions. As to the financial controllers' participation in the decision making he states;

> "The controllers who I work with are more supportive, assistant and consultative but naturally it is very important that the controller is involved as much as possible in the decision supporting process […] To the extent my controllers can be that – very good!"

Sören maintains that the controller being part of his management team can make decisions. How can thus the managers' divergent opinions regarding the controller's role called *Member of Parliament* be explained? One observation is that the managers' position within the organisational hierarchy seems to play a certain role when it comes to which understanding they have. However, it is of importance to mention that the complex organisational structure, in "Terrific Technologies" can create difficulties when it comes to making a hierarchical comparison between the managers positions. Sören, the only manager with the opinion that the controller is decision making, is also the manager located the lowest in the hierarchy. The controller he cooperates with reports to the manager that is two steps higher up in the

hierarchy compared to Sören himself. The three managers that state that the controllers can be decision making at times and to a certain degree are otherwise the ones of our respondents that are placed the highest up in the hierarchy, namely Torsten, the CEO as well as the financial manager; Benny, the vice president for one of the divisions as well as Richard, the division controller. The three managers being of the opinion that the controller's role does not imply being involved in the decision making are, by comparison, placed somewhat further down in the hierarchy. One explanation of that could be a certain way of thinking regarding their claimed territory. In other words these managers might to a certain extent see the controller as a threat and are therefore unwilling to let them in as part of the decision making process. Furthermore, two of these managers are line managers and the controllers they work with have only indirect reporting connections to them. However, the direct reporting goes to their financial manager or division controller instead of the two above mentioned managers. This could further point to a reason for the managers not being as willing to let the controller in as part of the decision making process. They might see the controller as a defender of the financial manager's interests or the interests of the division controller and therefore might want to guard their business territory. This could be a reason for them to look at the controller as solely an advisor regarding business questions and not as a participator in the decision making concerning these questions.

A third role which is highly ranked by the managers is the one called *the Seer*. This role includes qualities such as being proactive as well as apprehending signals of what will happen before it has in order to give the managers a possibility to take preemptive measures. The fact that this role is greatly favoured by the managers can partially be an expression of the insecurity which stemming from fluctuations on the commodity market as well as the foreign exchange market during the last year. Moreover the looming severe business recession has added its part to this development. Benny thinks that this places new demands upon the role of the controller such as;

> "lying close, getting all the signals – what is happening and what can be influenced?"

As to the police aspect of the controller´s role, called *the Sheriff* in our case, barely half of the managers feel this being an important ingredient in the controller´s role. All managers however come to the agreement that the role of the Sheriff is not the main expectation. Being the CEO as well as the financial manager Torsten is one of those who feel that this aspect of the role exists. He also expresses the importance of it in terms of having a critical approach to the segment or product group in which one works and also being able to reprimand when necessary;

" sometimes we have to be police officers. "You can not do it this way, this is not the way to give an account for this, we can not take the costs for this year in advance" or whatever it might be. Then you have to be a police officer and in that case you might as well be perceived as one. But above all it should be important that you have an expert knowledge […] but that is in fact thanks to your expert knowledge that you can say: "No, we can not do it in this way' ".

Torsten is as mentioned earlier the financial manager as well as the administrative CEO for the company. With regard to these areas of responsibility, and him not being the CEO for the sales department, it can be seen as quite natural that he expects the financial controllers, who in certain situations report directly to him, to be somewhat like police officers when it comes to keeping an eye on the acceptable amount of costs. Moreover he is interested in that the accounting rules are adhered to. More surprising is the fact that none of the interviewed line managers perceived the controller's role as having a police aspect. Instinctively one might have expected that some of the line managers should be of the opinion that the controller's main role is checking that the costs of each of their department are kept on a reasonable level and that accounting rules are being followed. This is, however, surprisingly not the case.

A majority of the interviewed managers expressed the wish that the controller should be more questioning and challenging. These are qualities which one would connect with a *Journalist*, and which we chose to denote yet another controller's role. These managers state that a controller, in order to add value to the company as well as to their own roles, should not be too much of a "yes-sayer" which otherwise would contribute to making the organisation blind to flaws. Benny recounts that he uses to admonish the controllers he is in touch with;

"You have my full support, make your own way, pose uncomfortable questions".

Several managers have expectations of the controller´s role which include having the ability to see the wholeness of the company, as well as the business operation and the different processes. This skill is associated with *the Lifeguard*, yet another controller´s role. Some managers state that such an overall view does not necessarily have to exclude having a keen eye for details as well. Hugo is however of the opinion that some controllers have an all too big detail thinking which affects the holistic perspective in a negative way;

"While there can be structural flaws to be found, problems that can end up involving a great deal of money, one focuses just as much on details as on the bigger things".

Even qualities such as a sense of order, structure and reliability – a role called by us, *the Accountant* – are in favour within the company. These might be attributes more associated with the earlier features of the role of the controller (Samuelson, 2004). Even though this role

has turned into a more extrovert one compared to the previous alleged bean counter role, these qualities still seem to be of great importance.

One of the remaining roles being attributed to the managers, albeit being raised by a few of them, is the one of *the Informant* which involves gathering information and communicating it further to the managers and the rest of the organisation. *The archeologist* can also be found here having the ability to dig deeply until the solution to the posed question can be found. This implies with other words having a combination of persistence as well as analytical abilities.

Furthermore some managers mention other important features connected to the role of the controller, such as being service minded, flexible and helpful which can all be related to a *Receptionist*. In the case of *the Teacher* a pedagogical skill is included together with having an educational role in the organisation with regard to business questions. A few managers feel that a controller should also be like a *salesperson* when it comes to selling the services to the co-workers. Only one manager is of the opinion that the controller should have qualities of leadership, a role which we called *the Chieftain*. Finally another manager states that the role of the controller should include a constant awareness of amelioration within the system and the processes which we connect to the skills of *the Innovator*. This skill seems to have become more and more important over time. (Eriksson, 2007).

## 5.1.2 Received role vs. the managers' expectations

In the previous chapter the different controller's roles expected by the managers were being discussed. This chapter however tackles the question whether or not the managers' role expectations have been correctly interpreted by the controllers and if this is in fact the role they have been receiving. This would, in terms of organisational role theory, provide an answer to the following question: to what extent does the received role correspond to the role expectations of the role senders? Table 4 below with the different role denominations as well as the managers' rankings called "Manager expectation points" has been hence expanded with yet another column; the "Received role points". The received role is a role that the controllers have received from the managers, which is being determined from how the controllers interpret the expectations of the controller's role being communicated by the managers. Received role points, on the other hand, denote a ranking of how many controllers interpreting the mangers' expectations regarding a certain aspect of their role. This ranking is based on the same relative point scale as goes for the "Manager expectation points".

*Table 4*

| Role appellations | Distinguishing attributes/tasks | Manager expectation points | Received role points |
|---|---|---|---|
| The Consultant | Supportive, consultative | 5 | 4 |
| Member of Parliament | Participating in the decision making process | 4 | 2 |
| The Seer | Proactive, can se signs of and give signals for what will happen before it does | 4 | 2 |
| The Sheriff | Keeps an eye on the line managers and reprimands when it is required | 3 | 4 |
| The Journalist | Questioning, challenging | 3 | 3 |
| The Lifeguard | Is not " detail blind" but has an ability to raise the eyes and see the wholeness | 3 | 3 |
| The Accountant | Neat, proper, structured and punctual with regard to keeping deadlines | 3 | 4 |
| The Informant | Takes out information and communicates it further | 2 | 3 |
| The Archaeologist | Profound analytical ability, digs in order to come to the root of a problem | 2 | 2 |
| The Receptionist | Service minded, helpful, flexible | 2 | 2 |
| The Teacher | Pedagogical, educational when it comes to economical questions | 1 | 2 |
| The Sales-person | Socially competent, can sell the role as well as the message to others within the organisation | 1 | 1 |
| The Chieftain | Has qualities of leadership | 1 | 1 |
| The Innovator | Thinks in terms of improvement and efficiency of systems and processes | 1 | 2 |

The role interpreted by the controllers as the managers' most expected one is the one of *the Consultant*, i.e. being supportive and consultative. Lena for instance interprets the managers' main expectations as them wanting to

"feel that they have support and that we can be a springboard to them as well as advising them concerning something they might not have considered themselves or maybe do not have the qualifications to find out themselves".

Since this role is on top of the ranking when it comes to the managers' actual expectations, full congruity between interpretation and expectation is occurring.

On the other hand, interpretation gaps are occurring when it comes to the two role attributes ranked by the managers as directly following *the Consultant*. These two roles are *Member of Parliament* and *the Seer*. Only some controllers experience that the managers actually have expectations relating to these aspects of their role. How could these discrepancies be explained? When it comes to the former role a reasonable explanation could be that the controller used to have a more hidden and assisting role (Samulson, 2004). Torsten confirms this having been the case within "Terrific Technologies". This could be the reason why the managers' modified expectations of the role of the controller, namely being part of the decision making process, is not being fully communicated to the controllers in order for them to understand this shifting view regarding their role. Another explanation could be that the controllers' interpretations regarding their own high expectations as being supportive and consultative, automatically excludes them from being part of the decision making process. This would indicate that these two roles are somewhat mutually exclusive meaning that one can either be consultative or part of the decision making process. In this case this can be considered as an incorrect interpretation since a majority of the managers state that the role of the controller is first and foremost consultative but also involved in the decision making process. Torsten expresses it like the following;

"they should of course work as much as possible with the decision making process".

Even the role called *the Seer* is, as mentioned earlier, a highly desired controller's role when it comes to the managers' expectations but not as well interpreted by the controllers. A reason for that, stated by many of our interviewees, could be the fact that "Terrific Technologies" has, during many years, been a company with high growth. This could have led to the fact that risk assessments as well as the ability to estimate warning signals from the surrounding world have not been part of the qualities assigned to the controller´s role. Regarding the latest developments, namely the economic recession which can on a long term basis result in a lower order intake as well as raw material prices skyrocketing, it is imaginable that the managers' expectations of the controller's role has changed towards a focus on *the Seer* but that the communication of the changed expectations*, the role sending*, is a process characterised by a certain time lag. We believe that the incongruity existing between the managers' *role expectations* and the controllers' *received role* can decrease gradually as time goes by and the company starts seeing the effects of the economic recession as well as the

partially shifted focus on the role expectations having been communicated during a longer time.

There is also the reverse circumstance, i.e. the controllers overinterprete the managers' expectations. They perceive them as bigger than they are regarding certain aspects of the role which is the case with *the Accountant* and *the Sheriff*. Related to the former it could be assumed that managers have, historically speaking, given the controller these attributes but that the changed prerequisites and demands have resulted in a gradual decline of these expectations while the focus on other aspects of the role have increased. However *the Accountant* skills are still playing a big part according to the managers. Just like in the case with *the Seer* the discrepancy between the *role expectations* and the *received role* can be partly explained with the delay in the *role sending* process. This could be the reason why the managers' relatively decreased expectations of *the Accountant* will be perceived by the controllers after some time. An interesting observation when it comes to the answers offered by our interviewees is the fact that business controllers, to the same extent as financial controllers, apprehend that managers expect this aspect in their controller's role. Bearing the differences in mind concerning their work orientation, such as financial controllers working with accounting questions to a higher degree, one could imagine that these controllers would be much better at interpreting the managers' expectations regarding the role called *the Accountant*.

As mentioned earlier, the controllers also believe that the managers put more emphasis on the importance of *the Sheriff* role than it is actually the case. Åsa interprets it this way;

> "I believe that I am being perceived as a police officer more often than I would like to, but at the same time I suppose they realise that one, just like in reality, is in need for a watchman."

The quoted fact that she believes herself being perceived as a police officer, does not concur with the managers' actual view regarding this statement since none of the managers, including the ones Åsa reports to directly as well as indirectly, perceive the role of the controller in this way. On the other hand she has interpreted the manager expectations in the right way when it comes to the second part of the above quoted statement, namely that the police aspect of the role has to be there even if only latent in order to come to the fore during specific situations. However, the managers themselves are not of the opinion that this happens particularly often.

The fact that the controllers believe that the managers attach greater importance to *the Informant* than they actually do can be connected to the opposite case regarding *Member of Parliament*. This means that there can be a balance in the controller's role between gathering information for the decision basis and being a part of the decision making process. The managers seem to be of the opinion that the controllers should be involved to a greater extent

in the decision making itself, which can implicate that the information gathering itself has to be handled by other co-workers to a certain extent. The controllers on the other hand believe that the managers' view on their role is participating in the process preceding the decision making, which is gathering information as well as distributing it, rather than participating in the actual decision making process.

As shown in the table above, there are other role appellations where the interpretation of the controller regarding the manager expectations are congruent with the expectations of the latter. In other words there are fields where there are no discrepancies between the *role expectations* and the *received role.* This is for instance the case when it comes to *the Journalist* and *the Lifeguard*, role appellations that a considerable amount of managers expect as part of the controller's role, which is approximately the same number of controllers apprehending that the managers expect from them. There are also no discrepancies with regard to *the Salesperson* and *the Chieftain*, which extremely few managers expect to be part of the role. This is also being interpreted in the right way by the controller meaning that a little amount of controllers perceive this quality as an important part of the managers' expectations of the role. Low ranking points for "Manager expectation points" as well as "Received role points" implies therefore only the fact that the managers are of the opinion that the role appellation is not an important part of the role of the controller and that the controllers themselves have interpreted correctly the managers' opinions on the role appellation. Thus this result does not mean that there are problems occurring in form of interpretation gaps.

## 5.1.3 The controllers' expectations vs. the managers' expectations

In the previous section we compared the managers' expectations, *role expectations,* on the controller's role with the controllers' interpretations of these expectations, *the received role.* How the controller is actually acting in his/her own role, *the role behavior,* is however not dependent only on how the controllers perceive the managers' expectations of the own role but also which expectations the controllers themselves have on the *focal role*. We will in this chapter discuss whether the controllers' own expectations are in accordance with the managers' expectations, i.e. find out to what extent there is an expectation congruence or an expectation gap. Table 5 below illustrates to which degree the two respondent groups have expectations regarding the controller's role containing each role appellation.

*Table 5*

| Role appellations | Distinguishing attributes/tasks | Manager Expectation points | Controller Expectation points |
|---|---|---|---|
| The Consultant | Supportive, consultative | 5 | 5 |
| Member of Parliament | Participating in the decision making process | 4 | 4 |
| The Seer | Proactive, can see signs of and give signals for what will happen before it does | 4 | 1 |
| The Sheriff | Keeps an eye on the line managers and reprimands when it is required | 3 | 3 |
| The Journalist | Questioning, challenging | 3 | 1 |
| The Lifeguard | Is not "detail blind" but has an ability to raise the eyes and see the wholeness | 3 | 1 |
| The Accountant | Neat, proper, structured and punctual with regard to keeping deadlines | 3 | 3 |
| The Informant | Takes out information and communicates it further | 2 | 2 |
| The Archaeologist | Profound analytical ability, digs in order to come to the root of a problem | 2 | 3 |
| The Receptionist | Service minded, helpful, flexible | 2 | 2 |
| The Teacher | Pedagogical and educational when it comes to economical questions | 1 | 1 |
| The Sales-person | Socially competent, can sell the role as well as the message to others within the organisation | 1 | 3 |
| The Chieftain | Has qualities of leadership | 1 | 1 |
| The Innovator | Thinks in terms of improvement and efficiency of systems and processes | 1 | 3 |

As shown in table 5 there is a congruence between the managers' as well as the controllers' expectations regarding a great number of role appellations. As an example, both respondent groups agree on the fact that the controller's role is mainly supportive and consultative, being given the role of *the Consultant* but that the controller also should be part of the decision making, that is being a *Member of Parliament*.

Thus, for the last mentioned role the following claims can be made: managers as well as controllers feel that the latter should, to a large extent, be involved in the decision making process even though the controllers have gotten the impression that the managers do not expect this of them. A likely consequence is that the controllers do not participate in the

decision making process to the extent they, as well as the managers, would wish. On one hand the conclusion could be drawn that the managers would need to communicate these expectations in a more effective way but also that the controllers might have an all too humble approach to their work and do not demonstrate clearly enough that they want this role. Benny is of the opinion that certain controllers, especially the younger ones, sometimes can have a too modest apprehension of their role within "Terrific Technologies". In that case it is important that the manager pushes the controller in the right direction which is appropriate for him/her as well as the circumstance;

> "Concerning the controllers that I get in touch with I am quite clear when it comes to the expectation I have concerning them, especially when I come in contact with younger controllers who I notice are sharp thinkers but who are a little too timid. Then I give them the advice to help themselves. "You have my full support, make your own way and pose uncomfortable questions"."

A considerable amount of the interviewed controllers claim to be aware of the fact that they in certain situations can have an all too modest attitude towards their own role within the organisation and that they lack the ability to make themselves heard as controllers. Many of them are aware that these are features that could be of great importance for a controller to have. Johannes expresses it in the following way;

> "One is somewhat odd as a controller. One is, so to say, inside the organisation but yet not. One does not, sort of like, become an obvious and self-evident part. I guess one should, if one wants any effect, have the ability to assume one´s position more firmly and simply make oneself heard".

When it comes to the aspects of the controller's role that are clearly showing signs of expectation gaps *the Seer, the Journalist, the Lifeguard, the Salesperson* and *the Innovator* are the ones that stand out. With regard to the three first mentioned roles they include attributes that managers put great emphasis on while the controllers themselves are less aware of these aspects regarding their own role. The existing discrepancy regarding the role aspect called *the Journalist*, which means being daring, challenging and questioning can be connected to the above mentioned reasoning concerning the *Member of Parliament* role. This is the case since *the Journalist* also is about assuming one´s position as well as being somewhat uncomfortable which many managers expect of the controllers to a greater extent.

The role of *the Seer* presents the biggest discrepancy regarding the expectations from the two respondent groups. A majority of the managers expect this role from the controllers while exceedingly few controllers include these features in their role. In the previous section the managers' increasing focus on this aspect of the role was discussed which could be related to a more instable global organisational environment. This could mean that the controller has an

important function as a risk evaluator for them, somewhat like an alarm clock ringing when trouble is looming. A possible explanation for this discrepancy can be that the controllers see the ability to become aware of changing external influences on sales, markets and costs as part of the managers' role and not something within their own responsibility. Yet, another potential explanation could be that the controllers, even if they are aware of the changing influences, do not fully realise which new demands this places on their own role.

Some of the managers' statements indicate that the controllers in certain cases are too focused on their own working sphere so that they are having difficulties thinking outside the box. This can imply that they continue applying their familiar routines and procedures even though the external environment places other demands on them. Especially the capability to be able to see the bigger picture is an attribute associated with the role of *the Lifeguard*. This is the third role where there is a higher expectation from the managers than the controllers. Hugo is one of the managers who is not entirely satisfied with how the controllers act regarding this part of the role. This could be explained with the fact that the controllers are not aware of it;

> "In this particular case we might not have succeeded everywhere. I have had the expectations that the controller would lift himself/herself up a little bit and have the all over control".

For the two remaining role appellations, *the Salesperson* and *the Innovator,* there is an expectation gap referring to the fact that the controllers, to a higher extent, expect these aspects to be an important part of their own role. When it comes to the role called *the Salesperson,* namely being extrovert and be able to sell one´s own role, it could be stated that the managers take qualities such as social competence for granted and that they are not of the opinion that the controller has to sell its own role in order to be respected within the organisation. Part of the controllers on the other hand seem to sense that they must have these sales skills in order for them not to become isolated but instead gain some influence within the organisation. This can for instance be connected to Johannes earlier quote in this section. Regarding the differences of the expectations of the *Innovator role*, these could be explained by the managers' lack of awareness of the controllers' skills and competence when it comes to the system part and the ability to improve and raise the effectiveness of these.

In summary we can detect some discrepancies between managers and controllers when it comes to several parts of the controller's role, partly in form of *expectation gaps* and partly in form of *interpretation gaps* between the managers' *role expectations* and the controllers' apprehension of these roles, namely *the received role*. With regard to these discrepancies, the managers' communication of the *role expectations* called the *role-sending* plays an important part. This communication process will be further discussed in the next section, dealing with the relationships of the controller.

## 5.2 The relationship to the managers

In the section "Expectations of the controller's role*"* we pointed out several aspects of the role of the controller where the managers' expectations are not being perceived in the correct way by the controllers with the consequences that *the received role* does not correspond with the managers' *role expectations* resulting in an *interpretation gap*. In addition, we showed that there was a discrepancy between the managers' expectations as well as the controllers' expectancies, called *expectation gap*. To further analyse the two discrepancies we will in the following section discuss how the relationship, especially regarding the communication of the expectations between managers and controllers regarding the role of the controller, looks like. This is the process referred to as *role-sending* within organisational role theory. We will discuss six different potential problem areas in the relationship between controllers and managers who have taken part in our empirical study. The description of each and every one of these potential problem areas will be of help to understand discrepancies which are occurring, not only between the expectations of the two respondent groups but also between the managers' expectations and the controllers' subjective interpretations of these.

We would like to point out that the term "potential problem areas" is used to depict problematic areas in referral to the explanation of discrepancies concerning the expectations and the interpretations of these related to the controller's role. The phenomenon that is being discussed, such as for instance the frequent occurrence of work within the project groups, can perfectly well be beneficial and value adding for the company as a whole, but in this study our focus will be, like mentioned earlier, on the role of the controller and the expectations of it.

### 5.2.1  Half open doors

Several respondents, both controllers as well as managers, claim that the entire business culture within "Terrific Technologies" is imbued with openness. Most of the managers are of the opinion that this openness can also be mirrored in the manager and controller relationship. Kenneth, the R&D manager gives the following statement;

> "The controller is fully invited to our operation. They can participate in all the meetings they want to better get to know the organisation and understand how we work in order for us to work together in the best way."

The controllers on the other hand are not as unanimous as the managers in their statements. Some of them are of the same opinion as Kenneth and state that their relationship, as well as the entire organisation, is characterised by a great openness and informality, while others report the opposite. Åsa states that the line managers' openness, in her case the sales managers, might partially be in conflict with the manager and controller character;

> "There one can find a big challenge […] the sellers do not want to allow the controllers to get involved because as soon as one goes in and starts reading paragraphs in a contract one becomes a formalist that is obstructing their work".

Christer states that the degree of openness is something that strongly varies from relationship to relationship. His experience is that this is connected to how long the cooperation has been going on, or in other words, which phase of maturity the relationship is at. He compares the two line managers who he currently reports to indirectly and states that he is considerably more involved in the operative business where the manager is in charge.

One could summarise the controllers' view as if the managers' doors are not always open for them even if they are not entirely closed either. They could rather be considered as half open. It is not difficult to see the consequences a higher degree of openness in the manager and controller relationship would result in concerning a decrease in the two types of discrepancies we have alluded to. More openness in the communication would give the managers the opportunity to be even clearer with their expectations of the controllers and their role which would decrease the risk for misinterpretations stemming from the controller. At the same time, the controllers would be given the possibility to express their goals and expectations when it comes to their own role. The two involved parties would get the opportunity to discuss solutions if their view on the role in question would not coincide.

## 5.2.2 Project mania – but who does really decide?

A great number of the meetings between the managers and controllers in question take place either in the management teams or in project groups. Project group work is something which, according to our interviewees, characterises the mode of working within "Terrific Technologies". The project work has many advantages such as flexibility and an increased cooperation across organisational departments. This way of working, however, could also be a factor contributing to the recurring discrepancies related to expectations and interpretations of these on the controller's role. Some controllers are of the opinion that the form of project work can result in ambiguity concerning roles and responsibility areas. Lena expresses for instance a certain frustration regarding the way project work can obstruct the decision making process;

> "If one works with a project there are so many people involved which makes it really hard to come to a decision and move forward since one can not affect it all. It takes a great amount of time to go through the entire organisation and what all should think… It is not that easy".

Even Christer points to the uncertainty factor in project work and explains that he at times does not care about making any decisions and at other times would not hesitate doing so due to the uncertain factor that has been there regarding which person should have which responsibility.

We argue that the frequently occurring form of project work can be related to the discrepancies which are occurring when it comes to expectations of the controller's role. We, however, do not deny a great potential advantage of project work for the company as well as its co-workers. This is particularly the case when it comes to how much the controller can decide himself/herself in the decision making; that is if he/she should only have a supportive and consultative role or if the controller in question should have the possibility to decide more. This question of responsibility would probably be more apparent in an organisation where the structure would be clearer and easier to grasp. We believe that an organisational form like the one in this particular company, where work to a great extent is carried out in a matrix or project form, make greater demands upon the communication between different actors in order for the roles and responsibility areas to appear as clear as possible for all parties.

### 5.2.3. The manager and controller relationship; a distance relationship?

Another important element in the manager and controller relationship is the frequency of contact between the two parties. Several controllers state that they have a considerably closer contact to the line managers, to whom they report indirectly, compared to their formal manager such as the financial manager or division controller. Johannes is one of the controllers affirming that.

> "You see, I have actually more interaction with the segment and the product group manager than with my actual manager. But those are the organisations that one supports, so I guess it is not an extreme fact that it looks the way it does".

The controllers' contact with their formal managers comes mostly in the shape of regular meetings but most controllers state that the biggest part of the contact also happens when it is required in a certain circumstance. Samantha, being part of the group of controllers who report directly to Torsten, the CEO as well as the financial manager, expresses the following;

> "We have actually not that much contact with each other; he relies on the fact that one gets the tasks done. Then we have group meetings each month and then he (Torsten) is a part of that. In that case each and every one gets the chance to fill everyone in on what they are doing and what we are working with".

The relatively low frequency of contacts with the formal managers, which most controllers claim they are having, is actually appreciated by some controllers since they feel that it gives them more freedom to influence their own role as well as the feeling that the manager trusts their judgment. Some controllers though express wishes about closer contact with their formal managers. Samantha states for instance that;

> "Maybe it would have been good if we were to have more contact, more daily contact. One does not get so much feedback on what one is doing. It is due to Torsten's situation, he does not have the time."

Christer expresses similar wishes, even if he has a certain understanding for the independence which he feels the manager is expecting of him;

> "It is always the case that one wants the manager to be engaged with oneself, but I do not think that one should necessarily always expect that. It is a lot of receiving I can experience sometimes, but obviously that is due to the role in question. We are quite senior after all and have between ten and twenty years of work experience as controllers. That means one is expected to be quite self-governed."

Several controllers relate that a big part of the current contact with the managers is being handled by e-mail. Ingemar gives the following statement;

> "It can get quite a lot of e-mails. This can also be misused which I can see examples of. One can not use mail if it has to deal with a dispute, then one should talk. I find it important with the personal contact".

When it comes to the relationship between controllers and line managers the contact frequency does not seem to be an issue. On the other hand the contact between controllers and their formal managers does not occur as frequently. This results in a higher degree of independence for the controller and thus greater chances to influence his/her own role. This independence and lack of close contact can also be a strong factor contributing to incomplete communication of expectations of the controller's role. We argue that a higher frequency of contacts between controllers and their formal managers would contribute to decreasing the discrepancies which exist regarding the expectations of the role in question. Even if e-mail can be seen as a complement to personal meetings we believe that, regarding communicating the expectations in the best possible way, the latter form of contact would be preferable if one wants to avoid misunderstandings.

Our description of the manager and controller relationship as a "distance relationship" refers to the low contact frequency. This can imply either an independence which is perceived in a positive way by certain parties while others are in bigger need for feedback and a

confirmation. Furthermore, a lack of communication can lead to misinterpretations of the parties' own expectations of the relationship.

## 5.2.4. Is the hospitality of the controllers too big? Beware of spongers

Yet another problem area is whether there are clear boundaries between the managers' respectively the controllers' responsibility areas and additionally if these boundaries are being respected fully by both parties. According to our empirical material, this is a problem area only when it comes to the relationship between line managers and controllers. It therefore does not concern the relationship between controllers and their formal managers. It is mainly one of the managers who states examples of some line managers not taking responsibility for the business part of their operation but instead leaving it to their controller. The manager explains that a few controllers have difficulties putting their foot down in these matters. The consequence is that the controller is the one taking responsibility for the manager's budget or results, even if the manager himself has the formal responsibility;

> "The controller can help out and be consultative but it is the one being the manager or responsible that should take care of the budget or the result in question, that is their responsibility."

He states that it is of great importance, that all line managers take full responsibility for their business operations and do not exploit the helpfulness of the controllers. However the controllers should also put their foot down when they are being asked to do tasks that are outside of their responsibility areas otherwise the ultimate consequence would be that the controllers are held accountable to themselves and their own controlling.

Åsa is also mentioning this problematic issue. However, she argues that "Terrific Technologies" has a high standing compared to other companies when it comes to having a clear division of responsibility areas within the business work between controllers and line managers;

> "I take out analyses and records for my R&D managers and help them out but it is however always them making the decision […] certain companies has it in the following way that it is the controller that is doing all budget and forecast […] but for our company it is important (for the line managers) that "it is your budget, you are the one supposed to live up to this – what kind of help do you need from me?' ".

Since the statements differ somewhat concerning what we refer to as "sponging" it is difficult to draw any definite conclusions whether this is something which is happening frequently. The fact that certain respondents experience that "sponging" occurs is still indicating that the

roles between the managers and controllers are either not well enough defined in relation to each other when it comes to the economical responsibility or, which perhaps is even more credible; the role distribution between the parties is defined enough but not respected by everyone. If we apply the terminology of organisational role theory to describe this problem area one can express it in the following way: the managers communicate the expectations of the controller's role in their *role sending*, which they are aware of, but that this lies outside the frame for it. Since the controllers seem to accept their extended role a congruency between the managers' *role expectations* and the controllers' *received role* exists in this case. The controllers have on the other hand not the expectation of stepping outside their responsibility within their own role. This could be the reason why "sponging" can be a contributing cause to the expectation gap existing between managers and controllers concerning the controller's role within "Terrific Technologies".

### 5.2.5. "Now we are inside your area" – but where is the Lifeguard?

This potential problem area might seem to be full of contradictions compared to the one just described above. However, since some managers mentioned that the controllers in some cases are too narrow-minded regarding their own role and also have troubles stepping outside their role to see the whole we do find it relevant to discuss this issue. The different potential problem areas which we discuss do not occur within the same manager and controller relationship and therefore they are not to be regarded as paradoxical.

The ability not to draw on details and see how one´s work is influencing and adding value to the company as well as the business operations as a whole are qualities of *the Lifeguard*. When recollecting table 5 in the previous section it is apparent that this role appellation is in great favour by the managers while exceedingly few controllers are considering this aspect as part of their own role. Viktor is one of the managers stating that controllers as well as managers in certain cases are too narrow-minded within their roles and that the company would benefit from having more co-workers who would work within several areas of their competence;

> "We would need more capable controllers here that would also be technically interested. A little more mixture, maybe someone who has studied industrial economy. I experience sometimes that the thing with the sales analysis, sales statistics and different analyses one feels that the economists should do, but as a marketing manager one also has to have the knowledge about things. As a controller one does not have to know the details when it comes to the products but still be able to understand how we take ourselves to the market, what type of customer one does business with and so on. Sometimes I feel that it is a little like: "now you are trespassing on my area" and then one makes jokes about it, but that is the culture here within this company."

A consequence of the unwillingness of controllers as well as managers, in some cases, stepping out of their competence comfort zone- and responsibility areas, is that both actors obtain not much understanding for the role of the opposite party. This potential problem area can be a contributing factor to the discrepancies we discussed previously, namely the one between the managers' expectations of the role of the controller, the controllers' interpretation of those expectations as well as the controllers' own perceptions of the role. The first mentioned discrepancy can be explained by referring to the limited understanding of the controllers of the line managers' role so that they experience difficulties understanding which expectations the line managers have on their role. The other discrepancy can be explained by the fact that the managers, due to their limited understanding of the role of the controller, add expectations to the role which are actually outside its frame. This can be connected to the potential problem area which we discussed above, and which can also provide an explanation to why the managers' expectations diverge from the controllers' own expectations. We are of the opinion that the company has the possibility to avoid a number of these conflicts, regarding the expectations and interpretations of the actors, by educating line managers as well as controllers about the counterparties' respective competence areas. Viktor argues along the same line even if he first and foremost talks about how the competence of the controllers should be expanded;

> "They can not know all details either, but I feel that it would have been good if they were to have a little more product education, product understanding and a little more feeling for customer demands and market demands. That would probably have been helpful for them in the understanding of the wholeness. I think it would support the dialogue as well, to be able to keep a better dialogue with the market side or the other ones".

Since a few of the controllers are of the opinion that business knowledge is strongly varying between managers one could also imagine a form of internal business education for those line managers having insufficient knowledge in the field. This would then lay the foundation to further promote the dialogue, increase the managers' understanding of the role of the controller and by that also decrease the existing gap when it comes to the expectations of the controller's role. What we have also learned from our interviews is the fact that the controllers are being used, to a certain degree, when it comes to education in business matters. In the light of neither controllers nor managers putting any big effort into that aspect of the controller's role which we called *the Teacher* (see the tables in the previous section) we believe however that one could make extensive use of the controllers concerning this aspect of the role.

## 5.2.6. The tug of war for the controllers

The five potential problem fields which have been discussed above are each and every one mentioned by only one or a few respondents. Even if our respondent groups are limited when it comes to the amount of people involved in the study, it does not exclude that the problem areas involved are occurring to such an extent that they could be reasons contributing to the discrepancies occurring. The sixth problem area being identified seems however to be more spread out than the rest since it is being mentioned by several respondents, particularly associated with them being requested to give examples of possible conflicts within the organisation in which the controllers could participate in.

As mentioned earlier, several controllers within the company are assigned to more than one department, segment or product group. This means they are reporting indirectly to more than one line manager. Managers as well as controllers consider this as being a source of conflict resulting in a tug of war between the line managers debating about the controller's time that they are both sharing. Many controllers witness that conflicts occur, especially in periods during the month which are very work intense for the controllers. Lena states for instance;

> "Of course, sometimes there are problems regarding what to prioritise, what to do first. Then a conflict can occur between different people and one wonders: "should I do this or that first? Who should I report to initially?"

Viktor thinks that the fact that several departments within "Terrific Technologies" share their controller with other departments means that the controllers are not being used in an optimal way. This is his opinion regarding the controller who works within his department;

> "He has too much to do. He is too disrupted. I do not think that one can have the mind focusing on more than one thing at a time […] If one is to add value one has to get somewhat more strategical and there is a risk that one does not see the forest for all trees. So that is a danger, I believe. If one wants to get more out of it one has to give them (the controllers) more time otherwise they get more like robots that produce a certain material. In that case one is not the type of controller that I expect, someone adding more value in the decision process".

Viktor's statement above illuminates the source of discrepancy concerning expectations which we feel is related to the way the controller function is organised within the company, i.e. a controller working towards more than one department. Viktor expresses his expectations of a controller as someone working more strategically concerning the business operation of the company as well as adding more value in the decision process, the aspect of the role called *Member of Parliament.* Since the controllers are aware of their limitations concerning time and the fact that due to that they can only practice a certain number of aspects within their

role, this would probably mean that for each of the organisational departments that the controllers in question work in, they are forced to scale down the expectations of their own role to only a certain amount of aspects. The discrepancy that this potential area is contributing to is hence more a question of limited resources than the expectations of the controller's role differing between both parties.

In summary we have identified six potential problem areas in the relationship between managers and controllers within "Terrific Technologies". These all have the potential to contribute to the discrepancies concerning expectations and interpretations of the role of the controller. All these potential problem areas are disturbing influences on the constant communication process between the parties referred to as *role-sending* by organisational role theory.

## 5.3 The influence on the role of the controller

In the two previous sections we have identified and discussed two types of discrepancies regarding expectations of the controller's role and the interpretations of these expectations as well as six potential problem areas which are, in the *role sending* process, contributing factors to discrepancies. In this chapter however we will continue by discussing which influence managers as well as controllers have on the role of the controller. In both cases we will look whether there are any differences when it comes to both parties' opinions.

The managers exert an influence through their *role sending* while the controllers affect their own role with their own expectations. The role of the controller is however also being affected by external factors. As mentioned earlier, we have chosen to focus on the manager and controller relationship in this study which is why we omit external factors in our analysis, but acknowledge their existence however.

### 5.3.1 The influence of the managers

All controllers and a majority of managers state that the latter can influence the controller's role in several ways. Two of the questioned line managers are however of the opinion that they themselves do not have any possibility to affect the controller's role. This is something we find remarkably noteworthy regarding the fact that both of them have a close contact to the controllers which report indirectly to them. This feeling of not being able to influence the role of the controller can originate in the fact that the controllers' formal managers are placed within the business function but also in the potential problem areas that we have identified within the role sending process. These disturbances within the problem areas can result in the managers not reaching all the way to the controllers when it comes to communicating their

expectations of the controller's role. This can thus explain that the managers in question feel incapable to affect the role.

As to the extent in which the managers feel that they can influence the role of the controller one can make a connection to the managers' position within the organisational hierarchy. The managers expressing the biggest possibilities to influence the role in question are also the ones with the highest position within the hierarchy such as Torsten, the CEO and financial manager within the company as well as Benny, being the vice president for one of the divisions.

The managers expressing the feeling that they are an influential factor when it comes to the role are relatively homogenous in the opinion regarding the means they can affect the role with. Frequent answers are that the manager can affect the role through his/her attitude and motivation, by coaching and by giving constant feedback, by being the person with a sensitive ear as well as by making sure that the controller is being given the possibility to educate himself/herself in order to further develop in the role as a controller. Torsten states that an important part that he is responsible for when it comes to influencing the role of the controller is constantly revaluing which focus areas might be of relevance for the controller and also making sure that the tools that the controller is supposed to work with, in form of system and analysis tools, are well-adjusted with regard to the current focus areas.

As mentioned earlier, all questioned controllers are of the opinion that the manager is an influencing factor when it comes to their own role. The manager's means which the controllers mention and which they feel are most suited to influence their role are not much divergent from the ones mentioned by the managers. The controllers put possibly somewhat more emphasis on the communication when answering; both the formal one as well as the informal one between parties, including feedback, which according to many controllers is of ultimate importance for how the own role is being formed.

## 5.3.2 The controllers' own influence on the role

All controllers are of the opinion that they have great possibilities influencing as well as forming their own role. The general notion is that there is plenty of room for own initiatives within certain given frames. Ingemar expresses it in the following;

> "It is not as if I can turn 180 degrees towards another direction but I still feel that I can get a deeper view in certain things and pursue some of them".

Several of the controllers feel that they can affect their own role through their attitude and motivation, through choice of methods to solve certain tasks and through arranging the work time relatively freely and thus to a certain amount put together one's own agenda.

Many of them are also of the opinion that they have quite big possibilities to choose focus areas within their job. Åsa who is working in a team consisting of five other controllers states that they have great freedom within the group to decide who should work with a certain project. Special knowledge as well as the field of interest should instead be the decisive factor in this case. Even Christer, having the role as a global business controller, supporting the local controllers, gives an example of how one as a controller within the company can choose to put a focus on different parts of one´s own role;

> "You see, the role of the controller is somehow about what you are aiming at. Are you aiming at diving deep together with your local controllers in their local operations or are you aiming at working strategically together with your product group manager?"

While the controllers are unanimous in their opinion the managers on the other hand are divided into two parties with regard to how one views the controllers' possibilities to affect their own role. Benny belongs to the half that states that the possibilities are great and directs the attention towards the matrix structure of the organisation. This is for him a contributing reason for the influence of the controller since it implies that the boundaries are not always too clear, which is the reason why the ability to influence one's own role is increasing. Sören describes the experience of cooperating with three different controllers which had formally been in possession of the same position but that each and every one, with their different personalities, formed the role in different noticeable ways.

Half of the managers feel however that the company itself has defined the role of the controller too narrow and by that restricted the controller to a great deal when it comes to forming the own role. Viktor expresses it in the following way;

> "The result is somehow people casted in the same mould, which cuts both ways. One knows what one gets but not what one could have gotten."

One can discern two types of patterns when it comes to the managers' opinion in this matter. The managers' feeling that the controllers have great opportunities to affect their role are on one hand the ones that are high up in the organisational hierarchy and on the other hand the controllers' formal managers such as the financial manager and the division controller. Half of the ones stating that the controllers have no, or very little influence, on the own role are line managers. All controllers have thus the same opinion like their formal managers regarding the controller having great possibilities to influence his/her role, while the line managers have a divergent opinion. A connection can be made to the fact that the line

managers, to a higher degree than the controllers' formal managers, have expressed expectations of the controller's role that they feel are not fulfilled as of today.

The formal managers are more satisfied with the roles of the controllers today. One conclusion to be drawn from that is that they, through their formal power over the controller, have succeeded well in forming the role of the controller to fit in according to their expectations. If this is the case, it would imply that the line managers are correct in their opinion that the role is actually narrowly defined in advance. The question is then how to account for the fact that all controllers feel that their possibilities are great when it comes to affecting the own role. A possible explanation would be that the controllers' formal managers have established given frames for how the controller´s role should look like but that the space given for the member of the role to take own initiatives is being experienced by the controller as big enough to have a stimulating effect on him/her.

On the other hand, the space which has been left for the controller to form his/her own role can, by the line manager, be experienced as too small for the controller to be able to affect his/her role in a meaningful way, at least in the direction being advocated by the line managers. One could therefore imagine a situation of competition where the controllers' formal managers and line managers would be led by different interests when it comes to how they would like to influence the role of the controller and that the line managers, in that case, would have to consider themselves as the "losers" since the controllers report to them only in an informal way.

# 6. Conclusion

*In this chapter we have the intention to return to and answer our initiating question in the first chapter. We will further discuss the results that our empirical material has generated as well as the contribution given to research and practice. The chapter will then end with propositions for further research within the role of the controller.*

The main question we posed in the introduction of our thesis was:

"How does the role of the controller look like and are there any discrepancies when it comes to the controllers' as well as the managers' view on the role?

In addition to this main question, three sub questions were also being posed, which can be connected to the different categories of the controller's role that we have used in the empirical findings in chapter 4 as well as the analysis in chapter 5:

- Which expectations do the managers, respectively the controllers, have on the role of the controller and how do the controllers interpret the managers' expectations of the role in question?
- How does the relationship between managers and controllers look like?
- Which possibilities do the managers as well as controllers have to affect the controller's role?

## 6.1 Our findings

As to *the expectations of the role of the controller*, we have been able to identify different aspects of the controller´s role, for which managers as well as controllers have expressed various strong expectations. Both our respondent groups are unanimous in their opinion that the main role of the controller is being supportive and consultative; an aspect called by us *the Consultant.* With regard to several other aspects of the role a discrepancy can be detected, either in form of *interpretation gaps*, that the controllers' interpretation of the manager expectations differ from the expectations that the managers are actually having, or in form of *expectation gaps* meaning that the managers' expectations as well as the controllers' expectations differ. The role aspects that are showing the biggest interpretation gaps is *Member of Parliament*, referring to the controller as part of the decision making process as well as *the Seer*, indicating that the controller is working proactively and is, in an early stage, able to sense signals from the surrounding world regarding what will happen. The managers put greater emphasis on these aspects than it is being perceived by the controllers. Great expectation gaps can be discerned when it comes to five different role aspects within the controller's role. The managers are expecting the following role aspects to a considerably

higher extent than the controllers do: *The Seer* as mentioned above, *the Journalist,* i.e. being questioning and challenging and *the Lifeguard*, having the ability to look up from the details and see the whole picture. The reversed condition which implies that the controllers have expectations of their own role which does not have any correspondence with the managers, is the case with *the Salesperson*, being socially competent as well as being able to sell the role to others within the organisation and *the Innovator*, being able to contribute to the improvement and effectiveness of systems and processes.

When it comes to *the controllers' relationship to the managers* we have identified six different potential problem areas which contain elements of disturbances between managers and controllers and in that way contribute to the *interpretation gaps* and *expectation gaps*. One such a potential problem area is that not all line managers are willing to fully let the controller taking part in their own operation.

Another potential problem sphere is that a big part of the controllers' work within the company is taking place in project teams, which can lead to unclarity when it comes to roles and responsibility areas. Furthermore several controllers mentioned that the personal contact with their formal manager does not happen as frequently as they would have wished for. This is the reason why feedback cannot be given in a sufficient way and amount. Yet another factor is that some line managers let the controllers handle tasks which are actually within the managers' own responsibility. Another potential problem area is that managers as well as controllers can be too narrow in their work mode, which brings about a poorer understanding for the counterparty's competence areas. Finally the fact that most controllers work with more than one department can implicate that it can come to a tug of war between different line managers competing for the same controller which can affect the controller in such a way that he/she cannot add value to the manager´s desired extent.

In terms of *the influence on the controller's role* all controllers as well as a majority of the managers are of the opinion that the managers can affect the role of the controller through their attitude, coaching, feedback and education. All controllers feel also that they themselves have good possibilities to affect their own role, which is also stated by half of the managers, including the controllers' formal managers. Part of the line managers state however that the company defines the role of the controller beforehand as well as narrowing it too much which results in the fact that the controllers have exceedingly limited possibilities to form their role themselves. In our empirical material respondents express the feeling that the controller's role is also being influenced by other factors as well, external to the manager and controller relationship. Such factors are for instance the corporate culture, the organisational structure as well as the economic situation and the company's growth. Since we chose to conduct our study using organisational role theory as well as focusing on the suborganisation (role set) constituting of controllers and managers it follows that we have necessarily excluded such external factors in the analysis. We are aware however of their impact on the controller´s role.

## 6.2 The theoretical contribution

Our theoretical contribution to the research community consists mainly of identifying a number of different roles within the overall controller´s role. This will hopefully result in a more nuanced picture of the controller´s role compared to the one appearing in the literature. Here the roughly distinguished roles of the bean counter and the business controller are still prevalent. The different aspects of the controller's role that we have defined and the characteristics we are applying to each role appellation is summarised in table 6 below.

*Table 6*

| Role appellations | Distinguishing attributes/tasks |
|---|---|
| The Consultant | Supportive, consultative |
| Member of Parliament | Participating in the decision making process |
| The Seer | Proactive, can se signs of and give signals for what will happen before it does |
| The Sheriff | Keeps an eye on the line managers and reprimands when it is required |
| The Journalist | Questioning, challenging |
| The Lifeguard | Is not " detail blind" but has an ability to raise the eyes and see the wholeness |
| The Accountant | Neat, proper, structured and punctual with regard to keeping deadlines |
| The Informant | Takes out information and communicates it further |
| The Archaeologist | Profound analytical ability, digs in order to come to the root of a problem |
| The Receptionist | Service minded, helpful, flexible |
| The Teacher | Pedagogical, educational when it comes to economical questions |
| The Sales-person | Socially competent, can sell the role as well as the message to others within the organisation |
| The Chieftain | Has qualities of leadership |
| The Innovator | Thinks in terms of improvement and efficiency of systems and processes |

The fact that we, in our limited study comprised of interviews with 13 different respondents, were able to identify not less than 14 different roles within the overall controller's role strongly supports the notion that the controller's role is a complex role construct. It is maybe even more complex than the actual literature about the controller´s role is arguing.

## 6.3 The practical contribution

Our hope is that this study can also provide valuable practical insights for controllers as well as managers working with controller. More specifically we would like to;

1. Make managers and controllers more aware of the differences between the expectations of the two parties regarding what the controller's role actually means, as well as demonstrating that the controllers are not always aware of which aspect of the role is of importance to managers.

2. Increase the awareness of different potential problem areas that can be found in the manager and controller relationship as well as in the communication between the parties.

3. Point out what possibilities there are for the managers and controllers themselves to influence the role of the controller.

We believe that an increased awareness of the above mentioned aspects are a good basis for improving the relationship between managers and controllers, and therewith also the awareness of role of the controller.

## 6.4 Critical reflections

We would hereby also like to take the advantage of making a critical reflection regarding the fact that the result is based on how managers and controllers have responded to our interview questions. This means that one can include factors such as the controllers having different motives of wanting to render his/her own role in a certain way and that a certain glorification of one´s own role is not unimaginable. One can for instance imagine that controllers gladly want to describe themselves as important cogs within the organisation, that they are having a great amount of responsibility as well as working strategically and being proactive. In the same way the managers can have an agenda with showing the role of the controller in a certain way. Such an example could be undermining the importance of the controller's responsibilities and role within the decision making in order to make one's own role appear much more status filled compared to the one of the controller. Thus, it is not impossible that if we during the study had the chance to spend a certain amount of time in the organisation and closely observe the controller in his/her work as well as in their interactions with the managers we might have come up with other conclusions concerning how the role of the controller looks like. We are, despite the fact, of the opinion that since we have gotten the chance to interview the same amount of controllers as managers we have created a fairly good picture of how the controller's role looks like within the company.

## 6.5 Suggestions for further studies

Since the study we conducted deals with a Swedish, medium sized, manufacturing company it would be very interesting to find out whether the different roles within the controller's role that we identified, is in accordance with the way the role of the controller looks like within other companies. Does the line of business play a role with regard to aspects of the controller's role being emphasised? How does the role of the controller look like in companies of different sizes? Are the roles we identified for the controller the same in companies operating in other countries or has the culture in this case a greater influence on the role? Since our study has shown that the controller's role is particularly complex to its kind, even after looking into one single company, there are reasons to assume that a bigger inquiry where more companies would be studied, could add additional dimensions to this complexity. There are, with other words, strong motives for further research in this complex and exciting profession!

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# Oral sources

## Controllers (imaginary names)

1. Christer, business controller (interview, 18-12-2008)

2. Ingemar, business controller (interview, 15-12-2008)

3. Johannes, business controller (interview, 17-12-2008)

4. Lena, financial controller (interview, 16-12-2008)

5. Samantha, financial controller (interview, 17-12-2008)

6. Åsa, financial controller (interview, 16-12-2008)

7. Richard, division controller (interview, 17-12-2008)

## Managers (imaginary names)

7. Richard, division controller (interview, 17-12-2008)

8. Benny, vice president for supply (interview, 17-12-2008)

9. Hugo, chief Accountant (interview, 22-12-2008)

10. Kenneth, R&D manager (interview, 16-12-2008)

11. Sören, operations manager for an operation within production (interview, 17-12-2008)

12. Torsten, financial manager & CEO (interview, 05-01-2009)

13. Viktor, Chief of the product managers (interview, 22-12-2008)

# 8. Appendix

## Interview questions to the managers

1. What is your name?

2. What is your occupation?

3. How long have you been working with your current occupation and how many of these years have been at "Terrific Technologies"?

4. Have you had a former occupation? If so, how many years have you worked within that occupation?

5. What tasks do you have and could you if possible rank these by priority?

6. How have your tasks changed since you started working here?

7. How does a regular working day look like for you?

8. Whom do you report to?

9. Who reports to you?

10. Are you of the opinion that the controller/controllers you are in charge of are working in accordance to conventional rules and procedures? If not, what circumstances make it difficult to work according to these?

11. How do you look upon the role of the controller?

12. What expectations do you yourself have on the controller and his/her role?

a) What expectations do you think that the executive management (CEO, financial manager or similar) have on has on the controller's role?

b) What expectations do you think that the line managers respectively the division managers have on controllers?

13. What expectations did you have on the controller's role shortly before you hired the controller/controllers you work with? Have these expectations been fulfilled?

14. Do you feel that your own expectations of the role of the controller can, entirely or partially, contrast with how you experience his/her role in the organisation? If this is the case, can you give examples on conflicts or difficulties that can be derived to this, entirely or partially, contrasting expectations of the role of the controller? How do you usually solve this in the best way possible?

15. To what extent do you feel that you can influence the role of the controller and the way it looks like?

16. Are you of the opinion that there are specific factors that have an effect on the controller's role, either in a positive or a negative way?

17. Is there anything you could do in order to influence and improve the controller's role?

18. What do you interpret as good and bad controller work (somewhat better controllers) compared to others? Is there any hierarchy within the controller world?

19. How does the career outlook look like for controllers within "Terrific Technologies"?

20. What personal attributes do you feel are advantageous to have as a controller and why? Which of these characteristics do you feel that the controller/controllers working with you have?

21. What relationship do you have to the controller? Do you perceive him/her more as a "police officer" or more as an asset in your work where their expert knowledge are being utilised?

22. Do you feel that the controller that you are working with is having too much, too little or the right amount of responsibility? Which of the controllers take more or less responsibility and what is the reason for that according to you?

23. Are the role and the tasks for the controller within "Terrific Technologies" different compared to within other companies?

24. Are you of the opinion that the expert knowledge of the controller is being looked after in the right way? If not, what suggestions for improvements do you have?

25. What team/work groups are you a part of and how many of these are in cooperation with controllers? Does the formation of the team/work groups often change? Are there conflicts in the work groups where the controller is involved and how do you solve them in the best way?

26. Is there a certain competition between the controllers that work within the company? If so, how does this competition manifest itself?

27. "The role is defined and then one hires the person that fits into the role rather than the person in question is defining the role". What is your opinion regarding that? Is this the case within "Terrific Technologies". Are there typical standard definitions on how a role as a controller should look like within the company?

28. How often do you get in touch with your manager, your closest controller as well as other controllers that you are supervising? How many percent of these contacts are initiated by you? Which is the best and most effective way to get in touch? Are you located far away from each other?

29. Is there sometimes a conflict between the goals of the controller as well as the company's goals? Can you give an example of such a conflict? How do you try to solve these?

## Interview questions to the controllers

1. What is your name?

2. What is your occupation and what type of controller do you consider yourself being?

3. What tasks do you have and can you rang these by priority?

4. Whom do you report to?

5. Who reports to you?

6. How long have you been working as a controller and how many of these years have been at "Terrific Technologies"?

7. Have you had a previous occupation? If so, how many years?

8. How does a regular working day look like for you?

9. How have your tasks changed since you started working here?

10. Are you of the opinion that you work in accordance to conventional rules and procedures? If not, what circumstances make it difficult to work according to these?

11. How do you look upon your role/roles?

12. What expectations do you think other officials have on the controller and his/her role?

a) What expectation does the executive management (CEO, financial manager or similar) have on your role?

b) What expectations do you think that line managers and division managers have on your role?

c) What expectations do you think that other employees within the company have on your role?

13. What expectations do you think that these officials expect as good and bad controller work?

14. Do you feel that the officials' expectations of your role as a controller can, entirely or partially, be in contrast with how you yourself are experience your role a as a controller in the organisation? If this is the case, can you give examples on conflicts or difficulties that can be derived to this, entirely or partially, contrasting expectations of the role of the controller? How do you usually solve these in the best way possible?

15. What personal attributes do you feel are advantageous for a controller and why? Which of these attributes do you feel that you have yourself?

16. What expectations did you have on the controller's tasks when you started working? Have these expectations been fulfilled?

17. What kind of relationship do you have to the executive management?

18. To what extent do you feel that you can influence the role of the controller and the way it looks like?

19. Do you feel that you have too much, too little or the right amount of responsibility?

20. Do you feel that your expert knowledge is being utilised in the best way possible by the company? If not, what suggestions for improvement do you have?

21. How does your relationship to the line managers look like? Do you think they perceive you more as a "police officer" or do they see you as an asset in your work where they look after your expert knowledge within the field?

How does the career outlook look like for controllers within "Terrific Technologies"?

21. What personal attributes do you feel are advantageous to have as a controller and why? Which of these characteristics do you feel that the controller/controllers working with you have?

22. Are you of the opinion that there are specific factors that have an effect on your work as a controller, either in a positive or a negative way?

23. What team/work groups are you a part of and does the formation of these work groups often change?

24. Is there a certain competition between the controllers that work within the company? If so, how does this competition normally manifest itself?

25. "The role is defined and then one hires the person that fits into the role rather than the person in question is defining the role". What is your opinion regarding that? Is this the case within "Terrific Technologies". Are there typical standard definitions on how a role as a controller should look like within the company?

26. How often do you get in touch with your manager, your closest controller as well as other controllers that you are supervising? How many percent of these contacts are initiated by you? Which is the best and most effective way to get in touch? Are you located far away from each other?

27. Is there sometimes a conflict between your own goals as well as the company's goals? Can you give an example of such a conflict? How do you try to solve these?

28. What do you think can affect your role as a controller?

29. Is there anything your manager could do in order to have an effect on and improve your role as a controller?