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EMPLOYEES VERSUS IMPLEMENTING CONTROLLING TO THE BUSINESS PRACTICE*

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Abstract. Implementing controlling into business practice is a difficult, long-term and complex process that is unique for each enterprise. It is affected by various psychological factors that evoke positive and negative emotions by owners, managers and employees. The main objective of this paper is to identify the key psychological factors, emotions and barriers which affect employees during implementing controlling into the business practice. The empirical research of the issue problem was conducted by the questioning method in the form of the questionnaire. In order to evaluate the research results, descriptive, graphical, and mathematic-statistical methods were used. Based on the findings, a concept was proposed which put an emphasis on the key psychological aspects of the employees during the implementation of this tool. The proposed concept could become a support tool for company owners and managers to eliminate negative emotions and evoke positive emotions in employees during the process of implementation and enforcement of controlling into the enterprise, ensuring that controlling is fully functional and accepted by all internal stakeholders.

Keywords: controlling; employees; implementation; psychological factors; emotions, barriers

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1. Introduction

According to Vuko & Ojvan (2013), Todorović-Dudić et al. (2017), Vilčeková et al. (2018) managing the business successfully in a dynamic environment requires an effective controlling system. Controlling is the process of defining objectives, planning and management control so that every decision maker can act in accordance with agreed objectives. Controlling function as a separate department contributes business efficiency through ensuring transparency of business results and business processes.

The term controlling implementation usually means creating an appropriate organizational structure and processes performance organization Kruml & Činčalová (2016). Creating a controlling organization establishes the whole controlling system, constantly growing and open to new requirements of an enterprise Ratanova & Zhukovskaya (2011). When implementing controlling in an enterprise it is needed to consider also the impact of psychological aspects on individual internal groups (Sedliačiková et al. 2015). Sedliačiková (2011), Kruml & Činčalová (2016) and Janská et al. (2017) accent that the barriers arising from controlling implementation must be seen from the point of internal interest groups which are managers, owners and employees of an enterprise. They also say that within the implementation process is needed to perform several activities such as software implementation, assigning duties, competences to individual employees, coordinating controlling duties and activities.

According to Sedliačiková (2018), the psychological aspects of controlling define relationships, feelings, opinions or imagination of people about controlling, and so create baseline and starting point for the building of the real form of this tool. Awareness of these factors enables to make the work of the controller more effective and to understand people's actions and feelings. There are six psychological factors (aspects) for the controllers, managers and employees who receive the information and recommendations that need to be accepted and applied in terms of the effectiveness of implementing and enforcing controlling in the enterprise. These include motivation, communication, feedback, building trust, enforcement and change (Waniczek 2002; Eschenbach 2004; Šatanová et al. 2015; Lorincová et al. 2016; Svec et al. 2018; Horváth & Hollósy, 2019). According to Lee & Raschke (2016), organizations, regardless of industry and size, strive to create a strong and positive relationship with their employees. However, employees have various competing needs that are driven by different motivators (Lorincová et al. 2018; Kubal'a & Vetráková, 2018). For example, some employees are motivated by rewards while others focus on achievement or security. Therefore, it is essential for an organization and its managers to understand what really motivates their employees and if they intend to maximize organizational performance. Effective communication in the workplace is important for the success or failure of an organization. According to Mitrofan & Bulborey (2013) or Fil'a et al. (2015), open communication between subordinates and managers or management and employees contributes to creating and building better interpersonal and professional relationships. This will ensure that employees feel truly valuable and loyal to the company (Kot-Radojewska & Timenko, 2018). It is important that companies support and recognize the achievements of their employees so that they realize the importance of their work, and motivate them to develop their productive activities with more pleasure and greater efficiency (Martinez Martinez & Fernandez Hurtado 2018; Mura & Vlacseková, 2018; Vlacseková & Mura, 2017; Olsovska & Svec, 2017; Vydrová; 2018; Szeiner et al., 2018; Vlacseková, 2019; Bernardi, 2019). Giving and receiving effective feedback are key skills in controlling implementation. Feedback should be constructive, focused on behavior that can be improved. Development of strong professional relationships is a prerequisite for providing/receiving constructive feedback that would act as a powerful motivator (Hardavella et al. 2017). According to Jena et al. (2018), engagement and trust are mutually related to one another, as trust and openness encourage leaders and subordinates to work jointly in order to explore ideas for solving organizational issues while promoting individual's psychological well-being. Taking due care on learning and development of employees and making them realize about organization's concern for their growth and development may result in developing trust. According to Eschenbach (2004) and Jeřábek (2016), enforcement

place an important role in controlling implementation. Its basic part is persuasion, which intentionally promotes own values and attitudes through communication in order to change the values and attitudes of others. Stensaker & Meyer (2011) have argued that experienced employees react more loyally to change, but there is also a risk of more passive reactions. Management needs to be aware of common reactions when employees have been through a multitude of planned changes over time. Change-experienced employees emphasize the procedures through which changes are made (how change is implemented) and activate memories about how previous processes were managed. Management plays a pivotal role in generating positive change process experiences. To successfully implement change initiatives, managers must understand that the role of employees is highly important, and employees' reactions to change are influenced by a number of factors, including employees' emotions and cognitions, communication, and participation in decision making (Wittig 2012). No one is closer to employees who are opposed to change than their direct managers. With regard to resistance, the management, managers and supervisors are in the best position to identify existing resistance and possible causes of its occurrence (Ionescu et al. 2014).

The growing (decreasing) necessity (importance) of controlling leads to an increase in tendency to indicate the positive (negative) emotions that are associated with its implementation and establishment, which manifests in the increasing (decreasing) size of the enterprise, as well as more appropriate (inappropriate) understanding of controlling (Klementová & Sedláčiková 2017). Fear, aversion, disappointment, lack of interest, and uncertainty, belong to the negative emotions evoked by implementing and establishing controlling in an enterprise. Curiosity, happiness, enthusiasm, satisfaction, and motivation are ranked among the positive ones. In the context of organizational change, positive emotions include being confident about change and enhance trust, while negative emotions include feeling stressed or insecure about change, leading to mistrust (Saunders & Thornhill 2004).

The process of change involves emotions, as it is a fact that no one wishes to surrender the comfort associated with the status quo or make concessions on what this person is worth. Despite that, leaders will have to remain successful while being subjected to these challenges, among which are the emotions of those that are affected by the change. Therefore, there is an increase in focus on emotional intelligence in leadership when it comes to managing the process of change (Issah 2018). Leaders with a high level of emotional intelligence can evoke and elicit enthusiasm, excitement and optimism among subordinates, and promote an atmosphere of cooperation, through which they may subsequently develop positive interpersonal relationships with them (Minárová et al. 2015; Edelman & van Knippenberg 2018; Cuellar-Molina et al. 2019). Positive interpersonal relations between the leaders and the subordinates may bring along many benefits to the enterprise (Mura et al., 2019), e.g. the increase in its performance. When leaders understand and are able to influence the feelings of subordinates, they are able to make them reassess the emotions they experience and the ways these emotions are expressed. In general, emotional intelligence includes those skills or abilities related to emotions which underpin the ability of a leader to make major changes in an organization. Neglecting to consider the subordinates' emotional responses to changes may, in fact, result in a declining trend within the enterprise (Jiménez 2018). The main objective of this paper is to identify the key psychological factors, emotions and barriers which affect employees during implementing controlling into the business practice.

2. Material and methods

The research was focused on revealing important psychological factors, emotions and barriers that influence employees during the implementation of controlling into the business practice. Data collection was carried out by means of a questionnaire method in the form of a questionnaire aimed at business entities operating in the Slovak Republic. The content of the first part of the questionnaire was related to the identification questions focused on the size of the enterprise, type of enterprise, duration and legal form of business. The second part of the

questionnaire concerned general questions about controlling, psychological factors, emotions and barriers affecting employees in relation to the implementation of controlling in the company.

Respondents participating in the survey were addressed electronically and by telephone. The sample size was determined using a mathematical relationship to calculate the minimum number of respondents involved in the survey (Kozel et al. 2006):

$$n \geq \frac{(z^2 \times p \times q)}{\Delta^2}$$

The letter n in the formula above presents the minimum number of the respondents; the reliability coefficient is the quantity z; quantities p and q demonstrate the percentage of respondents who know or do not know about the given issue, or are inclined to one or other variant. Since the selection of respondents was purely random and their knowledge in the field of controlling was not known, it was necessary to divide the sample of respondents in half so that the product of p and q values would be maximal, i.e. 50% to 50%. The quantity Δ presents a value that means the maximum acceptable significant error (Kozel et al. 2006).

For higher reliability of the research (95.4%), the value of the quantity was determined as z=2. The maximum error value for a representative sample was set at 5%. By substituting the individual values into the formula, the minimum number of respondents was determined for the reliability of the research (Kozel et al. 2006):

$$n = \frac{2^2 \times 0,5 \times 0,5}{0,05^2}$$

In order to make the research reliable, the questioned sample should consist of at least 396 respondents. Out of the total number of 1.620 respondents, 471 participated in the questionnaire survey, which represents 29.07% of all respondents in terms of percentage. A more detailed structure of the research sample is given in table 1.

Table 1. Structure of the research sample

Data to identify respondents	Relative frequency
Size of enterprise	
Micro enterprise (0-9 employees)	61%
Small enterprise (10-49 employees)	34%
Medium enterprise (50-249 employees)	3%
Large enterprise (more than 250 zamestnancov)	2%
Type of enterprise	
Production	52%
Non-production	48%
Duration of operation on the market	
Less than 1 year	13%
Less than 5 years	21%
Less than 15 years	26%
More than 15 years	40%
Legal form of the undertaking	
Limited company	44%
Joint stock company	24%
Self-employed person	21%
Others	11%

Source: Own research

The results of the research were processed using the Statistics 10 software. The Friedman and Wilcoxon signed-rank test was used to test the following three hypotheses at a significance level of $\alpha = 0.05$:

H1: It is assumed that feedback and building trust are factors that according to the employees, influence the most the implementation and application of controlling into an enterprise.

H2: It is assumed that excessive control over the employees is the most significant barrier at the implementation of controlling into an enterprise.

H3: It is assumed that the feeling of motivation is the most frequent feeling of the employees evoked by the implementation of controlling into an enterprise.

The Friedman and Wilcoxon test is a non-parametric test, typical for simple and easy application. Non-parametric methods are based on frequencies (e.g. median test) or rankings, assigned to the original data (Rimarčík 2007). Friedman test is applied in the case, when for the subjects n , we follow the certain character in $k \geq 3$ different situations, in k different conditions or k different periods (Pacáková et al. 2015). Wilcoxon test can be applied in situations when the data are not normally distributed or do not have a quantitative character (Kvasnička 2012).

3. Results and discussion

Approximately 49% of the surveyed employees stated that they work in companies without implemented controlling, 31% of employees work in companies planning to implement this comprehensive management system, and 14% in enterprises with implemented controlling. The remaining 6% were employees who could not clearly answer the question.

Employees (76%) consider informing about changes to be a key activity that would precede the implementation of controlling. A relatively high percentage was represented by training and course activities (61%) and assessment of employees' skills (56%). Employees consider the labor market survey to be the least significant activity in order to attract a professional - specialist (32%) who would ensure the entire process of controlling implementation.

Employees consider the gradual implementation of controlling within individual departments of the company as the most effective way of implementation. A gradual implementation within the individual operational unit and from top management downwards is considered as equally effective option. They consider less effective to implement controlling in the whole enterprise at once and the least effective to implement it from a lower organizational unit to top management.

Employees had a choice of six psychological factors that they assessed on the scale of 1 (very large influence) to 5 (I don't know). From Fig. 1 results that the employees consider feedback to be the psychological factor that most influences the implementation and application of controlling into an enterprise. Building trust is seen by employees as another important factor. Respondents could not express themselves clearly about factors such as implementation method, change and cooperation. The graphical evaluation of the question is related to the subsequent evaluation of the hypothesis H1.

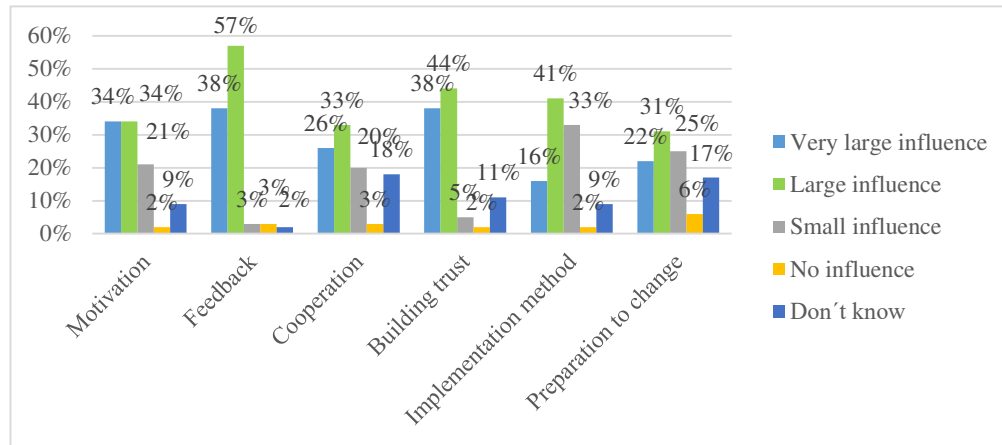


Fig.1. Influence of psychological factors on the implementation of controlling in %

Source: Own research

Based on the results presented in Table 2, it can be concluded that the psychological factors are not equally significant ($p < 0.05$). Using the Wilcoxon test, the order of Friedman test values has been determined. Building trust and feedback are psychological factors that mostly influence the implementation of controlling in an enterprise. The opposite tendency has been confirmed for the implementation method and preparation to change. Based on these results, the hypothesis H1 has been confirmed, i.e. assumption that feedback and building trust are factors that according to the employees, influence the most the implementation and application of controlling into an enterprise.

Table 2. Friedman a Wilcoxon test of hypothesis H1

Friedmanov test		Wilcoxonov test					
N	103	Psychological factors	PF1-PF2	PF3-PF2	PF4-PF3	PF5-PF4	PF6-PF5
Chi-Square	39,528	Z	-,101 ^b	-2,818 ^b	-,871 ^b	-2,181 ^b	-,541 ^b
Df	5	Asymp. Sig. (2-tailed)	,919	,005	,384	,029	,588
Asymp. Sig.	,000	a. Wilcoxonov Signed Ranks Test b. Based on positive ranks. c. Based on negative ranks.					

Source: Own research

Notice: PF1-motivation, PF2-feedback, PF3-cooperation, PF4-building trust, PF5-implementation method, PF6-preparation to change

The questioned employees consider excessive control as the most important barrier to implementation of controlling in the company. They are afraid to lose their current job position, the relationships on the workplace would change and they would need further education after the implementation of the comprehensive management system. The employees consider the inability to carry out new activities as the least significant barrier. Despite the concerns of further education, they are not afraid of possible competition. The graphical evaluation of the importance of barriers in the implementation of controlling in the enterprise is related to the evaluation of the hypothesis H2 (table 2).

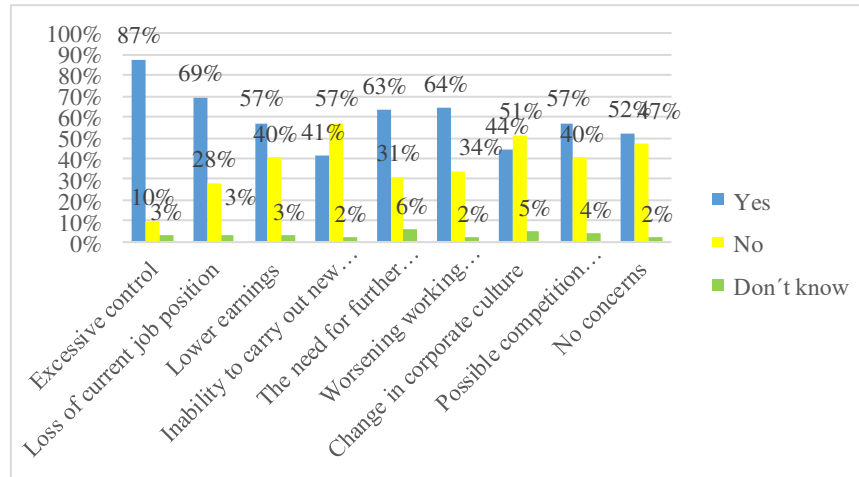


Fig.2. Influence of barriers on implementation of controlling in %

Source: Own research

The evaluation using the Friedman test in Table 3 revealed that not all options were equally significant ($p < 0.05$). Subsequent use of the Wilcoxon test confirmed that the p value is lower (0.000) than the selected significance level $\alpha = 0.05$. Based on this, *the hypothesis H2 has been confirmed, i. e. the assumption that excessive control over the employees is the most significant barrier at the implementation of controlling into an enterprise.*

Table 3. Friedman a Wilcoxon test of hypothesis H2

Friedmanov test		Wilcoxonov test				
N	148	Barriers	B1-B2	B3-B1	B4-B3	B5-B4
Chi-Square	101,447	Z	-4,648 ^b	-,906 ^b	-,216 ^d	-1,444 ^b
Df	8	Asymp. Sig. (2-tailed)	,000	,365	,829	,149
Asymp. Sig.	,000	Z	-,216 ^b	-1,325 ^b	-1,166 ^b	-,990 ^b
		Asymp. Sig. (2-tailed)	,829	,185	,244	,322
a. Wilcoxon Signed Ranks Test						
b. Based on negative ranks.						
c. Based on 10000 sampled tables with starting seed 562334227.						
d. Based on positive ranks.						

Source: Own research

Notice: B1-excessive control, B2-loss of current job position, B3-lower earnings, B4-inability to carry out new activities, B5-the need for further education, B6-worsening working relationships, B7-change in corporate culture, B8-possible competition (new employees), B9-no concerns

As presented in Fig. 3, the implementation of controlling into an enterprise raises mainly the feelings of fear, motivation and uncertainty. In relation to the change of management, the employees expect the introduction of a new motivation system. The feelings such as fear and uncertainty result mostly from the lack of knowledge and information about the new management system. The employees may also feel concerns to lose their current job position or necessity of further education with the objective to increase their performance. Happiness, enthusiasm and resistance are less important feelings. The graphical evaluation of the significance of barriers is linked to the statistical evaluation of the hypothesis H3.

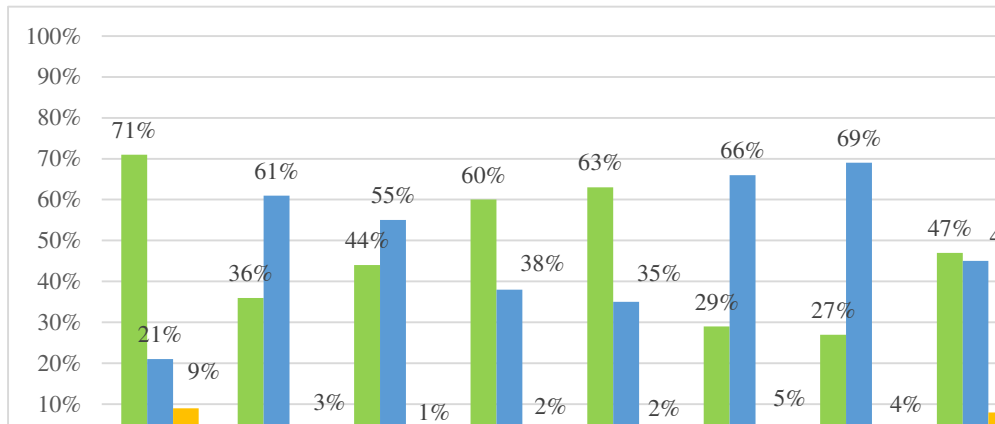


Fig.3. Influence of emotions on implementation of control in %

Source: Own research

The application of the Friedman test has proven (Table 4) that the combinations are not equally significant ($p < 0.05$). Wilcoxon test has consequently determined the ranking of importance of individual combinations. Based on the evaluation we can state that *motivation is the most frequent feeling of the employees evoked by the implementation of controlling into an enterprise. Therefore, the hypothesis H3 has been confirmed.*

Table 4. Friedman and Wilcoxon test of hypothesis H3

Friedmanov test		Wilcoxonov test					
N	144	Emotions	E1-E2	E3-E1	E4-E3	E5-E4	E6-E5
Chi-Square	206,967	Z	-4,093 ^b	-,465 ^b	-,808 ^b	-,843 ^b	-1,941 ^b
Df	9	Asymp. Sig. (2-tailed)	,000	,642	,419	,399	,052
Asymp. Sig.	,000		E7-E6	E8-E7	E9-E8	E10-E9	
		Z	-1,410 ^b	-1,238 ^b	-1,698 ^b	-,679 ^b	
		Asymp. Sig. (2-tailed)		,216	,090	,497	
a. Wilcoxon Signed Ranks Test							
b. Based on negative ranks.							
c. Based on 10000 sampled tables with starting seed 1660843777.							

Source: Own research

Notice: E1-fear and concern, E2-resistance, E3-dissappointment, E4-lack of interest, E5-curiosity, E6-enthusiasm, E7-hapiness, E8-satisfaction, E9-motivation, E10-uncertainty

A thorough analysis of the results of the empirical survey has resulted in the design of a concept of key psychological factors, emotions and barriers that influence employees at the implementation of controlling into the business practice (Fig.5). The concept takes into account mental health, well-being and requirements of the employees. Psychological factors are in the center, influenced by surrounding factors. Employees consider feedback and trust building as the most important psychological factors to take into consideration when implementing controlling into an enterprise. The motivation was also rated with a relatively high percentage (Fig.4). The excessive control of employees is the most important barrier to this system. This concern is to some extent justified and predictable. In connection with this organizational change, employees may experience a lack of freedom, which may result in conflicts and misunderstandings in the workplace. They may feel afraid of losing their current job position due to lack of skills or knowledge. These concerns can be prevented by timely and correct informing employees about the planned changes. A positive aspect of the concept is that controlling

evokes a sense of motivation. This is related to the fact that the implementation of controlling also brings a change in the motivation system so that employees expect a fairer assessment of their performance. The implementation of this system may cause the feelings of fear, concerns and uncertainty, however, this is considered justified. Many employees are not familiar with the concept of controlling and are unaware of its effect on business activities. Correct and timely communication is an indispensable tool to overcome all possible misunderstandings and conflicts and establish successful cooperation between all interested parties. Schalk et al. (1998), King & King (2016), Hasanaj & Manxhari (2017), Šafránková & Šikýř (2017), Tavakoli (2010) agree with this idea and emphasize that the basic idea of positive organizational change is that if employees are perceived seriously and with respect, they will flourish and their efforts will focus on the success of the planned changes. Managers who understand the psychological aspects of changes can better plan what methods to use, when and how to use them, and under what specific conditions they can lead to more positive results. Looking for creative ways to implement changes that inspire positive emotions and responses is a useful challenge for managers. Giaeaver & Smollan (2015) confirm that feedback from employees is essential to assess the level of acceptance and emotional reactions that could help or hinder the change. According to Mangundjaya et al. (2015), managers should make sure that the satisfaction of employees prevails before the change itself, in an effort to evoke their positive responses in readiness and commitment to change.

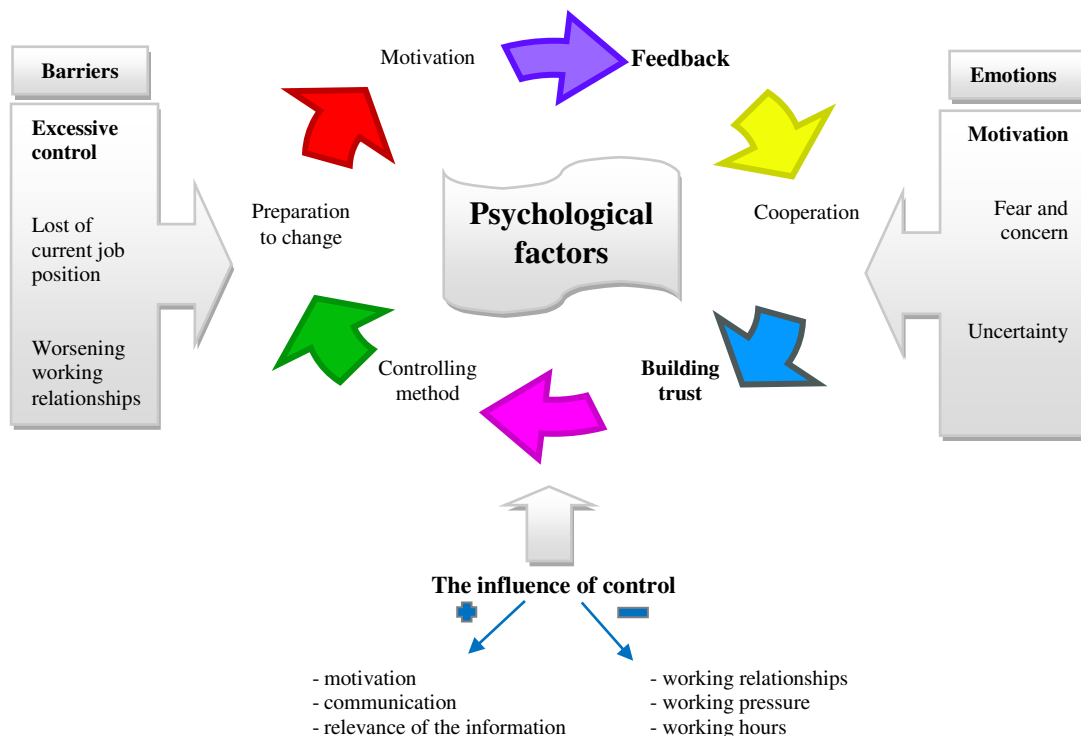


Fig.5. Key psychological factors, feelings and barriers influencing employees at implementation of controlling into an enterprise

Source: Own research

Bernstrøm & Welds (2017) emphasize that a sense of trust is important for understanding important mechanisms in the workplace. Introducing monitoring systems and excessive control over important work tasks can signal a lack of management confidence, leaving employees demotivated and with a reduced sense of mastery. According to Čambalíková & Mišún (2017), command-and-control techniques are no longer enough in competitive environments where creativity and employee initiative are critical to business success. Their research has shown that the respondents with a negative attitude, while they are being controlled, mentioned the lack of trust, lack of

information, poor cooperation and great time consumption. Respondents who have a neutral attitude while they are being controlled understand the need for control and they take it as a natural part of processes. Proper control can have a positive effect and improve the state of things and they can also get some feedback to learn by their own mistakes. Respondents with a positive attitude to the control declared that it can help them to achieve the goals and plans, to increase the sense of responsibility and motivation and it can be beneficial to their professional growth. According to Verburg et al. (2017), controls may enhance employee performance both directly and through enhanced trust. This suggests that the link between control systems and trust is sensitive and related to the way in which behavior is controlled. Heuvel & Schalk (2009), Heuvel et al. (2015) confirm that by maintaining good psychological contracts with employees, enterprises can build trust that could prevent resistance to changes.

Conclusions

The issue of controlling and psychological factors affecting employees in its implementation into business practice is a relatively extensive and topical subject. Each change is created to improve the performance of an organization. Changes generate a wide range of effects and feelings in employees. On the one hand, they are afraid of excessive control as a result of the implementation of a new management tool, but on the other, they feel motivated to improve and increase their performance in a work environment where trust and respect prevail and commitment is rewarded with positive feedback from their direct supervisors. Thus, the success of implementation and management of changes depends mainly on the perception of the employees, while their reactions to changes differ due to personal experience, levels of motivation, socio-demographic characteristics, knowledge, values and behavioral models (Furxhi et al. 2016; Magano & Thomas 2017). It is essential to perceive controlling not only in terms of its economic but also psychological aspects. By combining these two areas, it is possible to create favorable conditions for successful implementation of this tool into business practice and its acceptance by internal interest groups.

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