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**THE EFFECT OF THE SIZE OF ENTERPRISES ON THE BUSINESS
PLANNING AND CONTROLLING SYSTEMS –
BUSINESS PLANNING AND CONTROLLING IN SMALL
ENTERPRISES**

The theses of a Ph.D. dissertation

**The name of the Doctoral School: „ENTERPRISE THEORY AND
PRACTICE”**

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„Good management of business means the management of its future; and the management of the future is identical with the management of pieces of information.”
Carl Sitting

1. THE AREA OF THE RESEARCH PROJECT AND QUESTIONS CONCERNING RESEARCH

I have chosen as the theme of the dissertation *the examination of the state of affairs of business planning and controlling in Hungary*. The selection of this theme is explained, on the one hand, by professional and, on the other hand, personal factors. I beg the Honorable Reader to allow me to start with the latter!

Following the issuance of the law on companies pursuing economic activities, our business enterprise was among the first ones to be founded. Thus the success of the enterprise is in my focus of interest not only in general and on a theoretical level, but also because of ensuring our everyday livelihood and because of my own security and the future of our family. On the basis of the experiences of recent years it is my personal conviction that business planning and controlling account for one of the key factors of success. It seems to me, however, that not all entrepreneurs have recognized this fact so far.

Among the professional reasons one of the most important ones was that *research on enterprises emerged as a prime focus of interest*. The investigation of large enterprises, their processes and organizational characteristics has been in the focal point of business sciences for long decades. The realization that small enterprises represent decisive factors in innovation and the creation of workplaces has led to the point that research projects in connection with this theme were getting started. The term small enterprise is used as an alternative to large enterprise, detailing the various definitions of micro-, small- and medium-sized enterprises in the thesis. In recent years the fact that small enterprises fill a special role in the so-called new economy has exerted a significant effect on enterprise research, the development in their environment harbors several opportunities and dangers for them too. In order to be successful they have to be adapted to the challenges in their surroundings, they have to shape their future and they have to function effectively. *Business planning and controlling have a major role in realizing this*.

With respect to the role of planning within the enterprise, it has been a widely accepted view that planning as the thinking and actively doing something about the future is desirable for the sake of future; it is one of the most important leadership functions. *The small and medium-sized enterprises can often be characterized by one single plan type, this is the business plan*. The business plans in the small enterprises often have at their disposal an informal, entrepreneurial strategy that „exists in one’s head” and tends to contain also the main strategic goals, as well as the action program necessary for the implementation of the strategy, that is applicable for the timeframe of the business plan. I use the term business plan in

several meanings in the dissertation, the term I use evokes the „business plan as a display window”, the business plan as „the mirror held in front of us” and the business plan as the „assistant of the entrepreneur”.

However, it is not enough to plan. It has been regarded as a hackneyed phrase to say that the value of a plan equals the end product that is made out of it. The entrepreneur must know what he has been able to put into practice successfully, how the goals or its operation must be modified adapting to the conditions surrounding it. *Planning itself is not enough, on the basis of this realization, controlling has developed as a result of the organic development of enterprise practice.* There are few such concepts in the area of business sciences, which have as many definitions as controlling. There are those who define it in quite general terms, often even overmistifying it a little, whereas according to others it has to do with a simple, clearly understandable, well definable concept. It is also referred to as the totality of the partial functions of management, as a management sub-system, as the independent branch of management science, as a major sub-system of the internal control system of organizations, as one of the integrating functions of high importance of enterprise activity, and even as the scientific branch of business economics.

When hearing the word controlling, most people think of the controlling activities of large enterprises, since these are the ones which carry out such wide-ranging activities for the control and coordination of which controlling is needed. Indeed, examining the development of controlling we can state that it is established in large enterprises, in addition to this it is also true that mainly large enterprises operate advanced controlling systems. As a consequence of this the professional literature of controlling primarily deals with themes and questions that suit the needs of large multinational companies, and *relatively few publications are encountered that examine whether controlling also has legitimacy among the circle of small and medium-sized enterprises?*

The bulk of the goals of controlling can also be interpreted on the level of small enterprises, since they are also striving for success, the adaptation to their environment is also important for them. The instrument and activity system deployed for the result-oriented enterprise management may also be one of the preconditions of success in the case of micro-, small and medium-sized enterprises. A major task of the future make it clear for small enterprises what opportunities controlling offers and by taking advantage of the experiences of large enterprises how to work out a system that suits their own conditions and needs.

The international and national research activities related to business planning can be divided into several different yet interconnected areas, namely along a few simple issues. The research efforts bringing into the limelight such a question were investigating whether the companies do any planning at all. In the case of small enterprises most often this was broached in the sense whether the micro-, small and medium-sized firms draw up any business plans at all. Several research projects examined why the companies do not prepare business plans. In parallel with the theoretical and practical development of planning that those investigations started,

investigations were also centered on whether in fact it was worthwhile to engage in planning on the part of the companies. The majority of the research efforts were directed to the question of the characteristics of planning and business planning, respectively, and whether distinction could be made in this area between the companies with respect to the demographic characteristics, for instance size and belonging to a sector. *In the developed countries empirical investigations have been made in several areas pertaining to small enterprises concerning the theme of controlling.* The studies among others examined the extent of the sphere of activities of the controller in practice, the benefits of the introduction of controlling, factors that hinder its introduction, and the goals and characteristics of controlling in smaller and medium-sized enterprises. *The main direction of controlling in Hungary* from the end of the nineteen eighties until the first half of the nineties aimed at learning about the models that had been elaborated and the empirical experiences in developed countries and the conditions of their applicability in this country. From the mid-nineties the characteristics of applicability in this country, *the peculiar features, successes and weaknesses of the introduction of controlling systems were investigated,* primarily by means of working out *case studies.* They considered it an important area of research to investigate to what the extent the controlling systems provided an opportunity for attaining better company performance and better decision making by management. In the mid-1990's several *questionnaire-based surveys* were conducted on behalf of the *Hungarian Controlling Association* and the *Budapest University of Economics.*

Both in theory and increasingly in practice it is an accepted view that both planning and controlling have to be treated as a unit, it has to do with two legs of the same thing. Consequently, *business plan and controlling that are featured in the realm of small enterprises are investigated together in our research project.* Although a significant portion of national research projects investigated business planning, and part of the research on controlling also touched upon controlling in small enterprises, the view of our research project treating the business plan and controlling as a unit can be regarded as something new when examining it in a particular enterprise setting. Our research project complements and it is our hope advances enterprise research in Hungary.

By taking into consideration earlier theoretical recommendations based on the professional literature and taking into account the empirical research results *our research questions* were formulated as follows:

- Do the enterprises in this country prepare business plans at the start?
- Are business plans prepared in the course of the operation of small businesses?
- What is the goal of those with it who prepare a business plan?
- What is the reason for not preparing a business plan in companies where it is not drawn up?
- What does it depend on whether companies prepare a business plan?
- Do they plan on preparing a business plan in the future?
- Who prepares the business plan?
- What parts is the business plan made up of?

- Is the implementation of plans controlled?
- Is a computerized information system functioning in the enterprises?
- Is there a controlling system in place in the enterprises?
- If the answer is not, its lack can be attributed to what reasons?
- At what rate would the entrepreneurs need what kind of information?

2. RESEARCH METHODOLOGY

During the selection of the method of our empirical research our main stance was that by the application of multiple methods more reliable conclusions could be drawn and the given questions can be examined from several angles, respectively. We accept that the quantitative and qualitative research methods complement each other very well, and both types of methods facilitate getting to know the phenomena better. Those of our experiences, which were gained in the course of operating our own enterprises, complemented the quantitative and qualitative studies.

In our empirical research project among the quantitative methods the research method most frequently used in social sciences, the questionnaire method, was used, and among qualitative methods also the most frequently used method, the interview method, was used.

Our research project consisted of four surveys that differed in part with respect to its themes, geographical dimension and methods. The main characteristics of the surveys that in part complemented each other are summarized in Table 1.

Table 1. The characteristics of the empirical surveys

The name of the survey	The time of the survey	Methods	The number of participants	Geographical dimension
Survey relating to business planning of small businesses	2000	questionnaire	57 small businesses	Hajdú-Bihar county
Interviews in large enterprises about the controlling system	2005	Interview	6 large enterprises	Hungary
In-depth interviews in the themes of business planning in small businesses and controlling	2005	Interview	15 small businesses	Hajdú-Bihar county
The survey by questionnaire of business planning and controlling in small businesses	2005	questionnaire	82 enterprises	Hungary

The results of the surveys have been published continuously, and on the basis of the results, experiences and conclusions of the first three surveys we have formulated those hypotheses of ours, which were tested in the fourth national

survey encompassing both the gamut of small and large enterprises, business planning and controlling. The method of this national survey was chosen to be the questionnaire and the survey intended to assess the national state of affairs of business planning and controlling in small enterprises. The reason for this is that the questionnaire survey is very suitable for the description of the characteristics of major basic magnitudes. It has made possible a high number of elements, which increased reliability. Standardization has facilitated the summing up of data and the formulation of research results and furthermore it makes possible the comparison of results in additional research projects.

The determination of the framework for taking samples occurred on the basis of data of the Central Statistical Office from 2004. After a representative, random sampling stratified on the basis of activity and the size of the enterprise, 180 enterprises received our questionnaire by mail. As a result of the survey 82 questionnaires were sent back that could be evaluated. The small enterprises are somewhat over-represented in the sample and the proportion of enterprises conducting industrial activities differs from the national figures, at the same time teaching and health care are under-represented, but these are not of such extent that they could cast doubt on the validity of the empirical research project. The weighting of the data compensated for the slight distortion that derived from this. It was primarily on the basis of this survey that we have drawn our new and novel consequences.

3. NEW AND NOVEL RESULTS OF THE RESEARCH PROJECT

The starting point of our dissertation was that the application of business planning and controlling in enterprises would be one of the major challenges of the future, at least among those firms, which would like to function successfully. On the basis of this we examined to what extent the enterprises in this country have become aware of this and to what causes the situation that has developed can be traced back. *On the basis of empirical research 5 theses have been formulated.*

Thesis 1. – The correlation of business planning and enterprise size

Business planning has a definite direct relationship with the size of the enterprises, the number of the employees, and the size of own capital, but there is no correlation to net receipts. The increase of the number of employees most likely also results in more and a higher number of planning procedures, the same can also be stated in connection with the increase of own capital.
The size of the enterprise usually determines who controls or performs the planning process.

71% of the enterprises featured in the sample examined said yes to the question of the questionnaire: „Do you prepare a plan in writing in connection with your enterprise?” It is instructive to examine the goal of the enterprises in connection with preparing plans, since we can state, *that among the options for planning plans are made most frequently on receipts-turnover, costs and wages that are associated with finances and are indispensable for operations in the short and medium term.* By analyzing the data of Table 2. it can be seen that plans are made every 3-6 months and annually for the assessment of the processes mentioned.

Table 2. What types of plans are made by the enterprises?

Table 2/a.

	Sales plan		Plan on number of staff		Plan on wages		Acquisitions plan		Inventory control plan	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Not prepared	22	37.9	25	43.1	22	37.9	24	41.4	25	43.1
Every 3-6 months	14	24.1	7	12.1	4	6.9	18	31.0	17	29.3
1 annually	22	37.9	23	39.7	29	50.0	16	27.6	15	25.9
Every 2-3 years	-	-	1	1.7	1	1.7	-	-	-	-
Less frequently than every 3 years	-	-	2	3.4	2	3.4	-	-	1	1.7

Table 2/b.

	Production and investment plan		Plan on receipts-turnover		Plan on costs		Plan on liquidity		Cash-flow plan	
	Frequ ency	%	Frequ ency	%	Frequ ency	%	Frequ ency	%	Frequ ency	%
Not prepared	28	48.3	9	15.5	7	12.1	24	41.4	27	46.6
Every 3-6 months	3	5.2	19	32.8	19	32.8	17	29.3	12	20.7
1 annually	23	39.7	30	51.7	32	55.2	17	29.3	19	32.8
Every 2-3 years	4	6.9	-	-	-	-	-	-	-	-
Less frequently than every 3 years	-	-	-	-	-	-	-	-	-	-

The size of the enterprises can be determined by means of three indicators taking into account the regulations in Hungary: the number of the employees, the net receipts from sales, and the size of own capital.

If the number of employees was over 250 persons, then the enterprises were assigned to the large enterprise category, between 50 and 250 persons to the medium-sized category, between 10 and 50 persons to the small enterprise category, fewer than 10 persons to the micro-enterprise category. The limit of the net sales receipts in accordance with the peculiarities of the sample were determined at 1 billion Ft, whereas the same limit of own capital is drawn at 100 million Ft.

The correlation between the size of the enterprises and planning practice was examined by the aid of a correlation calculation of two variables.

One of the most important indicators is the number of the employees, and by examining the relationship of written planning it was found, *that linearity existed between the changing values of the two indicators ($r=-0.393$), with significance of 0.01. This shows that there is a weak link in this respect between the values, i.e. the increase of the number of employees most likely also results in more and a higher number of planning processes (Table 3.).*

Table 3. In what proportion do the enterprises make written plans depending on the size of the enterprise (the number of employees)?

			Number of employees (2005)				Total
			1 - 10 persons	11 - 50 persons	51 - 250 persons	Over 250 persons	
Do they prepare a written plan in connection with the enterprise?	YES	Frequency	19	20	8	7	54
		%	52.8%	80.0%	100.0%	100.0%	71,1%
	NO	Frequency	17	5	0	0	22
		%	47.2%	20.0%	.0%	.0%	28,9%
Total		Frequency	36	25	8	7	76
		%	100,0%	100.0%	100.0%	100.0%	100.0%

Examining the second criterion we have already arrived at a more surprising result, since the statistical calculations did not show any correlation between the net receipts and planning, the values were scattered to a great extent, *which indicates that in the case of enterprises that were included in the sample, the magnitude of net receipts was not a determining factor for the inclination for planning.*

The third criterion, examining the relationship of the size of own capital and written planning, correlation calculation showed again a linear correlation, the Pearson indicator assumed the value of -0,287, with significance of 0.05, i.e. similar to the number of employees, the size of own capital is also the determining factor whether there is a written plan at a given enterprise. It derives also from the same indicators that the micro- and small enterprises are inclined to attribute less significance to the planning process and leave it to be the „pastime” of larger enterprises.

On the basis of the above findings it can be stated that we have confirmed our hypothesis by means of our statistical calculations and the size of the enterprise is indeed a decisively determining factor in launching the process of planning. We have to make a smaller complementary statement only with respect to net receipts as an indicator of the size of the enterprise, namely in this respect we did not find any significant difference between the small-medium-sized and large enterprises, but even in this case this correlation would already be acceptable at the level of significance of 0.07, and the net receipts and the number of employees and the variable of own capital are in strong correlation ($r=0.814$; 0.775).

When analyzing Table 4. it can be stated that *the owner has taken on this task in 24 cases, however, not in one single case among large enterprises, among medium-*

sized enterprises in the case of one enterprise; the manager performs this work in medium-sized and large enterprises, in the sample examined in 37 cases.

Table 4 . Who prepares the plan at the enterprise?

Who prepares the plan?								
	Employee		Owner		Manager		External expert	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Yes	17	29.3	24	41.4	37	63.8	16	27.6
No	41	70.7	34	58.6	21	36.2	42	72.4
Total	58	100.0	58	100.0	58	100.0	58	100.0

Taking into consideration the data of Table 5. and Table 6. it can be stated that the size of the enterprise characteristically determines who performs planning activity or who coordinates it and it is not only on the basis of the number of employees that we can make an inference to this, but also on the basis of the analysis of own capital and net sales receipts (other factors determining the size of the enterprise). *The manager prepares the plans on sales, staff size, wages, etc. in 75% of enterprises working with an employee force of 51-250 persons, whereas this proportion is 100% in the case of firms employing more than 250 persons, thus business planning by all means belongs to the work profile of the manager.*

Table 5. The number of employees – the manager of the enterprise conducts the planning

			Number of employees				Total
			1 - 10 fő	11 - 50 fő	51 - 250 fő	Over 250 persons	
Who prepares the plan? (manager)	Yes	Frequency	9	11	6	7	33
		%	47.4%	55.0%	75.0%	100.0%	61,1%
	No	Frequency	10	9	2	0	21
		%	52.6%	45.0%	25.0%	.0%	38,9%
Total		Frequency	19	20	8	7	54
		%	100,0 %	100.0%	100.0%	100.0%	100.0%

Table 6. The number of employees – the owner conducts the planning

			Number of employees 2005				Total
			1 - 10 fő	11 - 50 fő	51 - 250 fő	Over 250 persons	
Who prepares the plan?? (owner)	Yes	Frequency	11	9	1	0	21
		%	57.9%	45.0%	12.5%	.0%	38,9%
	No	Frequency	8	11	7	7	33
		%	42.1%	55.0%	87.5%	100.0%	61,1%
Total		Frequency	19	20	8	7	54
		%	100,0%	100.0%	100.0%	100.0%	100.0%

Thesis 2 –The correlation of controlling and the size of the enterprise

The size of the enterprise and belonging to a sector influence mostly the difference between the controlling tools and systems introduced by the enterprises operating in this country. By the increase of the size of the enterprise the employment of the controlling system becomes more frequent.

The operation of the controlling system depends on belonging to a sector. The controlling system is less widespread in the construction industry, in education and in health care. Also a small proportion of service providing and commercial enterprises employ a controlling system.

Controlling came into being at large enterprises and later on and at a slower pace did it spread to small and medium-sized enterprises. *In the sample examined we could show the correlation between the size of the enterprise (the number of employees) and the introduction of controlling and of computerized informatics system, respectively. Among the enterprises having an employee force exceeding 51 persons only 3 respondents stated that they did not operate a controlling system, whereas among firms employing 1-10 persons only one operated such a system and 35 did not (Table 7.).*

Table 7. To what extent does the operating of a controlling system depend on the size of the firm?

			Number of employees in 2004				Total
			1-10 persons	11-50 persons	51-250 persons	Over 250 persons	
Is there a controlling system at the firm?	YES	Frequency	1	9	5	7	22
		%	2.8%	36.0%	62.5%	100.0%	28,9%
	NO	Frequency	35	16	3	0	54
		%	97.2%	64.0%	37.5%	0.0%	71,1%
Total		Frequency	36	25	8	7	76
		%	100,0%	100.0%	100.0%	100.0%	100.0%

With reference to the operating of a computerized information system we encountered similar trends in the course of the analysis of the sample. When it came to this indicator there was not one single enterprise employing more than 51 persons that did not to have an informatics system, but even in firms with 11-50 employees only 1 manager stated that he did not have such a system. (Table Hiba! A hivatkozási forrás nem található. shows the extent of the correlation between the computerized informatics systems and the number of employees.)

The belonging of enterprises to a sector, differing in our sample from our hypothesis, has proven to be a determining factor in the area of operating controlling systems. A weak correlation ($r = -0.291$) can be observed between the two variables.

After an analysis using cross-squares it can be observed that the construction industry, education and health care firms, almost uniformly, do not employ controlling systems. Less than 25% of the firms being active in service provision and commerce employ the examined system.

Thesis 3. – The goal and motivating factors of the preparation of business plan and the cause of the lack of business planning

The preponderant majority of Hungarian enterprises make business plans on a regular basis, only 29% of the firms does not consider this a determining factor from the point of view of their operation. Among the options for planning, plans

are made most frequently on receipts-turnover, costs and wages that are associated with finances and are indispensable for operations in the short and medium term. The managers of small enterprises conceive planning only as the tools of reaching short-term goals, such as application for credit and winning a tender, respectively, and not for getting to know the market position of the firm and as a tool necessary for strategic planning. The lack of formal planning primarily can be traced back to an adaptive view as well as to the entrepreneurial strategy, it does not depend on the evolving number of the competitors, and it is not affected by the lack of knowledge as well as lack of resources.

For Hungarian enterprises the business plan is an action plan of shorter timeframe and more detailed than the strategic plan. The business plan also tends to contain the main strategic goals in the small enterprises that are generally more informal, entrepreneurial and having a strategy that exists „in the head”, and also the action program that is valid for the timeframe of the business plan and is necessary for the realization of the strategy.

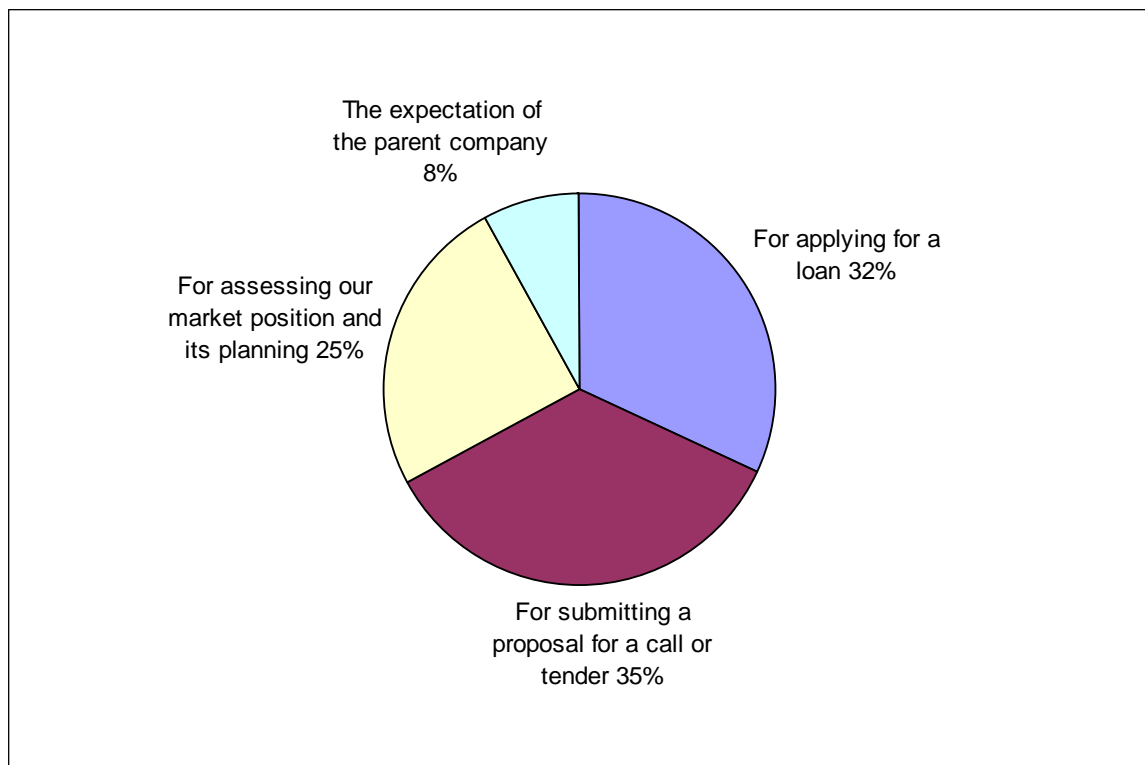
In the course of analyzing the sample, part of the processes markedly diverge, for the support and regulation of which no plan is made or has been made at the given enterprise. The planning of longer term processes cannot be regarded an important task for the Hungarian small and micro enterprises, thus 72,4% of the firms interviewed did not prepare a distribution plan and more than 60% operate without a product development plan, technology development plan, manufacturing plan, and maintenance plan and takes part in the competition in the market. (Table 8.).

Table 8. For what processes is no plan made?

	Distribution plan		Product development plan		Technology-development plan		Manufacturing plan		Maintenance plan	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
They do not prepare a plan	42	72.4	37	63.8	41	70.7	40	69.0	36	62.1
Quarterly	5	8.6	6	10.3	3	5.2	8	13.8	4	6.9
Semi-annually or annually	9	15.5	10	17.2	10	17.2	10	17.2	16	27.6
Every 2-3 years	1	1.7	1	1.7	1	1.7			1	1.7
Less frequently than annually	1	1.7	4	6.9	3	5.2			1	1.7

The most frequent argument for preparing a business plan was that it was needed for the submission of an application for a loan or bidding for a tender. Relatively few people gave the answer that they have drafted a business plan for getting to know and planning the situation of the market and only a fraction (8 enterprises) marked the reply option of the „the expectation of the parent company” (Figure 1.).

Figure 1. For what purpose has a plan been made yet?



At the same time in the course of analyzing the sample a correlation ($r=-0.446$, $p=0.01$) can be seen between getting to know the market position of the firm and the size of the firm, i.e., the micro- and small enterprises devote less energy to this activity.

Examining the motivations of preparing a written plan may further refine the picture. It can be observed that managers of the enterprises conceive planning only as a tool of reaching short-term, at the most long-term business goals. Table 5. indicates how the answers were distributed to the question „In what does planning offer help?” (Table 9.).

Table 9. In what does planning offer help?

Table 9/a.

	In organizing my thoughts		In getting to know the environment of the enterprise		In defining my concrete goals		In my business decisions	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
YES	12	20.7%	11	19.0%	29	50.0%	42	72.4%
NO	46	79.3%	47	81.0%	29	50.0%	16	27.6%

Table 9/b.

	In planning the financing of the enterprise		In realizing the set goals		In giving incentive to the co-workers	
	Frequency	%	Frequency	%	Frequency	%
YES	37	63.8%	34	58.6%	8	13.8%
NO	21	36.2%	24	41.4%	50	86.2%

It can be stated that the planning of long-term processes cannot be regarded an important task for the Hungarian small and micro-enterprises, planning is considered important only in making business decisions, in the planning of financing and in the realization of short-term goals.

Thinking in terms of the category system provided by the professional literature and analyzing the sample, we can state that *the adaptive strategic approach is the most characteristic for the sample.*

At the highest proportion, 45.8%, „the non-planner” responders have agreed with the statement according to which: „There are way too many factors of uncertainty which would justify the writing down of the plans”.

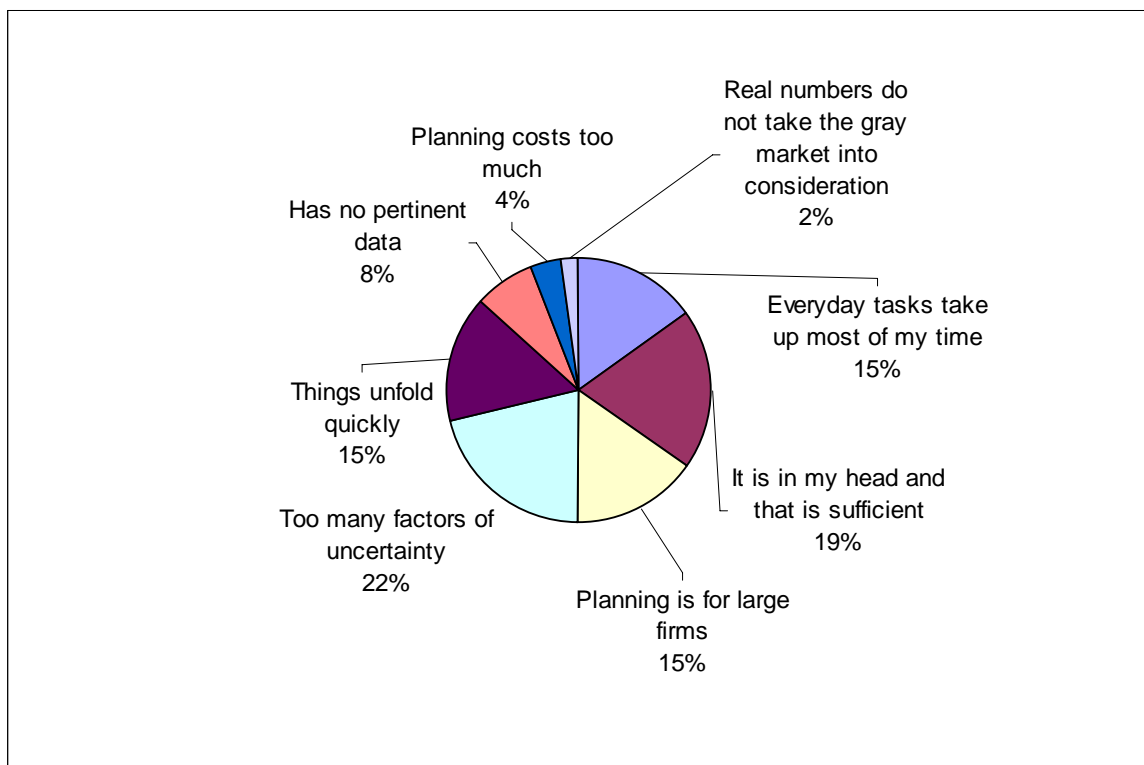
The other typical answer: „it is in my head and that is sufficient” (41.7%), *originates from the peculiar strategic approach of the entrepreneur*, he does not see the sense of having to bother with superfluous „paperwork”, as it is, he is managing a successful business, or attributes the lack of success not to this factor. It is typical of this attitude that another statement was also given emphasis in the sample, according to this planning is only intended for large enterprises (33.3%), the „small ones” manage without it. „Planning costs too much and anyway by the time I have written it down, it loses its up-to-date-ness” (with significance level of $r=0.426$; 0.05).

The lack of strategic view strongly manifests itself in the case of answers given to this set of questions. The answers of this type as „I have not time for that”, „I am too busy today to be concerned about the tomorrow”, „I would like to have instant results from whatever I do”, „I am too close to the fire to see things in an objective way”, all have the message that the entrepreneur does not think in terms of strategy, does not invest a portion of his resources into planning. In the examined sample

one-third of respondents said that „the everyday tasks take up all my time”, thus he has no time for planning.

Finally – on the basis of our research project – a not decisive cause of the omission of planning is the lack of knowledge, resources as well as of fear from the plans becoming clandestinely „leaked”. Less than one-third of the entrepreneurs stated that „they did not have the appropriate knowledge for planning”, consequently, expertise according to their own assessment was available. A very low percentage of respondents (6%) indicated as the cause of the omission of planning that „planning costs too much and there is no financial means available for it”, and an even lower percentage (4%) explained it by the existence of the black economy (Figure 2).

Figure 2. Why do you not prepare a written plan?



The inclination to prepare plans does not depend on the number of the competitors at all, when the correlation is examined in the case of the two variables it yields a very low score ($r=-0.49-0.77$).

Thesis 4. – Information needs of small enterprises

Among the elements of the information system invoicing, inventory control, and main ledger bookkeeping are featured with an emphasis on them. In the majority of enterprises, in more than 50% of the respondents there is recordkeeping about current accounts, and also the payroll is managed by a computerized system.

The small enterprises and specifically the smallest micro-enterprises also expect to get information during the year about their economic performance and about the problems that arise. The bigger the enterprise, the more it requires pieces of information about its operation. For the enterprises the monthly sales receipts, the monthly costs and the monthly untaxed receipts are considered as important pieces of information, but there is a difference according to the size of the enterprise also in terms of what they consider the most important pieces of information in connection with their operation.

Table 10 explains which of the different information systems are the most widely used.

Table 10. Which elements of the information system were introduced at the enterprise?

Which elements of the information system were introduced?										
	Billing		Current account recordkeeping		Main ledger booking		Payroll		Inventory control	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Yes	49	73.1	39	58.2	47	70.1	41	61.2	48	71.6
No	18	26.9	28	41.8	20	29.9	26	38.8	19	28.4
Total	67	100	67	100	67	100	67	100	67	100

It can be observed that among the elements of the informatics the enterprises do not use the „deferrable” investments, such as the softwares serving the recordkeeping of the invested tools, the systems assisting production scheduling and systems managing human resources, they have not invested in developments of such character. Perhaps the software-assisted planning processes are still alien to Hungarian enterprise culture, especially on the level of small and micro-enterprises, or these firms can also postpone investments of such nature owing to their size, since their processes can still be kept under control easier by the traditional methods too.

Regarding the information need during the year the following results have been found.

Table 11. Need for information during the financial year

Do you have information needs during the year?	Frequency	%
Yes	69	86.2
No	11	13.8
Total	80	100.0

Table 12. Frequency of information need

Frequency of information need	Frequency	%
Weekly	6	7.5
Monthly	36	45.0
Quarterly	28	35.0
Yearly	2	2.5
Not at all	8	10.0
Total	80	100.0

We received 80 responses for the above question. Of the 80 enterprises 69 stated that they have regular information need. 56 out of the 69 were small businesses. This means that small and even micro businesses have a need for regular information services about their economic performance. The larger the enterprise the higher the frequency of information need.

Most enterprises need these kind of business information monthly.

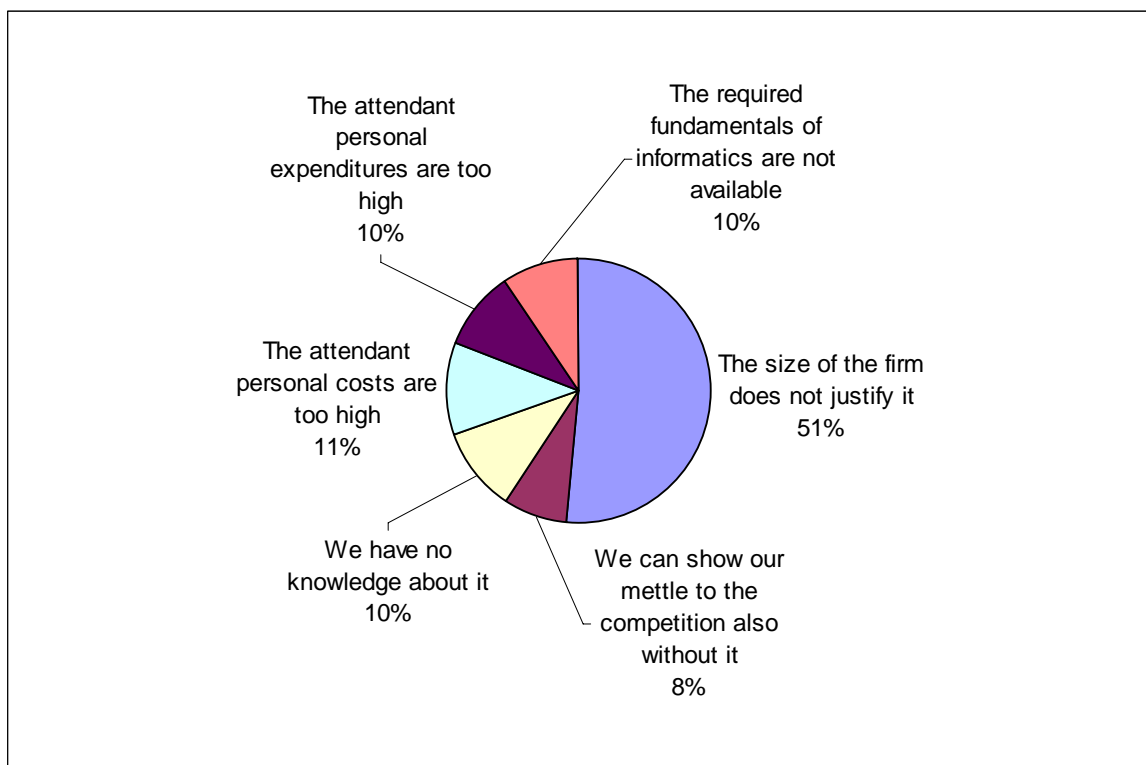
Thesis 5. – The correlation of business planning and controlling

Controlling is a lot less widespread than business planning in the everyday practice of enterprises. In regards to the application of controlling at present the medium-sized enterprises are at the level, at which the micro-enterprises are in relation to business planning.

The entrepreneurs do not consider as significant obstacles to controlling the lack of knowledge, the costs of introduction and operation as well as the lack of the fundamentals of informatics, and they justify the lack of the application of a controlling system by the size of the enterprise.

It is instructive to observe the scores in Figure 3; here we get an unequivocal answer from the point of view of the small entrepreneurs to the question why they do not introduce the controlling systems in their firms, no matter how the professional literature recommends this for them. The type of answer „the size of the firm does not justify it” has reached a peak, the other arguments against the employment of the system only tint the image formed.

Figure 3. If there is no controlling system introduced in the enterprise, why is there not?



4. THE UTILIZATION OF THE RESULTS OF THE RESEARCH PROJECT

The results of the research projects have been published in 27 national and foreign publications, thereby promoting getting to know the results and the continuation of further research in this theme.

Further utilization of the results has been put into practice primarily in teaching. I have been working as an external lecturer since 1998 at the *Faculty of Economics of the University of Debrecen*. As the instructor of the courses of Business enterprise as well as Enterprise strategy and the consultant in numerous theses I have had the opportunity to impart both the theoretical and practical results to the students. I have also participated in the editorial work of the textbooks of my scientific adviser, dr. Gyula Fülöp published in 2001, *Global enterprise strategies*, and *Management in small enterprises* published in 2004.

I consider it the result of my research project that as an outcome of the answers given to the questionnaire and in-depth interviews, I have formed a mental picture about what requirements a controlling system adapting well to market conditions should meet.

The present research project constitutes one part of a long and perhaps never-ending research process. Those further research tasks will be summed up in the following part, which I am planning as an integral part of the research project in the future.

- In connection with the proposal on development I consider it very important to find an answer to a research question and substantiate it by empirical data whether the enterprises employing business-planning methods and controlling systems are indeed more successful.
- By describing case studies I consider advisable the presentation of such examples that make known mainly successful applications in this country, which could prove to be examples to be emulated.

I have started my dissertation stating that as an entrepreneur I am personally affected by this research theme. The results of several years of research work of mine implicitly have also appeared in the business planning and controlling activities of my own firm. We have been making business plans for several years and we have a well-functioning main ledger, current accounts and inventory control recordkeeping system. At present we examine every quarter how we have met our fiscal plan, we examine the sales receipts and price markup by customer, customer group and we also analyze the associated sales receipts and price markup at our suppliers. In addition to these the following items constitute our weaknesses:

- We can prepare an actual inventory with a great deal of expenditure (for example in a breakdown per supplier)

- We can prepare a statement of proceeds and balance of accounts only semi-annually,
- The analysis of our costs is also burdensome

In order to overcome our above weaknesses we have made a plan for the elaboration and introduction of a controlling system. Our idea is that recording of economic events would take place in one single process both in the controlling and in the accounting system. In addition to the transactions database containing the economic events, the main database, the reflection of accounts and the partner base carrying out the keeping of the accounts would be included. The traditional statements, diaries, folders, statements of main ledger, current accounts statements, statement on proceeds, balance of accounts, etc. could be retrieved according to need. In addition in the controlling system the database of plans as well as the database describing the allowed variances would be available, by the use of which we would have the opportunity to prepare an action plan for the manager in addition to the comparison of the plan and facts.

Drawing the balance of the research project, I can say that in the entrepreneurial environment undergoing globalization the changing of the entrepreneurs' attitude vis-à-vis business planning and controlling is decisive from the point of view of future development. Thereby these areas would be attributed proper importance and relevant knowledge about them would be expanded. I see the solution in teaching, more specifically primarily in the presentation of positive examples, which unequivocally prove that it is worthwhile to conduct planning and employing a controlling system, because they really facilitate the successful operation of enterprises.

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