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The role of Controller in China

----Case study: Yum Corporation

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Summary

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Purpose:	The purpose of this thesis is threefold. Firstly, we seek to identify how the role of controller is defined from controllers' perspective and managers' perspective within an American background company's subsidiary in China. Secondly, we are going to explore whether and how factors like cultural differences and economic system influence the role of controller in Yum China. Thirdly, we will compare our findings to relevant literature to find possible similarity and difference.
Methodology:	We mainly applied qualitative methods on our research, using a deductive approach.
Theoretical perspectives:	The cultural part of study is based on Hofstede's culture model and other parts are mainly based on theories regarding the development history, different categories and the main responsibility of controller.
Empirical foundation:	Our qualitative empirical study is based on eight interviews together with an optional questionnaire. The interviewed employees in Yum China represent both controllers and managers from all three hierarchical levels in the company.
Conclusions:	Based on the research, we conclude that the role of controller in Yum China has been influenced by both American and Chinese cultural characteristic in certain ways. We also find that the role of controller in Yum China shares both similarities and differences when compared with literature. Although we explained some of the differences through cultural or economic system characteristics, certain phenomenon still remain inconsistent with theoretical expectation.

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1. Introduction

Due to the globalization and development of international corporations, how to operate business effectively and communicate information timely cross the border draws more and more attention. To achieve those goals, multinational corporations need to concern on the role of controller. In the light of textbook, a concept of controller was first founded in United States, and then introduced to Europe in 1970s and Asia in 1980s respectively. (Falk, Jonson and Kristofersson, 2008) The concept is continually developing under different countries' backgrounds. Therefore, we are interested in how an U.S.-Chinese joint venture defines the role of controller in its Chinese subsidiary and how culture and economic system impact on the role. Is it more close to American theories or more based on Chinese model? Which factors might be the reasons lead to these phenomena? In order to identify those questions, we find out a case company to carry out a detailed research.

1.1 Background

In this part, the historical aspect of the concept of controller will be present in order to show a background of the concept. Thus, readers can better understand the developing process of the concept and easily follow our research purpose.

Management control was first introduced by Anthony (1965) as a process of ensuring that resources are obtained and used effectively and efficiently in the achievement of organizations' objectives. Controller is the person who implements control in target organization. According to Linhardt and Sundqvist (2004), controller was first miswriting in "Comptroller" when translate from French to English in 18th century. Around 1778, a comptroller was appointed in American continental congress. Then, one year later, the appointment of an independent comptroller of financial department in Washington promotes the widespread of job. But it is only till the early 1880s, American corporations start to use the concept of controller associating with accounting duties (Mattsson, 1987). In the beginning of 1930s, the establishment of Controllers Institute of America (CIA) was a sign of the development of "control" in USA. But this influential concept reached a dead-end at the end of 1980s. There are fierce critics from managerial professionals and experts towards the narrow scope of work, short-term overlook and over reliance on immediate profitability objectives of US controllers. (Nilsson, Olve and Parment, 2011) Subsequently, this concept was

enriched with different contributions which centered on analyzing the whole business process as key variables in the control of organization.

The acceptance of this concept in China is even later. Since 1980s, China has started to adopt western management concepts, but the planned economy, inflexible market and a large number of state owned enterprises all slowed down the speed of acceptance. Originally, China did not have “controller” as a job title. The job which related to it was mostly taken by accountants. As times goes on, more western management concepts are widely applied in the business, but most tasks done by a controller in China are mainly related to financial operations, such as: budgeting, strategic planning and even risk management and long-term plan. Sometimes the boss of a division will also take the responsibility of controller (Zhuo, 2007).

1.2 The role of Controller

The theory of “controller” first emerged in USA, but as global development and business decentralization, this theory spread to different countries. This theory is developing and updating in different situations and continually influenced by changing factors, such as: culture, economic situation, society requirements etc. All these elements caused a high level of uncertainty concerning the position of the controller and relevant responsibility of him or her. It seems this uncertainty still remains at a high level currently. Many professionals defined controllers and their job in different ways, both in USA and in China. This confusion brings some problems to the activity like job allocation in companies. Different enterprises set different jobs to controllers and name them in different way. Originally, controller was purely accountant, mostly financial accountant, who focus on collecting and recording business transactions. However, contemporarily, most widely accepted theories define controller as an active part of the long term strategic planning and a part of the high level enterprise management.

Several professionals think that the role of controller is not matured and the role of controller “varies from organization to organization and comprise diverse and sometimes totally contradictory responsibility”. (Colton, 2001) Colton claimed that there are two common functions: 1) analyze and develop information from financial data or information; 2) helps managers to understand these information and forecasts risks in order to make correct decision. This theory is more close to the definition of “management accountant”, who should provide advices to managers.

Hopper, Northcott and Scapens (2007) describe that the role of management controller changed from bean-counter to business analysts. They think many internal and external factors promote the development of it. Especially, the emergency of advanced information system---Enterprise Resource Planning (ERP) deeply altered the traditional working situation. The implementation of ERP software removed and simplified a large amount of work from accountant. Meanwhile, front-line managers are educated to operate information system and generate basic financial information by themselves. These facts dramatically decline the basic accounting job. Therefore, enterprise allocate more analysis and consultation job to management accountant, and some of them even changed to title to “controller”. The controller has to evolve towards a more analyzing role and managers are relying more on their professional skills.

Nilsson, Olve and Parment (2011) argue that the role of controller is continually improving. Besides working as a management accountant in financial field, it is necessary for controllers to cooperate with managers and other colleagues to ensure all the needed information is met at organizational level. Currently, he or she is required to deeply understand whole business cycle, every department and command of the principles and processes of financial accounting. They also mentioned in literature that controller should acting as a business partner rather than a scorekeeper. Acting as a business partner, controller should not only give managers suggestions to making decision, but also need to play an important role in formulating enterprise’s strategies. Moreover, during the strategy formulation process, it is also necessary for them to modify current management control system (MCS) and propose more appropriate controlling tools for corporation.

1.3 Culture and economic influence

Harrison and McKinnon (1999) highlight that culture, economic and social structural backgrounds are beneficial to the analysis of specific phenomenon, such as management control or the role of controller. Different countries have different cultures, which potentially lead to many differences in duties within company. Since there are an increasing number of international enterprises, different culture can result different duties within a single company from country to country. Many multi-national corporations are facing the issues of whether they should directly transfer MCS to their subsidiaries or they should modify it based on local cultural characteristics. Culture can be described as some “behaviors and beliefs characteristic of a particular social, ethnic or group of people” (Dictionary, 2014). The most widely accepted categories of culture are: power distance (PD), power individualism vs.

collectivism (IDV), uncertainty avoidance (UA), masculinity vs. femininity (MAS), and Long-term orientation (LTO) from Hofstede (2001). These five factors represent: acceptance of unequal power, preference to personal interests or group's benefits, tolerance about uncertainty, preference to competition or cooperation, and long term perspective respectively.

Many professional determined that there are special relationships between culture and management control. Harrison and McKinnon (1999) illustrate that there is close relationship between management control and five different dimensions. PD links to high centralization control and less people's participation in top management decision-making. IDV is the most relevant to MCS characteristic. It relates to strong personal independent experience and professional knowledge. Moreover, it also has relationship with people's reaction in working. The higher IDV in target country, the more positive reaction from people in the working can be expected. UA dimension shows people's tolerance about unclear management, role definition, and vague regulations etc. MAS dimension works with incentive or rewards for competition. And LTO is relevant to the planning and designing of long term enterprise's strategies.

Simultaneously, in the light of Clarke (2009), different economic system could also impact the management control of organizations. Information is more accessible and available in free market and managers will have high level requirements about the information analysis and evaluation. While, if the business operation is in less flexible market, especially there is government interference in the market, the external environment will be more uncertainty. In other words, government influence will cause rapid changes in market direction, regulations and management. Thus, it is difficult for company to distinguish market movement and make correct internal control. For instance, corporation would rely less on pure financial controls, it would more prefer to apply a combination of traditional budgetary controls and interpersonal and non-financial controls. In addition, corporation would more prefer to long term control rather than short term controls. (Chenhall, 2003) Hence, when conducting a research to define the role of controller, the differences about culture and economic system should be taken into consideration.

1.4 Purpose

The purpose of this thesis is threefold. Firstly, we seek to identify how the role of controller is defined from controllers' perspective and managers' perspective within an American background company's subsidiary in China. Secondly, we are going to explore whether and how factors like cultural differences and economic system

influence the role of controller in Yum China. Thirdly, we will compare our findings to relevant literature to find possible similarity and difference.

1.5 The structure of paper

Chapter 1: We begin our thesis with an introduction chapter where backgrounds information and basic theoretical concepts regarding our research are introduced followed by our research purpose. Historical development regarding the concepts is also briefly introduced in this section.

Chapter 2: In this chapter, we will describe and discuss the research methods we chosen to conduct our research. Reasons and considerations behind our research methods choice will be stated and evaluated together with the possible limitation of the chosen methods.

Chapter 3: In this chapter the relevant theories concerning the responsibility of controller, the classification of controller and the potential link between culture, economic system and management control will be discussed in more details. By studying and reviewing relevant American and Chinese literature on the subject, a deeper and wider description regarding the concepts will be presented.

Chapter 4: In this chapter, we will present and summarize the empirical data we generated from both interviews and documents study. We will highlight the key areas where we found them particularly relevant to our following analysis part in this chapter.

Chapter 5: In this chapter, we will conduct a detailed analysis from different perspectives to the empirical findings presented in chapter 4 based on the relevant theories and models discussed in chapter 3.

Chapter 6: Final discussion and summary for the research we conducted will be presented in this chapter together with the conclusion we drawn from the research.

2. Research Method

In this section, we will discuss and analyze the characteristics of our chosen method in research study. At same time, other possible methods will also be discussed for reference and help to explain why we chose our preferred method. Discussion regarding the limitation and reliability of the research method takes the last part of this section.

2.1 Case company

After contacting several potential candidate companies, we decided to focus our empirical research on single company case study. We realized that if we are to implement a quantitative style company research, we have to either make them statistically significant which should include at least 100 samples or get some qualified comparing indexes like significant industrial diversification (Yin, 2013). Currently, given the limited time and resource, it is unlikely that we can achieve these goals in satisfying degree. We have chosen Yum China as our case company. It first located in USA and then starts to open subsidiaries in different countries. Since this particular enterprise is managed by both United States top management and local Chinese executives, we found it interesting to dig deeper to seek the role of controller in this corporation. We aim to get the reply and descriptions about their daily work from controllers and managers. Additionally, as we have close relationship with our contact person who sits in managerial position in the company, we are pretty confident that as long as the relevant information is not confidential, we can have them to perform a deep case study research.

Background of case company

The case study company we have is Yum, which is a United States-based Fortune 500 corporation. The company operates or licenses Taco Bell, KFC, Pizza Hut, and Wingstreet restaurants worldwide. It is the world's largest fast food enterprise with around 35,000 restaurants in whole world. There are mainly three operating regions as well: US, China and international. Yum has experienced tremendous growth globally in recent years, and the division in China also has successfully expanded its operation and chain restaurant throughout whole China. Yum even expects that the earnings growth model in mainland China could drive annual operating profit growth at the rate of 15% per year. Currently, there are over 6,300 restaurants in more than 950 different Chinese cities. Already, the income from Yum China accounts for more than

40% of Yum Corporation. Thus, Yum is planning to open at least 700 new restaurants in Chinese town and village in 2014. (Wikinvest, 2014 and Yum, 2014)

Yum first entered Chinese market in the late 1980s. The management of Yum China made a very smart decision that it did not want to be seen as a foreign presence in China, but instead as a part of local community. This means all Yum China's strategy, management methods and target customers need to be redesign. They should be more close to Chinese culture and local business environment. CEO and chairman of Yum China, Sam Su also pointed out that they will absorb all new and best ideas from U.S. model and adapt them to serve the needs of Chinese market. (Forbes, 2014) Simultaneously, to deeply understand Chinese culture and business operation situation, Yum Brand, a foreign company, started to franchise its restaurants and opened various joint ventures with local partnerships. Operating in this way helped Yum quickly understand the operation practices in China and acquired many specific Chinese business skills. Moreover, Sam Su assembled a local team to run the business in China. He believes that running business with local employees eliminated the need of traveling from overseas to fix problems and provided immediate solutions. In addition to improving upper management, most executives are required to be trained extensively under western services and management standards. By doing so, this ensured that employees not only have local Chinese working experiences but also contain some western management knowledge. (Ku, 2012)

Currently, the main operation of the company in mainland China is controlled by the company's Chinese headquarters in Shanghai with several considerable localized initiatives including acquisition and creation of two brands: Xiaofeiyang and Dongfangjibai. (Yum, 2014)

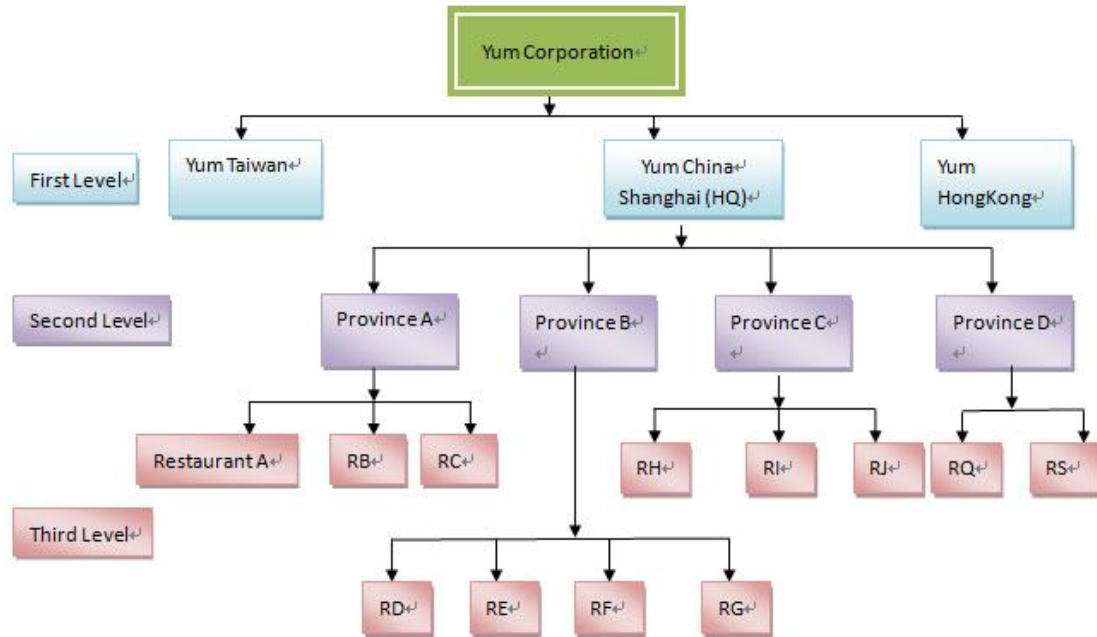


Figure 1: The organizational structure of Yum Corporation

From Figure 1, we can see that the headquarters of Yum China is located in Shanghai which contains the core departments belonging to first level, such as: Financial Department, Marketing Department and Operation Department etc. The majority roles of these Departments in HQ Shanghai are to take control for the whole businesses of Yum in China and to monitor business process operated in mainland China. Specifically, there are many detailed branches exist in above departments. For instance: Financial Department contains internal control branch, budget branch, cost accounting branch etc. In the second level, management activities of Yum China are allocated to different provinces. In each province, it has quite similar structures, such as: Financial Department, Market Department, Operation Department and Logistic Department etc. Each provincial organization is taking the responsibilities of monitoring and controlling all the works of restaurants locating in this province. Therefore, Yum China can operate its businesses more effectively and efficiently through very limited hierarchy levels.

2.2 Qualitative approach or quantitative approach

Basically there are two possible general approaches to make research, either qualitative or quantitative. The qualitative approach to collecting information focuses on describing a phenomenon in a deep comprehensive behavior. Generally, interviews, case study, open questions are belong to this approach. Although this approach cannot express representative findings of the whole population due to relatively limited number of participants, but it still shows a deeper study that can inform practice and specific situations. (The chronicle, 2014)

The quantitative approach gathers information through researching a larger number of participants, thereby summarizing general traits of those respondents. The frequent method is survey with questionnaire. This approach requires a relatively large number of participants involve in the survey, which usually comes out a representative conclusion to broader population. But it is difficult in finding out many respondents, and recognizing new phenomena. (The chronicle, 2014)

As our research purpose is to understand how controller is defined from different perspectives in a given organization, we decided to take personal interview as our main research method which is considered as qualitative approach. As we aimed to solve our problem in a specific given case company rather than a general environment, we considered qualitative approach more appropriate than quantitative approach. When applying qualitative approach, interviews and open questions are our main research methods. However, we are not only limited to this. Some multiple-choice questions have been taken into consideration. For instance: It's very common that interviewees might not really understand what they are doing or which tools are applied in their daily work. In this case, before real interview, we will prepare some forms with various options, allowing responders to choose if they don't have clear mind about our questions.

2.3 Research strategy

As mentioned before, we decided to use qualitative approach as our main research method and developed relevant strategy to implement our research where personal interviews focusing on different perspectives within the case company fit our purposes best. Particularly, to avoid some interviewees do not have clear opinion about their job, we also provide some multiple-choice questions for them to choose. Combining with both open questions and multiple-choice questions in the interviews, we think our research would dig more reliable and detailed information into the role of controller in case company.

According to Denscombe (1998), survey should be considered as a research strategy rather than a research method. He also argued that researchers who have chosen a survey as research strategy should make their own choice regarding method: questionnaires, interviews, written sources and observations. From this perspective, we decided to base our research strategy on a combination of interview and written sources. Interview is our major investigation method, which belongs to qualitative approach. Underlying this method, a specific view about the role of controller in case

company will be generated from both controllers and managers. The researchers will have opportunities to ask complementary questions to develop the subject and explore special perspectives. To draw more valid conclusion from our responders, we will offer some multiple-choice questions to specific aspect. This action could incentive respondents' memory and makes them recall some neglected operation. Also this hint will help interviewees to create an integrate image of controller based on researchers' design. In another word, if research just ask broad question without any demarcation, respondents will not have a clear mind about what they should answer. This will easily lead them to misinterpret the subject. Given the embedded subjectivity of individual's opinion regarding their work and others work, we will also analyze the case company's specific internal control written documents we obtained in order to ensure the objectivity and reliability of our research. Benefited from these two methods, we are confident that our conclusion will reflect a clear definition of the role of controller in case enterprise.

2.4 Research design

Specific design for the chosen qualitative approaches was built based on the research strategy discussed in previous part.

Research design – Personal Interviews

In this section of our research, we are planning to interview a number of employees in the case company who have diversified background both in their position and functional department. Due to our purpose is to analyze the role of controller in a specific Chinese enterprise, we think only interview controllers might not really show an integrate role of them. Therefore, we also consider managers of related departments such as: Marketing Department, Operation Department and Logistics Department etc. as our target interviewee in this research. As shown in Table 1, there are 8 interviewees in our research.

Structure level	The number of Controller	The number of manager
First Level (HQ)	3	1
Second Level (Sichuan Province)	2	1
Third Level	1	1
PS: The controller in Third Level is just the manager of the restaurant, so the interviewee in this level is only one person.		

Table 1 Interviewees in case study

The reasons why we allocate the interview in this way are as follows. Firstly, Yum China is a giant company with three managerial levels. Hence, we choose to carry out our research in towards Shanghai headquarter, Sichuan Province which is enjoying the same right as Province and restaurant in this region. Secondly, our aim is to analyze the role of controller, thus controllers in Yum China Corporation are our main target interviewees. However, to show an objective definition of the role of controller, it is far enough to only have reply from controllers. Holding conversations with managers in different level can double indicate some controller's responsibilities from another angle. That can explain why we choose controllers together with managers at same level. We believe that comparing and summarizing responses from both perspectives will reflect a more reliable image of the role of controller in case company. Thirdly, Yum China has very few hierarchy levels, and those controllers in first level take the majority controlling activities of whole organization. Thus, we think our attention should more focus on controllers in higher level. That is why we are planned to interview more people in first level and declined the number of them in later two levels.

According to Yin (2003), there are two different approaches to study a given object which are induction and deduction. When there is only limited established theory in the field of study, the induction approach is often more appropriate to use. New theories will be produced by the researchers as result. On the contrary, deduction approach is often used when the researcher uses established literature and theory as the foundation for the research. Outcome from empirical research will be compared with the literature and existing theories. (Yin, 2003) Given the fact that there are already several established theories regarding how to define the role of controller which we intend to study, our research would be classified as deductive according to

Yin's description.

To construct our interview in an effective and prepared manner, we produced interview guide before any interview is initiated and made necessary modification to it according to the feedback. This interview guide was sent to the interviewed employees before the interview in order to make them informed about the content of interview. Also, it promoted interviewees to recall their daily work and prepare relevant answers. We also expect them to bring some possible problems regarding the interview content beforehand rather than during the interview. The interview guide also serves as a tool for us as researchers. It helps us to ask the relevant right questions and lead the interview within relevant route.

The interview guide we constructed includes 9 questions towards controller and manager respectively (The English edition is in Appendix 1 and 2). We intentionally limit the number of questions in order to ensure our interviews are conducted in a semi-structured manner rather than standardized one. But we also prepare some further detailed questions behind each official question, in case the reply is too general. As our research purpose is to understand how controller is defined in a given case company from different perspectives, the semi-structured interview with relatively open responses falling within basic structure should fit us best.

Without providing open questions, we also offer a multiple-choice question in the interview. The aim of this research is to explore how Yum China defines the role of controller from different managerial perspectives. "Role" is a really broad subject, which not only refers to the responsibility but also includes the tools used in working. Thus, finding out which controlling tools are applied in employees' daily work is also a kind of answer regarding "role". However, if you direct ask respondents which kind of tools are they using, it is challenge for them to remember all. In this case, we have constructed a form with alternatives to invest which tools are used by controller.

The design and translation of questions has been very thorough so as not to change the subject of our research. Even though, we only designed one form in the whole research, the layout of it is still important for the correctness of answers. In order to gather most relevant answers, we used management control package from Malmi and Brown as a model in the designing. We separated management controlling tools into five categories: culture controls, planning, cybernetic control, reward and compensation and administrative controls. The reason why we use this model is because this control package is very integrate and covering most management tools. Then based on Nilsson, Olve and Parment (2011), we provided most widely used

controlling tools in different category, according to the frequency of them mentioned in the book. In order to ensure the context of the questions would not change in the process of translation, we double checked the meaning of them according to dictionary. Secondly, as mentioned above, before real interview, we have sent out this form and asked some suggestions from our respondents. The results turned out that they understand the content and satisfied with the translation. Therefore, the final form consisted of 22 choices concerning overall business process. All information is illustrated in Appendix 3.

2.5 Data collection process

Linhardt and Sundqvist (2004) mention in their thesis that there are two kinds of data have been identified according to Lundahl and Skarvad which are primary data and secondary data. The primary data is the information obtained directly by the researchers and the secondary data is the information or material obtained by people other than the researchers which is effectively other researchers' findings. This part will describe the methods we used to obtain the primary and secondary data.

2.5.1 Primary data

We mainly obtained our primary data through the interview whose design consideration has been discussed in previous part. We also diversified our respondents by including both controllers and managers from different divisions in the case company to have different perspectives. It is important to point out that our interviewees are all high-educated person who are considered to have great knowledge about management control. This consideration is crucial for us to achieve our purpose regarding differentiated perspectives. Further, considering the geographic diversity that the case company has in its operation in mainland China, we also diversified our respondents to have different geographic office locations. Through the help of email reservation and Viber calling facility, we implemented our interviews with controllers and managers from both Shanghai headquarters and Sichuan provincial office even in Sweden.

2.5.2 Secondary data

This thesis was built on researches of Chinese and Western literatures on topic of controller definition and evaluation. We utilized the database at the library of Lund University to search for English literatures and the China Integrated Knowledge Resources Database built on the Chinese National Knowledge Infrastructure to search

for literature written in Chinese. The keywords we used to search include internal control survey, management accounting study, role of controller, management accountant, internal audit and corporate governance implementation and controller.

As described in previous part, we also got access to a complete set of internal control standards for logistic department for the case company. The documents were sent after a calling interview through QQ which is the most popular live chat software in China. Some additional and follow-up information were also obtained through this facility where the continuous time for a calling interview is unavailable for these respondents.

2.6 Methodological limitations

Based on our research design discussed in section 2.4, we have anticipated some inherent methodological limitation caused by the design itself which we will briefly describe them in this part.

The first methodological limitation brought by the fact that we only took Yum Corporation's Chinese subsidiary as our case company. The single case company approach naturally limits the possibility to make a horizontal comparison between different case companies with differentiated backgrounds. Additionally, the quantity of interviewees could also be viewed as a course for potential methodological limitation. As described in section 2.4, we intend to interview 8 employees in Yum China with differentiated background. Apparently, the quantity of our interviewees cannot be viewed as significant statistically. The individual deviation involved in our interviews could be viewed as another course for methodological limitation. Additionally, as our interviews are solely based on the interviewees' replying whose reliability is hard to verify in this small scale interview, potential methodological limitation can arise due to the reliability issue regarding the interviewees' reply.

Another possible methodological limitation that we faced during the research is caused by the fact that we approached the interviewed people in Yum Corporation through personal contact. Due to this reason, some of our interviewed employees of Yum Corporation are hesitate to permit us to disclose certain information that they considered as private such as their own hierarchical level in Yum Corporation. This information is directly linked to their compensation level which is considered as private in the Yum Corporation. Due to this fact, certain analysis based on the interviewees' hierarchical level information will not be applicable.

Finally, as we chose to analyse the research outcome mainly based on Hofstede culture model, potential methodological limitation may also arise due to this reason.

Basically, the role of controller is unlikely to be solely influenced by cultural factors. In addition, the cultural factors can also be analyzed according to norms, beliefs and models other than five dimensions in Hofstede culture model. We cannot ignore the possibility that certain cultural factors may not be properly covered and evaluated under Hofstede culture model. As a result, our research result will be limited within the five dimensions of culture rather than a theoretical cultural perspective. Moreover, Hofstede's research was conducted decades ago, some conclusion have out of date, which can be regarded as another limitation. Although Hofstede culture model is relatively popular to cultural influence research, potential methodological limitation may still arise due to our choice to this model.

3. Theories

In this chapter, we are going to list different theories about controller, such as: the development history about controller, different categories of controller and the main responsibilities.

3.1 Definition of Controller

The term of controller has many different definitions in accounting literatures. Defined by Investopedia (2014), controller is an individual who has responsibility for accounting-related tasks in an organization. He or she should supervise accounting department and assist managers in interpreting and evaluating financial information. Defined by Zimmerman (2005, p784) “A controller is the person in charge of both management accounting and financial accounting in an organization; usually the chief accountant, also called comptroller”. The controller should ensure efficiency and the development of resources to max corporation’s benefits and achieve its strategy goal. While in light of Anthony and Govindarajan (2001), controller is a person who has duty in designing and operating management control system (MCS). This is also show in Nilsson et al. (2011, p14) that controller makes suggestions for the design of MCS in an organization and helps to administer the use of it.

All these different concepts have identified that”controller” is a complicated job title. He or she takes the role of linking accounting departments with the board of directors. Working as controller, he or she should firstly ensure the accurate financial data and timely economic information to aid managers and board towards correct decision making. The main tasks for a controller are various. Basically, collection of financial data, analyzing and evaluating the financial results is a foundation skill of controller. It is essential for him or her to set up controlling measures or MCS in order to check whether or not this explicit and reasonable strategic aim is being achieved. In light of Nilsson et al. (2011), measuring the achievement of employees’ performance will modify the behavior of the top management and provide more effective management suggestions to board. This responsibility helps every employee undertake specific and precise activities for organization’s overall objectives, as well as provides a deep understanding of organization's operation situation to the board. Moreover, how to cooperate with developing information system, input front line information effectively and accurately become new jobs for controller in 21st century. (Nilsson et al., 2011)

Generally, controller is a person who is trained in both accounting and the controlling

functions to help enterprises achieve profits and strategy goals. They act very actively to supply managers with economic information, offer them accounting advices, and monitor employees' performance. Controller can be set in different level, different department or unit, who should assist relevant business managers. But he or she can also become CEO, another kind of business controller, who controls the whole performance of an enterprise. (Nilsson et al., 2011)

3.1.1 Accounting controller versus Business controller

Nilsson et al. (2011) separate controller into two parts: accounting controller (also called financial controller) and business controller. Accounting controllers are focus on the past and present business transactions. The primary duties for them are to prepare accounting statements and to report financial performance to different users. Then they will report achieved financial information to various customers, such as: auditors or colleagues who need it. Generally, their tasks are similar to the tasks of Chief financial officer (CFO). Business controllers, on the other hand, resemble data/information evaluation through the numbers from accounting department and serve manager with this analysis for decision making. They place more emphasis on preparing and analyzing performance reports and risks in future.

Stated in Ernst and Young Report (2008), the role of accounting controller is becoming more challenging over last few years. Managers and investors are more appetite for timely, transparent and high quality information, which must be delivered faster and in proper format. "Improving reporting and adding value to the business" and "improving efficiency" are two priorities for accounting controller (Ernst and Young, 2008, p4). This means, only delivering accurate financial reports and maintaining rigorous controls are not enough. Those reports should be successful at adding value and running efficient business processes. Therefore, more efforts from accounting controller will spend in business working through, as well as advising on the financial and control implication rather than spend in recording number and manual bookkeeping.

Business controllers are often part of the top management. Abundant accounting knowledge is only the foundation of their careers. Recently, business controllers have acquired a thorough understanding of the micro-realities undying both financial information and management knowledge. They should be familiar with broad strategy plans and critical operational details. In order to provide analysis and suggestions to managers, business controller should also become experts in communication and argumentation. Various professional knowledge and concepts ranging from sales,

purchasing to customer services are all necessary to be mastered. It is essential for business controllers be familiar with every aspect of an organization; observe changes in the marketplace, economy; and act as a pro-active professional who can involve in top management. (Juhani, 2006)

3.1.2 Corporate controller VS Business unit controller (BU controller)

A company is consisted of many departments and business units, which have profits responsibility to headquarters of this organization. There are various kinds of controller belong to business controller, but in this paper, the focus is corporate controller and BU controller.

Corporate controller is focus on the whole corporation and it is a broader title which should responsible for carrying out business strategy and tough administration tasks, such as: policy and procedure etc. Corporate controller usually reports his or her work to CFO. BU controller is usually called division controller, who are often responsible for the financial control function on different levels, aim to balancing strategic, operation and financial aspects of controller (Rouwelaar and Bots, 2008, p8). They are key financial measurements and management experts in divisions and business units. On professional level, BU controller should cooperate with other controller in the group as well as accountants or managers. To avoid business controller pass information behind local manager's back, it is important to make sure the role of business controller support and stress he or she's primary job duty is towards local management. Controllers in this position would more like to monitor or control businesses in local level in compliance with the rules or regulations set by higher management level. (Nilsson et al., 2011)

As illustrated in Figure 2, there are mainly two ways in organization can design the relationship between controllers. In many corporations, BU controller reports directly to the related BU manager. But he or she still keeps informal contact or communication with top corporate controller to ensure that corporation's board knows all the information and financial operation within this unit (This refers dotted-line relationship). BU controller is in charge of local accounting activities and provides reports relevant for making decision by BU managers. Nevertheless, solid-line relationship shows another aspect of working relationship. In this alternative, corporation places BU controller directly under the management of corporate controller, outside the unit. At the same time, there is exists some indirectly cooperation or communication between BU controller and BU managers. (Rouwelaar and Bots, 2008)

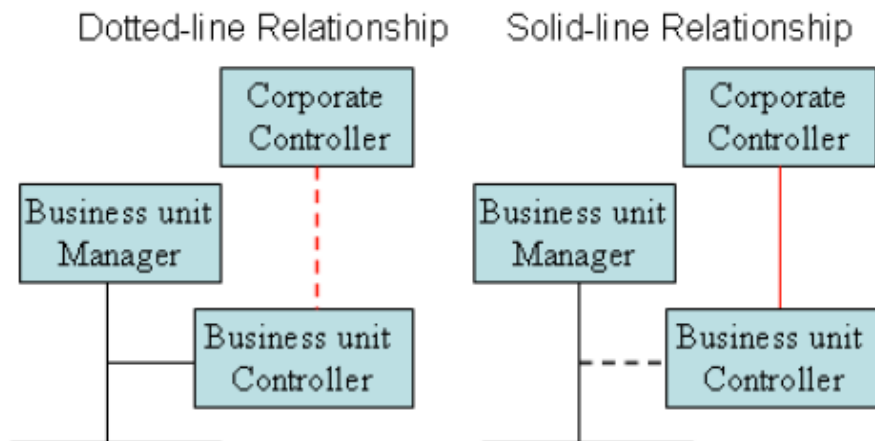


Figure2. Alternative controller relationships (Rouwelaar and Bots, 2008, p8)

The different relationships between controllers lead to different assignments or the definition of controller's role. Argued by Rouwelaar and Bots (2008), solid-line relationship is an effective way for managing the activities of BU controller. Corporate controller directly assigns the work to BU controller and evaluates his or her performance. The solid relationship is designed to reduce less influence from BU manager to the auditing and controlling assignments carried by BU controller. While this alternative also has dramatic weakness. BU controller will be treated as external employee or "outsider" of this department or unit, and he or she may be denied the access to timely, sensitive information from the unit. In case of this complex situation, BU controller should accomplish assignments from corporate controller and keep frequent communication with BU manager.

3.2 The role of controller

In today's highly competitive society, management control is a management method to better analysis data, predict risks and monitor business performances. The role of controller has developed from being simply in the line of accounting, such as: check the accuracy of financial data, to a more strategic significant role. In another word, the main tasks for a controller rang from evaluating and analyzing financial data, to assisting managers to better achieve company's strategic goals. Controllers are becoming more professional, who are not only required to have accounting knowledge but also should be familiar with every performance of the integrate business operations. Hence, controllers can be more forward-looking than former reactive, and they care more about the long-term profitability of the organization

instead of only focus on short term. Especially, there is an increasing number of companies have implemented various advanced information systems to operate their businesses more effectively. The new IT systems simplified the task of the accountant, such as: make financial report automatically. So, a changing role of controller is necessary. How to control and cooperate with these IT systems become new assignments for controller. (Nilsson et al., 2011) In light of Roehl-Anderson and Bragg (1996, p. 2), a more clear definition of the role of controller has be defined as “planning, organizing, directing and measuring”. However, influenced by many internal and external elements, a redefined the job functions of controller carried out in 2004 as follows:

1. *Planning.* The controller determines who does the work, when the work should be done, especially in budget setting, strategy implementation.
2. *Organizing.* The controller takes the most important organizational tasks, which are keeping the services of well-trained accountants and obtaining sufficient equipments in achieving business objectives.
3. *Directing.* The controller should monitor and guide employees’ working is in correct manner for the sake of achieving strategy planning.
4. *Measuring.* The controller is responsible for measuring employees’ performance according to different rules and regulations. And he or she should catch and correct those errors.
5. *Financial analysis.* The controller should be good at financial information’s collection, interpretation and generation of managerial suggestions. Especially, he or she should also be good at communication in both oral and written. Only contains such skill, will he or she be able to convey financial information effectively and properly.
6. *Process analysis.* The controller is also responsible for checking and reviewing process performance, in order to run business process smoothly and cost-effectively.

In past years, successful controllers are those who are good at first four job functions. Recently, an expansion of the controllers’ job functions calls for the addition of the last two items. (Roehl-Anderson. and Bragg, 2004, p3)

Nilsson et al. (2011, p249) argues that the role of controller has been divided into four aspects “Accountant, analyst, educator and coach”. It means recording transaction data, bookkeeping and presenting interpretation to his or her manager are the starting responsibility of controller. Being an analyst means controller should based on financial data and accounting information to generate analysis and predict risks. Apparently, the role analyst is more challenging than accountant. Next, being an

educator means controller should spread financial thing through whole organization. Controller should train and encourage employees to understand and to become familiar with controlling activities. Last but not least, coach, this type of controller, is less tied to the financial metrics. The main role of coach is to spread his or her views through the different part of organization, and to provide a large element of advice and consultation to managers or board. These practices could improve effectively operation of whole organization.

All these perspectives have demonstrated that controller is a complicated job, which contains many different responsibilities. This fact also proved that controller could be totally different in different situation, thus why further researches about the role of controller are still in processing.

3.2.1. Change from bean counter to business partner

Traditionally, controllers were only treated as prudent, “boring bean counters” or constraining organizational “watchdog” whose mainly jobs are to record transaction data and make issue financial reports in accounting department. While, the work about analyzing data and providing suggestions to executives were not expected or required for this position. The traditional career path leading to this position initially focuses on basic financial accounting work. However with the continually influence from many factors, such as: globalization, technology, accounting sandals and corporate trends etc. controllers are developing to broad their responsibilities and become business partners. (Hopper, Northcott and Scapens, 2007)

To be more specific, the traditional bean counters have been regarded by their colleagues as persons who are simple, stunningly boring and repeat routine financial work without high value monthly (Jagdish and Barone, 2006). Hopper, Northcott and Scapens (2007) have argued that the role of controller as bean counter is facing a great change by many factors. For instance: the increasing globalization of business has a significant impact on the controller's' role. The global business network requires faster and real-time business information regarding both internal financial situation and external competitor's operation. In such situation, managers are in great need of faster, relevant and focused information for decision-making. Moreover, the uncertainty and complexity of global business increase the risks among transactions. Thus, data or information analytical skills and strong risk assessment capability have become more explicitly job requirements of controller. (Hopper et al. 2007)

Moreover, the increasing speed of advanced technological development has also

profoundly affected the role of controllers. For instance: with the usage of information systems, information preparation and dissemination is becoming much easier. And business operations are processing more smoothly. This action not only provides transparent and real-time information to corporations, but also requires accountants and controllers to develop such IT skills. Controllers were only focus on collecting information, but now this operation has already been taken by PCs. Hence, their responsibilities are improving to higher level, such as: concern on information analysis and provide relevant management solution etc. (Hopper et al., 2007)

Furthermore, the plenty accounting scandals happened in worldwide encourage the implementation of strict rules and regulations such as: the Sarbane-Oxley Act carried out in USA (2002) and the 8th company Law Directive in European Union (2005). These new regulations contribute to business community through requiring companies to disclose their controlling activities and detail internal auditing information. (Hopper et al., 2007) All these factors drive controllers to receive more education and broad their horizon toward their work, such as: expanding their work outside of the accounting department to provide diversified financial analysis (Roehl-Anderson and Bragg, 2004). This means controller should not be only familiar with accounting work but also necessary to have analysis capability and business sensitive in managerial level. They have been treated as business partners, who are involving in significant decision-making, strategy designing, rather than bean counter.

3.2.2 Performance measures

Performance measurements can be defined as “the process of quantifying the efficiency and effectiveness of action” which consisted of financial and non-financial measures, and internal and external measures (Neely, Gregory and Platts, 2005). These performance measures are supposed to provide mechanisms for linking daily operations to organizational strategy. Some corporate controllers are also responsible for designing and operating the management control system in corporations.

The changing business factors and more requirements from top managers and stakeholders stimulate the implementation or the usage of those advanced performance controlling tools, which are blend of strategic measures. These tools can provide more integrate information about corporation and avoid some misleading signals from single financial information. For instance: balanced scorecard (BSC), which aim to address the needs from every perspective, including both internal employees and external shareholders, for the sake of achieving organizational strategy. Value-based management (VBM) is a relatively new concept. The application of this

tool could links finance, personal performance measurement, management process and business strategy together to create organizational value. Unlike other measures which may focus on many objectives, VBM provides a clear perspective to focus on financial objectives of the corporation. Furthermore, VBM could express current corporation's operation as well as provide suggestions to future performance based on measurement indicators. Simultaneously, to analyze and evaluate present economic conditions of enterprise deeply, some financial indexes like: residual income (RI) and economic value management (EVA) are also widely used. (Hopper et al., 2007)

3.3 Differentiated characteristics of the role of controller in USA and China

After the discussion of the role of controller from historical development perspective, in this section, an analysis of differentiated characteristic for the role of controller defined from previous literature in United States and China respectively, will show as follow.

3.3.1 American controller

United State is the country that “controller” first emerge. And the past few decades have witnessed a great improvement in this concept and working field. A strong capitalism and those power accounting professional organizations continually impel further development in this area.

Controller in USA is changing through centuries. In the beginning of 20th century, Frederick Winslow Taylor introduced “scientific” management to corporations. This thought requires organizational operation should be timed, measured and analyzed in order to make correct managerial decisions. And he also sustains “historical costs” should be replaced by standard cost accounting. Since this theory put an emphasis on accurate financial reporting from organizational operation, relevant financial measurements are widely used in the evaluation. Thus, a call for controller and financial officers was made. They have been assigned to concentrate on economic information and employees' operation. When come into 21st century, Japan achieved great success in improving management and controlling instruments, such as: Just in Time (JIT) and LCC etc. Hence, controller also faces relevant changes. (Linhardt and Sundqvist, 2004)

Usually, an American controller deals with planning, collecting, reporting and explaining of financial information, and advising. Some activities such as: tax administration, accounting and management accounting are also included in his or her

job. More specifically, measuring employee's performance against precise standards is really an important task for American controller. Managers can trace deviations to specific individuals, and fix problems or wrong actions immediately, in an attempt to maximize personal contribution. (Heinz, 2010)

3.3.2 Chinese controller

According to Ding (2010), the development of management accounting is heavily influenced by the organizational structure of the enterprises. By applying this hypothesis into Chinese specific historical situation, she argues that one main characteristic for current Chinese management accountant who usually take the responsibility of controller is that their focus over information reporting rather than positive controlling. The management's overwhelming interest to report operation result both internally and externally which is a feature left from planned economy may be the cause behind this characteristic. Another characteristic discussed in the article is the dependence on financial accountant's information when management accountants acquiring their source material. This characteristic had been again argued as a phenomena influenced by the former planned economy system. (Ding, 2010)

Another researcher has analyzed Chinese current management accountant situation from a different perspective. By reviewing and summarizing Chinese scholars' research regarding management accounting, the author argues that although the theory of management accounting had been introduced into China quite early, there is still almost no original and innovative theory research in management accounting conducted in China until now. Current research in management accounting in China still remains in the stage of introducing foreign theories rather than solving practical problems encountered in real situations. (Hu, 2009) Influenced by the theoretical infrastructure background, management accountants in current China often find it difficult to clearly distinguish themselves between financial accountants and controllers. Practically, their theoretical background is often too vogue. This situation has made the role of management accountant which is usually considered as controller often shared considerable content with financial accountant as there is almost no applicable theory to indicate the practical issue in real Chinese enterprise.

3.4 Culture difference between United States VS China

According to Hopper et al. (2007), culture is one of the most significant factors in social sciences. Many human behaviors can be explained by different culture background. When regarding the role of controller, the culture background about

controllers and in which country they belong to, has to be considered as an important influencing element. Early to 1970s, a Dutch research Hofstede undertook a major study about national culture differences based on survey employees in IBM Corporation. In his first research, culture was divided into 4 factors: power distance (PD), individualism versus collectivism (IDV), uncertainty avoidance (UA) and masculinity versus femininity (MAS). A subsequent study fulfills this theory by providing fifth factor: long-term versus short-term orientation (LTO).

China as a typical Asian country contains huge amount of differences between United States, a western country. These differences come from every perspective, from value, norms and even personal thinking way. In the following content, theories about culture in United States and China will be list.

3.4.1 Five Factors

According Hofstede, power distance (PD) refers people's ability to accept power, administration in organizations or institutions. The high PD endurance means people are more ready to accept power inequalities and management from high hierarchy, and they believe powerful people have more privileges and priority than less powerful people (Hopper et al., 2007). While, compare to this, low PD means people are more like equal and fair treatment. In their opinions, there should no classes within organizations or society.

In individualism versus collectivism (IDV) element, Hofstede (2001) defines individualism as "a preference for a loosely-knit social framework in which individuals are expected to take care of only themselves and their immediate families". And in another side, collectivism is totally opposite to this definition. It more treats people as a group, for which they should be loyal and responsible. When they are working or undertaking something, they would more care themselves as members of a group, rather than single person. It also defines people's self-image as "we" rather than "I". The differences between individualism and collectivism could totally decide people's working is for their self-interests or group's benefits.

Uncertainty avoidance (UA) dimension is related to the degree about people's tolerance about uncertainty and ambiguity. Do they feel very uncomfortable, or they can endure it for a long time when facing uncertainty. The core about UA is how a society deals with the fact that future never be known. People in high UA society will treat uncertainty as threats or something full of risks. They will seek various actions such as: rules, regulations or further actions to reduce uncertainty. Contract to it, those

people in less UAI countries will more easy to accept and endure those unstable, unpredictable and changing things. (Hofstede, 2001)

Masculinity versus femininity (MAS) refers different preference in society in term of competition, achievement, heroism and rewards for success. For high masculinity society, people would more prefer above items: fierce competition, value assertiveness and rewards from success etc. While, in a more femininity society, people are calm and they are looking for cooperation, informal personal relationships, supportiveness, a non-material quality of life and always keep modest in their achievements. (Hofstede, 2001) The differences between them can be explained as: whether people in an organization or society are seek to standing out through competition or they are more prefer peaceful and mental achievement.

Long-term versus short-term orientation (LTO) relates to the relative emphasis placed on people's preferences on long-term thinking or short-term. High LTO society is more prepare to save and invest for future, as well as more oriented to perseverance. People in this kind of society are all more concerned on long-term income rather than current one. Contrast to LTO, short-term orientation shows a totally opposite thinking. In STO society, people are more expect immediate results, quickly success and immediate gratification of needs. (Hofstede, 2001)

3.4.2 Differences about five factors between US and China

	PDI	UAI	IDV	MAS	LTO
China	80	32	20	66	118
US	40	46	91	62	29
High	104	112	91	110	118
Mean	60	68	45	49	42
Low	11	8	6	5	-10
STDEV	21	24	24	19	25
China	H	L*	L*	H	H*
US	L	L	H*	H	L

Notes:

1. PDI= Power Distance, UAI= Uncertainty Avoidance, IDV= Individualism vs. Collectivism, MAS= Masculinity vs. Femininity, LTO= Long-Term vs. Short-Term Orientation
2. M=mean, L= lower, H=higher, L*=significantly lower, H*= significantly higher.
3. Data derived from the website: <http://www.geert-hofstede.com/>

Figure 3: China and US Hofstede Culture Dimensions (Shi and Wang, 2011)

As shown in Figure 3, there is a comparison about six elements in American and Chinese culture. Since Hofstede is more focusing on five elements among them, in the following analysis, attention will still keep on them. In this table, only in masculinity

dimension, United States and China get the similar grade around 60 (full grade is 100). It means people in these two countries are all prefer working in a competitive situation and receiving material rewards from success. Workers are usually work overload in these countries, and sometimes they have to sacrifice leisure time to gain achievements. Becoming clever, competitive and full of leadership is helpful for them to achieve success in these countries. What is more, there is less interests for them to maintain special relations with others in the organization. (Hofstede, 2011)

However, except masculinity, in another four dimensions, there are all exist culture differences between United States and China. The least difference is in UA dimension, US gains 46 scores which is higher than 32 in China. According to Hopper et al. (2007), high UAI nation is more likely to emphasis on control through written regulations, formalized planning and standardized working procedures etc. They would more prefer strict chain of commands and directives. Thus, controlling in USA is more systematically and rigorously than in China. (Shi and Wang, 2011)

In PD dimension, China is a high PD country, which contrasts to low PD in United States. This means, there is less defense against power and management from administration level in China and people are influenced by their managers. In general, people are optimistic about others' capability in leadership. Thus can explain in most Chinese companies, front-line workers are mainly carrying out their activities based on rules and regulations set by higher level and less involve in managerial reform. Managers of departments or executives are those who are responsible for controlling. In addition, high PD also links with centralization. Controllers spend less time in consulting in large meetings, persuading colleagues or reasoning with workmates. They would more prefer to make decision by themselves and supervising the execution personally. For example: budget in China is mostly set by board and then pass on vertically through administration levels. While, in United States, employers are more expect power is distributed equally and everyone are encourage in participating in management reform. Therefore, budget is usually developed from front-line employees, "bottom up" to high level. (Hofstede Centre, 2014)

With a score of 20 China is a high collectivist country, where people care more about group interests rather than individuals. And they would more appreciate in sharing information and working case together. Maintaining personal relationship is very important in a group. This characteristic is good for team cooperation but it will also contain some drawbacks. For instance: people will neglect the faults of controlling from managers for the sake of keeping good relationships with executives. Whereas, United States is a super high IDV country, which is dramatically differences from

China. People in US are more care about personal interests, personal professional and independent working. Probably, it is not welcome in American corporation to ask advices or suggestions from your colleagues. American would be keen to personal achievement rather than contributing to organization. (Hofstede Centre, 2014) Moreover, Harrison and Mckinnon (1999) illustrate that low (high) IDV is associate with positive (negative) reactions during the working. It means Chinese employees are less passionate than American.

In LTO dimension, China is a representative country, which is good at LTO. The long-term orientation promotes controlling in China place more emphasis on future achievements and permanent income. Therefore, Chinese management control is focus on strategic planning, and long-term performance indicators on evaluation. United States is a low LTO nation, which only get 29 scores. In United States, the budget and planning in a corporation usually shorter than China and short-term performance evaluation criteria is more welcome. (Hopper et al, 2007) Generally, China is similar as US in MAS and UA dimensions, but significant differ in PD, IDV and LTO elements. This phenomenon leads to some different actions in management controlling. (Chenhall, 2003)

3.5 Economic systems

Knight (1982) mentions that except culture influencing, there are a number of factors has impact on controller's role and performance. For instance: size and complexity of the organization, organizational structure, characteristics of managers, prevailing economic conditions. Simultaneously, as mentioned above, the planned economy in China had dramatically impact on the role of Chinese controller. China is a socialist country which contrasts to US, a capitalist country. It is a large, complex and dynamic country and local market is changing every day influenced by various factors. The different fundamental theories contribute to different economic environment in these two countries. Therefore, how economic system can influence controller will be explain as follow.

As shown in Figure 4, there are four different economic systems: free market, socialism, command-economy and mixed economy in business environment. Free market is based on each individual's demand. Adam smith called this market as an "invisible hand" that satisfy both buyers and sellers to exchange good and services. There is relatively small degree of government influence. Command economy is mostly under government control. Normally, the kind of productions, production's life-cycle, the output and even the income of business will receive different directives

from high authority. Socialism is between former two economic systems. In this system, individuals own private property and could choose their preference independently in, but government still has power to decide various directives toward market. The last one mixed economy is a system includes both private and government control. It contains all characteristics of capitalism and socialism. (Regenesys, 2013)



Figure 4. Four Basic Economic Systems (source: Regenesys, 2013, p19)

The economy of USA is a mixed economy. In USA, market is mostly dominated by private sectors, but there are still have substantial public sections, such as: hospitals, schools and social agency etc. to protect those who are vulnerable to extreme issues. Even though government has its special role in this economic term, but private resources and demands are the main players in the market. Under such trade-liberalizing environment, there are fewer barriers in business communication and negotiation. Meanwhile, those in-time and transparent information can also increase the speed of transmission. Managers, stakeholders and shareholders are holding great demand about transparent information. People can only make correct and smart business decisions effectively based on reliable information, advanced analytical skills and historical experiences. Therefore, some capabilities such as: information sensitive, analysis, providing suitable suggestions and communication etc. become the keys for those people who are operating business in this economy system. (Clarke, 2009)

While, China is a strong socialist country who was planned market economy. Planned market economy is undertaken through commodities, directives, rules and regulations. Government controls all resources without any private property. Chinese economy system was totally disrupted in World War II, so during the reconstruction, China choose to follow Soviet Union and created a planned economy. This economy system was keep working till President Mao's death in 1976. As one of few command economies in the world, Chinese economy had some special characteristics.

Traditionally, most business transactions were dominated by government's permission and management. In particular, uncertain and unpredictable regulatory frameworks were frequently formed by both local and central governments, strongly limited the freedom of business. From one side, this management could help to monitor and decline illegal economic issues. While from another side, government mastered whole market independently without caring about people's needs. And it is challenging for organization to control and predict external environment. This situation led to many worse economic issues. To start with, workers had not incentive to produce or expand business. Secondly, businesses provided limited disclosure to public and information was kept as secret within the company. (Brandt and Rawski, 2008) Thirdly, it is hard for organization to decide which management or controlling system is more suitable for business operation when facing high external uncertainty (Chenhall, 2003).

China's recent economic reform starts in 1980s, in particular, privatization and the opening of markets. This reform dramatically changed the economic and business environment of China. At the same time, communist party in China started to define its national economic system as "socialist market economy". Foreign ownership, Chinese private ownership and Chinese governmental ownership are operating in current Chinese market. Even though Chinese market is become more dynamic, Marxists theory still emphasize that state control--- in another word "The people's control" is important to market security. Governmental controls the operating and working direction of banks and other main financial agencies. Meanwhile, central government chooses specific CEOs to state-owned enterprises. Unlike old times, Chinese law made amendments to increase the legal protection of private property. (Macrohistory, 2014)

Contemporarily, Chinese market is very complicated. The involvement of many parties in market amplifies the information asymmetry between higher and lower levels of management and the difficulty to analysis information. For example, the higher level of company require plenty of timely information from colleagues, but the lower level may not be able to find them or even hide those information so as to influence upper level decisions. Sometimes, because of the limited ability, even companies obtaining information find it hard for them to understand its deep meaning. Therefore, companies are suggested to enhance their management control, including governance structures, administrative controls and culture control etc. An increasing number of Chinese companies adopted western management control theory in their internal operation. However, limited by Chinese traditional economic system and its special culture environment, most companies still claim that they have not totally absorbed theory. (O'Connor, Chow and Wu, 2003) Beside this, Chenhall (2003)

describes that Chinese special economic system will increase the uncertainty of eternal environment. And in some degree, this uncertainty requires a more transparent, open and external focus MCS in the organizations.

4. Empirical Results

In this section we will discuss the outcome of our empirical research which mainly includes interviews with the employees in Yum Corporation who have different positions and perspectives. Additionally, as we got the access to a complete set of standard documents regarding controlling for provincial logistic department, we will analyze and discuss the three controlling standard documents in section 4.2.

4.1 Interviews

As our main research method, we have interviewed 8 employees within Yum Corporation in total as described in research design section 2.3. In this part we will discuss our interviews' outcome in more detail in order to facilitate the analysis section afterward.

4.1.1 General background information

Before discussing the interviews we took with the employees within the Yum Corporation, it is crucial to get a clear understanding regarding the basic operation background of the company. The nature of the company's operation will not only define its organizational structure but also how management controlling is designed and implemented.

One of the first issues that we informed is the nature of Yum Corporation's business. As an international restaurant chain corporation, basically all its organizational infrastructures are designed to support its main business, restaurant operation. This characteristic has actually defined the organizational three levels structure which we discussed in section 2.1.1 where restaurants make up the third level structure. Departing from these basic situations, we understood some unique designs or characteristics regarding the company that we will discuss in this part.

In Yum Corporation, except for financial control, there are additional operation control and quality control which priority is food safety. This trident structure of controlling may not be popular in other industry's company where financial controlling and operation controlling may be just enough. This organizational structure may also be influenced by the recent scandals regarding the food safety in China where the company's main brand KFC has been criticized. No matter why this structure is implemented in the company, we got a better understanding and approach

to our research regarding the role of controller in this company after clarify this unique trident structure.

As stated in section 2.1.1, Yum Corporation has a simple organizational hierarchy where only three levels have been utilized in China from headquarter to individual restaurants. This simple hierarchical structure has made management controlling in Yum Corporation relatively straightforward and responsive. Individual restaurant's situation will be directly monitored and audited by provincial company who report to headquarter. Under this mechanism, we will reasonably expect provincial and headquarter controller to be very busy and multitasked which makes our research tougher but more interesting. Another influence of this simple and direct hierarchical structure is that the controlling procedure and expectation in different levels and departments may become relatively similar. Because of the easy communication throughout organization, Yum China minimizes some possible conflicts between different departments and levels.

Moreover, as a multinational corporation who specialized in providing standardized food service around the world, Yum Corporation has its own whole set of standard operation procedure in almost every daily activity including management controlling. The standard procedure documents have actually defined every employee's role which makes expectation and procedure regarding controlling and controller become similar across different departments and levels. Moreover, we are told that these standard procedure documents are actually implemented through joint discussion and agreement between provincial companies and headquarter department where even opinion from individual restaurant may have the possibility to be considered. This shared agreement regarding the standard procedure documents has made controlling activity within the Yum Corporation more acceptable and reputed based on our interviewee's response which we will discuss in more detail in relevant sections.

Another general response we had during the interview which we consider important to discuss here in order to make following interview sections more understandable to readers is the general understanding regarding controlling activity nature among employees within Yum Corporation. From both controller perspective and manager perspective, controlling activity itself has been viewed as to be more passive rather than positive according to our interviewee's point of view. To be more specific, our interviewees explained that according to their daily observation, most of the controlling activities they noticed are afterward inspection in the form of internal annual audit or inspection. It seems that our interviewees are more sensitive to these kinds of afterward inspection probably because their performance related salary is

often influenced by the outcome of these inspection and audit. Another possible explanation to this general understanding regarding controlling in Yum Corporation is the fact that the company has already established and implemented effective controlling procedures in almost all relevant areas which makes positive initiatives become unnecessary. In other words, the employees within Yum Corporation may already have generally agreed controlling procedures which they only need to follow in their everyday work rather than change or even introduce new one.

4.1.2 Interviews conducted in headquarter level

As described in section 2.3, we designed four interviews to be taken in headquarter level where both employees from financial department and non-financial department have been considered. To be more specific, three controllers from financial department and one manager from purchasing department have been chosen. Before we discuss the interviews with them, some of their comparable background information will be discussed at first which includes educational background and employment history.

Among the four interviewees, all of them hold bachelor degrees but only two of them stated that their bachelor degree's major are relevant to their current position. The two interviewees who claimed to have irrelevant bachelor degree's major are the project manager of purchasing department at headquarter and the senior financial analysis manager at financial department. However, the senior financial analysis manager said that she obtained relevant financial qualification after she worked which we considered as obtaining relevant educational background in alternative ways.

Regarding the employment history of our four interviewees in headquarter level in Table 2, two of them have been employed by Yum Corporation for more than ten years and one of them has been employed for nine years which we considered as senior employees. Manager 1 has two years employment history where he stated that he was contacted by headhunter two years ago to move to Yum Corporation. We summarize the background information we discussed here into following chart which may help reader to get a clear view.

	Manager 1	Controller 2	Controller 3	Controller 4
Education	Bachelor	Bachelor	Bachelor	Bachelor
Education relevance	No	Yes	Yes	Yes
Employment length	2 Years	12 Years	9 Years	13 Years

Table 2 Headquarter level interviewees' background information summary

Manager 1: Project manager at purchasing department

Controller 1: Senior financial analysis manager at financial department

Controller 2: Financial controlling manager at financial department

Controller 3: Senior internal auditor at financial department

- Manager 1:

As stated above, our manager 1 is the project manager at purchasing department of Shanghai headquarters whose name is Fuqiang Qian. After the initial indirect contact, we sent him the questionnaire as interview question guideline one week before we called and interviewed him. The interview itself took place in May 5th, 2014 and we received a brief summary answer to our questionnaire interview guide from Mr. Qian in May 6th, 2014, the day after the interview.

Apart from the general information which we have already summarized above, Mr. Qian concluded his department's main responsibility as supply chain management. According to his explanation, Yum Corporation does not produce any part of its products. The company just process and cook food bought outside which makes the purchasing department to be an intermediary linking outside suppliers and inside departments with various requests. Regarding the topic about daily work, Mr. Qian said that the most time consuming task during his normal work day is the negotiation with outside suppliers regarding contracts issues. This kind of work can take up to 80% of his working hour in the first three months of a year when most of the supplying contracts need to be renewed. Apart from this negotiation work, Mr. Qian's other main job responsibility is to balance the requests from different markets in China when suppliers' delivery cannot meet them all at once.

When we talked about controller and management controlling, Mr. Qian firstly considered himself to be involved in management controlling activity. Mr. Qian said that the annual price index setting is the most direct cooperation he had with

controllers. Normally, controllers will discuss with him regarding particular issues that they considered as attention or explanation needed. Apart from this cooperation in the beginning of the year, the other one interaction with controllers mentioned by Mr. Qian is the annual internal audit conducted by controllers from internal audit group in financial department. In this annual audit, controllers will inspect the purchasing department's operation records in this year according to preset standard process documents. The overall compliance situation will be quantified and evaluated which constitutes a major part of the department's and individual's annual performance evaluation. According to Mr. Qian, he highly values the work of controller based on the following reasons. Firstly, he considers the controller's work as some kind of legitimate help to his own work. He took the annual price index setting as example and explained that he might be less confident about the contract terms when he reports to his department head if there is no controller to discuss with. Secondly, he said that he appreciates the opportunity provided by the annual audit where he can get reward in performance evaluation through tough compliance.

At last, Mr. Qian also considered himself to be involved in the decision-making process through bringing proposals and taking part in decision-making discussion. Although Mr. Qian has only two years' time with Yum Corporation, the fact that only headquarters in Shanghai has purchasing department gives him possibility to participate relevant decision-making process according to his comment. The controlling tools used by Mr. Qian according to his response are: Set and implement budget for department and project, Product costing, Variance analysis, Target cost (TC)/ Just in time (JIM), Performance measures: set standards to evaluate individual performance and Manufacturing cycle time and efficiency.

- Controller 1:

The controller 1 we will discuss in this part is the senior financial analysis manager at financial department in Shanghai headquarters whose name is Lei, Sheng. We also sent questionnaire as interview question guide to Ms Sheng about one week before the interview. We took the interview in May 7th, 2014 together with the feedback of our questionnaire.

Ms Sheng briefly summarized the main tasks of her department as financial analysis and planning with almost no material development since her joint Yum Corporation 12 years ago. When we talked about her daily reporting line, she answered that she only reports to one vice president of Yum Corporation China who is in charge of finance and all other employees in her group report to her. Regarding the involvement in the decision-making, Ms Sheng said that she takes part in decision-making process

deeply which includes brand/market promotion review and approval, 3-years development plan review and approval, discussing and evaluating proposed incentive plans and other issues.

Regarding the normal daily work, Ms Sheng concluded her normal working day time allocation as following: annual/quarterly/monthly financial analysis and planning: 30%, promotion analysis both beforehand and afterward: 30%, general business decision and administration: 20%, analysis and approval for system optimization: 10%, other general issues including meetings and trainings: 10%. When we asked about how a normal working day looks like, Ms Sheng answered that normally she starts her working day by reviewing and approving various approval requests both in the company's internal information system and through corporate email. Usually before she can finish all the reviewing and approving, she must get prepared to attend several meetings which vary from department monthly meeting to corporation level strategic meeting. In the meantime, she also has to communicate and discuss with relevant colleagues regarding technical or functional issues whenever necessary during the day.

According to Ms Sheng, she considers herself as a partial controller because part of her job responsibility gives the manager and administrator roles to her. Apart from the manager and administrator roles, Ms Sheng said that she acts in controller role when she is involved in process designing and planning, financial analysis and planning, promotion analysis. She said that she believes that controllers and managers are actually under the relationship of partnership in Yum Corporation. The controlling tools used by her according to her response are: Enterprises culture education, Set long and short term planning for company/ department, Set and implement budget for department and project, Standard costing, Variance analysis, Net present value analysis (NPV)/ IRR, Benchmarking, TC/JIM, Performance measures: set standards to evaluate individual performance, Manufacturing cycle time and efficiency, Balanced scorecard (BSC), Set reward or punishment to performance and Set policies and procedure.

- Controller 2

The controller 2 we will discuss in this part is the financial controlling manager at financial department in Shanghai headquarters whose name is Yue, Ma. We firstly contacted Mr. Ma through our contact person in Yum Corporation in March 22nd, 2014 when we discussed with Mr. Ma in order to get some understanding regarding Yum Corporation's situation. After the initial discussion with Mr. Ma in March, we continued to have additional discussions with Mr. Ma in April and May where we

further clarified and confirmed our understanding. The final interview took place in May 9th, 2014.

Regarding the main tasks for his department, Mr. Ma said that one of the main responsibilities is to assist other departments including operation, marketing and logistic with reviewing and approving for relevant transactions to ensure proper compliance. Mr. Ma explained that there are considerable amount of transaction records needed to be reviewed, approved and replied. It is too risky for Yum Corporation to let managers without proper financial competence to have sole authority to approve material transactions. Mr. Ma said that it is the department's responsibility to ensure daily material transactions are preceded in accordance with corporate financial standard documents. This responsibility seems to remain stable since Mr. Ma has joined in Yum Corporation according to his comment.

When we discussed his daily work, Mr. Ma firstly explained his reporting line as reporting to deputy head of financial department and getting reports from provincial companies' relevant colleagues who have the same duty as him. He then said that he spent most of his normal daily working hours in processing and reviewing the material transaction records sent from provincial companies to him. According to his comments, these transactions involve either abnormal nature or above certain standard quantity which both need approval from headquarters. He also referred another responsibility that also takes him considerable time as the consultation and assistance to other departments both in headquarters and provincial companies. He explained that sometimes the decisions they made regarding certain transactions may not be understood and accepted by the requesting side. It is his responsibility to properly communicate to help the requesting side better understands the situation and relevant standards.

As a controller himself, Mr. Ma values his job highly where he put professional as the primary image of his work. He said that he needs to communicate and discuss with more than 50 people per day in average during his normal working day. He can only achieve effective communication through his professional conduct and judgment or otherwise people will consider he as biased and bring further conflict regarding the transactions' decision. Although Mr. Ma is deeply involved in the transaction approval decision-making, he actually does not consider himself as involved in the decision-making process. He explained that the decision-making he took during his daily work is just made according to preset standards with professional judgment. He only takes processes like making the standards as true decision-making which he considers himself as not involved. The controlling tools used by him according to his

response are: Set long and short term planning for company/ department, Set and implement budget, Product costing, Variance analysis, Benchmarking, TC/JIM, Performance measures: set standards to evaluate individual performance, Set policies and procedure and Set clear description about every structure.

-Controller 3:

The last controller we will discuss in headquarters level is the senior internal auditor at financial department who preferred not to disclose his name in this thesis. We firstly tried to contact him through our contact person in Yum Corporation in March and got respond in April. We took most parts of the interview in April 4th, 2014 and continued to discuss with him in the April. We finally received the brief summary feedback for our updated questionnaire in May 9th, 2014.

During the main interview in April, controller 3 summarized the main takes for his department as reviewing and auditing records for previous years' operation of other departments and provincial companies. He explained these audits are set to check if all the relevant corporate standards are properly followed in the form of afterwards inspection. According to his comment, this responsibility remains unchanged since the department is set up.

Regarding the daily work, he explained that this question should be split into two different situations as in field and in office. The infield situation refers to the working days when he is conducting internal audit in relevant provincial companies or departments. In this kind of working day, he conducts the required audit procedures according to preset corporate standards which occupy his all working hours. When the situation is in official implying that he does not have any ongoing field audit to proceed, he will normally have some training or meetings to attend in headquarters. Due to the nature of his job responsibility, he usually only reports to his department head and no one reports to him except for the team member of any field audit team he leads.

When we talked about controller, he considered himself as an afterwards controller who implements controlling procedures after the issues happened. But it is quite interesting to notice that he did not pick any option for controlling tools in our questionnaire which he explained that those tools do not fit his job's nature. Additionally, he also considered himself as not involved in the decision-making process. He said that he is just performing the audit according to preset corporate standards which does not include any real decision-making. We infer the real

decision-making mentioned by him as the strategic ones rather than daily technical ones.

4.1.3 Interviews conducted in provincial level

In this part we will discuss the interviews we took in Sichuan provincial company where we took interviews with three employees of Yum Corporation in total. Similar to section 4.1.2, we summarized some general information into the following chart.

	Manager 2	Controller 4	Controller 5
Education	Bachelor	Bachelor	Bachelor
Education relevance	Yes	Yes	Yes
Employment length	17 years	4 years	1.5 years

Table 3. Provincial company level interviewees' background information summary

Manager 2: Deputy Manager of Sichuan provincial company

Controller 4: Deputy Manager of financial department in Sichuan provincial company

Controller 5: Account payable specialist

- Manager 2

The manager 2 we will discuss in this part is actually our contact person in Yum Corporation who is the deputy manager of Sichuan provincial company in charge of operation and logistic. Her name is Xiaomei, Zhang. We contacted Ms Zhang in the very beginning stage of our thesis work back in March, 2014 when we discussed the possibility to base our research on Yum Corporation with her. During our entire research process from March to May, we contacted her multiple times to get better understanding regarding Yum Corporation and get contacted with our other interviewees. The final interview with her took place in May 5th, 2014 together with the general feedback of our questionnaire.

According to our several conversations and interview with Ms Zhang, the primary task for the Sichuan provincial company of Yum Corporation is to provide support to more than 230 restaurants within its region in all relevant aspects. This primary task has been set together with the provincial company itself which remained unchanged in past decades and is unlikely to change in the future.

Regarding the daily work questions, Ms Zhang summarized her reporting line as reporting to general manager of Sichuan provincial company and department heads of

operation and logistic respectively in Shanghai headquarters which is actually a matrix reporting structure. Ms Zhang summarized the time allocation between her daily work tasks as: restaurants operation and logistic support coordination: 50%, human resource administration: 20%, coordination between different departments both in headquarters and provincial company: 20%, flexible time for other general management issues: 10%. As a senior management team member of Sichuan provincial company, Ms Zhang considered herself deeply involved in decision-making process including daily operation decision and strategic planning decision. She also gave us percentage scale to describe the degree of her involvement as: daily operation: 80%, strategic planning: 50%.

When we talked about controllers and their work, Ms Zhang firstly said that she considered them as very important and helpful. Then she explained that she valued the work done by controllers to ensure the implementation of corporate standards and decisions. But she then said that actually she was not pretty sure about which colleagues in financial departments should be considered as purely controllers. According to her comment, although the work done by controllers is very important and helpful, usually the people performing these tasks are in positions named other than controller. Additionally, Ms Zhang also added that based on her understanding, the main responsibility for the financial department in Sichuan provincial company is to report and communicate with outside authority regarding tax and other administration issues. Ms Zhang also considered herself as non-controller so she did not fulfill our question regarding controlling tools.

-Controller 4

The controller 4 we will discuss in this part is the deputy manager of financial department in Sichuan provincial company who preferred not to disclose her name in this thesis. We took the interview with her in May 5th, 2014 after we finished the final interview with our interviewee 5.

Regarding the main tasks of her department, controller 4 put financial reporting and relevant relationship maintenance as two primary tasks for the financial department of Sichuan provincial company. These tasks have remained stable since her joined in Yum Corporation according to her comment.

Regarding the daily work questions, she simply divided her normal working hours into two main parts: daily financial reporting issues: 40%, department administration: 60%. She explained that there are several approvals needed in the internal reporting system where she needs to review and approve accounting treatment made by

colleagues in her department. The reporting line she has is to report to financial manager of financial department in Sichuan provincial company and have other employees in financial department report to her. Sometimes she also reports directly to relevant colleague in Shanghai headquarters financial department.

When we talked about controllers and controlling activities, she explained that part of the responsibility of controller may be allocated into her department. But she believed that most of the activities are conducted in accordance to corporate standards' requirements which needs no special attention about controllers. The only exception for this is the annual internal audit conducted by internal auditor from Shanghai headquarters when the relevant records will be inspected by them. The corporation with controller topic went not as well as we expected when she only mentioned the annual audit as a possible coordination. Even though she did not consider herself as controller, she did fulfill the optional question regarding controlling tools which is interesting to notice. The controlling tools used by her are: Enterprises culture education, Set long and short term planning for company/ department, Set and implement budget for department and project, Standard costing, NPV/ IRR, BSC, Set reward or punishment to performance, Set policies and procedure and Set clear description about every structure. Similar to her previous explanation, controller 4 also considered herself almost not involved in decision-making process which is explained by matured preset corporate standards and the Yum Corporation's single business nature.

-Controller 5

The controller we had in Sichuan provincial company is the account payable specialist in financial department of Sichuan provincial company whose name is Mei, Yuan. We took the interview with Ms Yuan in May 5th after we finished the interview with controller 4 early in that day.

Because Ms Yuan is in the same department as controller 4, she explained the main tasks of her department pretty much the same way as our controller 4 did. According to Ms Yuan, the main tasks include timely payment and transaction process to suppliers and employees, proper recording for daily transactions and liquidity control, maintaining the relationship with banks.

Regarding the daily work related questions, Ms Yuan firstly answered her reporting line question as reporting to manager of financial department of Sichuan provincial company when daily transaction reporting or bank issues involved and to relevant colleague in financial department in Shanghai headquarters when liquidity issues

involved. Usually these will be no colleague reporting to Ms Yuan. When we talked about how a normal working day looks like, Ms Yuan said that her normal time allocation for working hours is: reviewing and processing payment requests within the region: 40%, liquidity prediction and controlling: 30%, communicating and coordination with other colleagues and departments: 20%, attending relevant meetings and trainings: 10%. According to Ms Yuan, she usually start her working day by logging in internal financial management system and processing payment requests which usually takes several hours to finish. In the meantime, she also needs to pay attention to the liquidity prediction models preset by her in case any emerging modification is required. As liquidity situation are changing all the time and payment requests are also happened in rolling base, these two tasks occupied most part of her normal working hours. If it is necessary, Ms Yuan has to make her time available for relevant meetings and trainings during the day which is quite hard according to her comment.

Regarding the topic of controllers and controlling activities, Ms Yuan firstly considered herself as non-controller and did not fulfill our optional question regarding controlling tools. She explained that the majority part of her work is about recording and reporting while only liquidity controlling could be qualified as controlling activity. She also said that it is not clear in her department regarding which employee is controller. Basically nobody holds the position title as controller. But in the same time, Ms Yuan also admitted that some of her department's responsibility could be classified as controlling activities. When we asked about the corporation with controllers, Ms Yuan said that the only possible corporation she had with "pure" controller is the annual audit where she explained her daily work to internal auditors from Shanghai headquarters. Despite the limited recognition and corporation Ms Yuan has with controllers, she still considered that controllers and controlling activities are crucial to Yum Corporation. She explained that it is the matured preset corporate standards that makes Yum Corporation efficient and promising which should be considered as controlling activities in essence. She also said that the annual audit conducted by internal auditor who should be considered as controller plays important role in Yum Corporation's management. At last, Ms Yuan considered herself with limited involvement in tactical decision-making regarding liquidity controlling.

4.1.4 Interviews conducted in restaurant level

As we only interviewed one restaurant manager who actually has both manager and controller responsibility, we will go directly into the discussion of this interview in this part. We interviewed a restaurant manager who is in charge of one KFC restaurant in Chengdu, the capital city of Sichuan province whose name is Fang, Mao. Mr. Mao joined Yum Corporation 12 years ago when he graduated with a construction engineering bachelor degree which is not relevant to his current position according to his comment. We took the interview with Mr. Mao in May 8th, 2014.

We began the interview with discussion regarding Mr. Mao's daily work. According to Mr. Mao, his normal working hours could be divided into the following time allocation: restaurant operation management: 20%, internal personnel trainings: 30%, negotiation with outside party regarding restaurant issues: 30%, recruitment: 10%, other general issues: 10%. Due to the nature of restaurant operation, Mr. Mao explained that his normal working day could be significantly different according to varying issues happened every day. The previously mentioned time allocation is taken on the average base for one month. And Mr. Mao also said that the main task of his team is to operate the restaurant in accordance to the preset corporate standards and all relevant regulations. Regarding the reporting line, Mr. Mao only reports to his supervising manager in operation department of Sichuan provincial company and gets reports from all other colleagues in the restaurant. Mr. Mao also said that he considered himself only involved in tactical decision-making regarding daily operation of the restaurant with no further involvement to any other decision-making.

Regarding the topics about controllers and controlling activities, Mr. Mao said that he would divide some part of his job responsibility as controlling activity but he does not consider himself as a "pure" controller. He explained that the restaurant simply does not have any position titled as controller or accountant. In the meantime, some parts of the job tasks need to be done in restaurant are contained under the heading of operation controlling or quality controlling in the corporate standards. Despite this little confusion, Mr. Mao highly valued the importance of controlling activity which facilitates the standardized implementation of daily workflow. Regarding the impression about controller, Mr. Mao said that if he considers the controller part of work done by him, he would say it is very important as it ensures the restaurant is operated in compliance with corporate standards and reminds him about areas needing attention. Mr. Mao also fulfilled the optional question regarding controlling tools as part of his job is viewed as controller by him. The controlling tools used by him are:

Enterprises culture education, Set long and short term planning for company/ department, Set and implement budget, Product costing, Standard costing, Variance analysis, Benchmarking, TC/ JIM, Performance measures: set standard to evaluate individual performance, Manufacturing cycle time and efficiency, Quality control, Customers' satisfactory, Set reward or punishment to performance, Set policies and procedure and Set clear description about every structure.

4.1.5 Problems encountered during interviews

The process of contacting and collecting the primary interview data has been proved to be very time consuming and with high uncertainty. Due to the job responsibility nature of the internal auditors in Yum Corporation, most of their working time is on a business trip to conduct an internal audit in one of the provincial company. This situation has made it very difficult to arrange a proper schedule to conduct a full length interview. To encounter this problem, we decided to arrange several interviews combined with email questionnaire sending days before initial interview. Additionally, serious of follow-up chatting through apps after interviews has been used to clarify issues that were not clearly stated or understood during the interview. By implementing these procedures, we hope to eliminate this problem brought by the practical inconvenience when carrying out our interviews.

As we preceded our interview process, we discovered another interesting phenomenon which we considered as potential problem to our research. The phenomenon is the fact that even employees in the same department may have differentiated opinion regarding several controlling issues and their own department's responsibility. This phenomenon indicates the degree of subjectivity involved in our interview research design which we can hardly avoid. The subjectivity involved during the interview process may be considered as problem because it can threat the objectivity of our research outcome based on these interviews. However, as part of our research purpose is to understand how controller is defined through different managerial perspectives which include both controllers and managers in Yum Corporation, we believe the subjectivity discussed here will be properly evaluated in the analysis section which can help us to achieve our research purpose. In other words, the subjectivity of employees itself is included in our research purpose which we found interesting and intended to study.

4.2 Controlling standard documents

As stated previously, we got access to one complete set of controlling standard documents for the logistic department of Sichuan provincial company. These standards were firstly introduced from Yum Corporation's United States parent company when the company commenced its Chinese business back in 1980s. Coordination between Shanghai headquarters' relevant departments and provincial companies' departments has played significant role in the implementation of these standards from then on as we mentioned previously. Actually, certain modifications and updates had been made through this coordination method in order to make the standards more suitable to Chinese situation. Additionally, these standard documents are also used by internal auditors as part of the inspection standards to relevant departments' performance. In this section, we will describe these documents' contents and try to identify the primary focuses of these documents. The controlling standard documents include three sections which are financial controlling, operation controlling and quality controlling. We will describe and analyze them respectively from section 4.2.1 to section 4.2.3.

4.2.1 Financial controlling

The financial controlling standard documents include one main daily job requirement list, documents preparation list to annual internal audit and two attachments for relevant approval recording and vouching recording for inspection to outsourcing companies. We will mainly focus our discussion to the main daily job requirement list which contains all the relevant controlling requirements for financial controlling in this part.

The main daily job requirement list includes 9 parts which are general background information for auditors' usage, petty cash management, customer service, delivery and transportation, warehouse operation, security and preservation, personnel, fixed assets' management and other issues. We will describe them one by one in the following paragraphs of this part.

The general background information section is designed to help internal auditors understand some background information such as the number of restaurants and brands of restaurants in the province. And the petty cash management section includes 16 specific requirements. Eight of them are under the heading of contract management. Under the contract management heading, the major requirements are

regarding the proper evaluation and confirmation to the relevant contracts before actual payment and monthly inspection to relevant updates to ensure the accuracy. Other requirements include employee borrowing, penalty reviewing and other petty income management. In employee borrowing section, employee who borrowed is required sign a signature to confirm the borrowing detail every quarter and any borrowing above 50000RMB should be approved by the head of financial department. Penalty reviewing is focused on ensuring the penalty is not caused by personal reasons and other petty income management is mainly about the accurate recording for every petty income in cash.

The customer service section includes 15 specific requirements which are mainly under separate headings. But we observed that most of the requirements are regarding the inventory management where sluggish inventory management including specific requirements for cross departments' communication and coordination has 4 requirements. The follow-up procedures requirements for inventory count also have 5 detailed requirements. The reason for these inventory management requirements under the heading of customer service is that the actual customers for logistic department are the restaurants where the delivery for inventory is the main service provided.

The delivery and transportation section includes 25 specific requirements which contain two main parts: outsourcing transportation management and relevant expense management for transportation and delivery. The outsourcing transportation management part has 6 requirements mainly focusing on the reasonable test for the outsourcing transportation's necessity and mileage. Other 19 requirements are all about relevant expense management for transportation and delivery including fuel cost, drivers' subsidy, vehicle's maintenance expense and tolls. All requirements are focusing on the accurate recording for these expense and reasonable test for the expense happened.

The warehouse operation section includes 16 specific requirements which are all under separate headings. The main focus in this section is to ensure the accurate valuation for the inventory in warehouse. Several detailed requirements are listed in order to prevent large scale inventory scraping and ensure no inventory in warehouse recording is actually scraped. And the security and preservation section includes 8 specific requirements which are mainly about proper authorization and protection in several key areas such as seal management.

The personnel section includes 11 specific requirements. Six of them are under the heading of payroll management where detailed requirements regarding check on work attendance and other issues such as overtime work approval and management are listed. Other 5 requirements are regarding issues like welfare expense management and proper documentation for employee's data.

The fixed assets' management section includes 5 specific requirements which are mainly about fixed asset count and valuation test and relevant requirements for fixed assets scrap. The focus of these requirements are the proper documentation for fixed asset count and the proper authorization and third party's bidding in fixed asset's scrap. And the other issues section includes 5 specific requirements which are mainly regarding the check for follow-up procedures to the identified problems in previous internal audit. Other requirements are regarding the system authorization setup.

4.2.2 Operation controlling

The operation controlling standard documents include one main operation standard and several track records for training, safety and consumable goods. Similar to financial controlling standard documents, we will focus our description and discussion on the main operation standard chart in this part.

The main operation standard chart includes 11 sections named as SOP000-009 and 011. They are SOP000-Documentation procedure, SOP001-Receiving procedure, SOP002>Returns to supplier procedure, SOP003-Delivery operations to restaurants, SOP004>Returns from restaurants procedure, SOP005-Fixed asset management procedure, SOP006-Supplier direct delivery procedure, SOP007-Internal usage procedure, SOP008-Satellite warehouse management, SOP009-Product disposal procedure and SOP011-Sales between entity procedures. All these sections contain several detailed requirements and we will only focus our description and discussion on the sections we considered as the key areas based on the level of detail and quantity of the requirements in the section.

The first key section we identified is SOP001-Receiving procedure which contains 28 detailed requirements under 11 headings. Detailed requirements are placed to set a full standard operation requirement from the point of purchase order check before receiving to conduct internal report after receiving. The key controlling points with most requirements are the operation when suppliers arrive at receipt desk and the receiving employee's counting and documentation operation.

The second key section we identified is SOP003-Delivery operations to restaurants which contain 32 detailed requirements under 15 headings. The requirements are set from the point of inventory check before delivery to receiving confirmation from restaurants. The inventory picking operation and handover procedure to restaurants are the key controlling points where detailed order to conduct every standard check has been listed.

The last key section we identified is SOP008-Satellite warehouse management which contains 23 detailed requirements under 6 headings. This section is mainly about checking requirements where the inventory information update to main warehouse operation and inventory count operation are the key controlling points identified with 17 detailed requirements in total.

4.2.3 Quality controlling

Due to the restaurant operation business nature, the quality controlling procedures in Yum Corporation are mainly focused on the food safety issues. The quality controlling standard documents we have contain one evaluation chat used by internal auditor, one operation instruction and one instruction for the evaluation. Most of the daily operation requirements are included in the operation instruction chat which we will mainly describe in the following paragraph.

The operation instruction contains 8 main parts as following: general administration, logistic specification, facility and equipment, goods protection, temperature control, employee health, insect pest control and transportation control. As most standard operation requirements have been listed in detail in operation controlling standard documents, most of the requirement parts in this operation instruction of quality controlling are regarding how to avoid food safety issues caused by the logistic operation. Key controlling parts that we identified are goods protection, temperature control and transportation control. In the goods protection part, detail operation requirements are listed to prevent any possible cross pollution in warehouse and detailed strict standards regarding inventory disposal when potential pollution is identified are also listed. And the temperature control part lists all the standard required storage temperature for every food inventory category and the required inspection rate for these food inventories. The last key area is the transportation control where detailed inspection requirements for transportation vehicles' temperature control system, drivers' health before transportation and the remote temperature monitoring system for inventory in transit have been listed.

5. Analysis

The analysis will be conducted in three sections with the guidance of interview questionnaire. The first part is to analysis the role of controller in Yum China. Controllers in research are those interviewees working in financial departments or purely acting as an internal auditor. The second section is to identify how culture and economic system affect the management control activities. Whether the type of management control in Yum China is more like American or domestic? At end, there is a comparison between findings from research and literatures from chapter two. Both similarities and differences will be showed in third section.

5.1 The role of controller

In this section, analysis will be separated into three parts. The analysis in first part is linked to the question “What main tasks and responsibilities are associated?”, the second question “Which role of controller can be identified?” and the third question “Which controlling tools are usually implemented?”. The second part is to evaluate how manager defined the role of controller through the cooperation with controllers. The third part is to compare and combine the analysis from former parts to generate a brief definition of “the role of controller in Yum China”.

5.1.1 The controllers

All the interviewed respondents described the controller as an important part of Yum China’s daily business. The main tasks and responsibilities are various according to different hierarchy level. Roehl-Anderson and Bragg (2004) proposes six job functions of controller: “planning, organizing, directing, measuring, financial analysis and process analysis”. And they think the later two are new requirements for current senior controller. The respondents largely performed all above activities, especially those controllers from Shanghai headquarters. Their working content ranges from allocating job to employees, guiding and monitoring colleagues’ performance, to analyzing financial information and business process. While, when concerning middle level, controllers are taking more responsibility for “directing, measuring and financial analysis”. They place more emphasis on collecting accounting and financial information, analyzing and offering relevant solutions. Local restaurant controller is more like manager, who are “planning, directing and measuring”. From upper management level to lower level, the job functions taken by controller is declining and becoming less challenging.

The controllers all agree that the traditional tasks of the accountant: analyzing, reporting and budgeting are essential part of their daily work. While Nilsson et al. (2011) mentions that in spite of basic accounting and analyzing skills, controllers are more expected to involve in top management decision-making, corporation's strategy planning and new management control system's designing. In fact, only headquarters controllers satisfied these requirements. Even though their titles are managers, but they spend over 80% working hours in controlling works, which contain: offering professional analysis and suggestions to specific problems, designing three years plan and enterprise's strategy. Provincial controllers are more focus on accounting and partly joining in top decision-making. They are required to predict risks and propose professional advices to top management. And controller in low level is less in compliance with the requirements mentioned by Nilsson et al. (2011). His main attention is on administration and basic management accounting.

It is interesting to notice that there is no controller in our interview has rights or abilities in designing new controlling system or tools, and many basic accounting works have largely taken by information technology and computer. The mature preset corporation's standards limited controller's role in updating and modify current MCS. In addition, the basic accounting activities, such as: bookkeeping, handwriting records etc. are replaced by advanced IT system. The application of internal financial system and SAP system have facilitated these elementary tasks automatically, and therefore, less time is spend on them. This is understood from Hopper et al (2007) which suggests the increasing advanced technology has accelerated the speed of changing of traditional controller. Generally, controllers in higher level have more opportunities in formulating strategy, making decision and analyzing information. This chance is declining accord with the hierarchy level.

Nilsson et al. (2011) separates controller into two parts: accounting controller and business controller. The former one is more focus on accounting work, such as: accounting and analyzing. The later one should be an expert in whole business process. The role of controller in this case is described as being associated with a large amount of duties, towards colleagues throughout the corporation, hence, all the controllers in three hierarchy levels can be defined as business controller. They are good at communication and cooperation with different employees and departments. At same time, they participate in making important decisions. More specially, Rouwelaar and Bots (2008) continually separates business controller into corporate controller and business unit controller (BU). Controllers in headquarters level are in line with the condition of corporate controller, who has more power in significant

decision-making and strategy formulation. Controllers in middle level and local level are suit BU controller's characteristics. They take the responsibility of controlling work in a unit and report their work to BU manager. Thus, top controllers belong to corporate controllers who operate controlling throughout Yum China. Provincial controllers and local controller are BU controllers who only care for one single unit.

When concerning the working process, there are two working relationship exist in Yum China. Rouwelaar and Bots (2008) introduces dotted-line relationship and solid-line relationship. They believe different relationship brings different assignment to controller. Controllers in Internal Auditing Department are in solid-line relationship. They report results directly to top manager--- internal auditing manager, as well as offer evaluation and suggestion to target department under their sphere. Otherwise, all other controllers are working in dotted-line relationship. These BU controllers belong to one single department. BU managers are their top bosses, and they only keep frequent interaction with corporate controller in headquarters level. The working relationship of controller satisfied two alternatives proposed by Rouwelaar and Bots (2008), dramatically declining the risks of internal influence from others, and providing a high quality of controlling work.

In light of Hopper et al. (2007), corporation should apply more blend controlling tools instead of traditional financial tools. They believe controlling tools with both financial and nonfinancial functions could better monitor corporation from every aspect. For instance: balanced scorecard (BSC) and value-based management (VBM). Apart from these, traditional financial budgetary controlling tools should also be updated, to include furthermore functions. This opinion is well in line with our interviewees, and they accentuated that the tools used in Yum China are the combination of financial and nonfinancial ones. The most welcome ones are: budget control; standard costing, variance analysis (financial tools); performance measure (non-financial tools); and administrative controls. This is no significant differences from three management levels.

5.1.2 The managers

Managers in Yum China all hold positive attitudes about the role of controller. They described controller as an important and integrated part of business process. Controllers' performance ensures the smooth and standard business operation. However, most interviewees with "manager" title do not have a clear mind about: Who is controller? Which kinds of works belong to management control? Yum China not offers controller as a job, and it not clearly defines the boundary of controlling,

which is a very common phenomenon in most Chinese companies. Sometime, managers also take the responsibility of controlling, such as: local restaurant manager. And they think those people who are working on financial accounting and analysis is accountant rather than controller. This violates theories from Roehl-Anderson and Bragg (2004) and Nilsson et al. (2011). Hence, managers highly valued the role of controller, but they hold a narrow and vague opinion about controller.

5.1.3 Summary

Throughout the interviews, it has become clear that the role of controller is very encompassing, including traditional accounting, analysis, consulting, as well as becoming part of top decision-making and strategy formulating. And the opportunity of joining in top management is decreasing with the hierarchy level from top to down. The time spent on traditional accounting tasks is reducing alongside with the implementation of information system and advanced technology. The application of double working relationships has fulfilled the integrity of controlling system, and successfully avoided the interference from BU manager and other colleagues. Moreover, controllers are more prefer the combination controlling tools which mix financial and nonfinancial functions together. However, Yum China is operating in a typical Chinese way, which has not set “controller”, and no define the role of controller.

5.2 How culture and economic impact on the role of controller

There are many special characteristics of the role of controller in Yum China throughout our previous interviews. Although all respondents did not directly mention about how culture and economic situation in China impact the role of controller in Yum China, but they claimed that the incentives for some actions are traditions. Colton (2001) argues that the role of management control is updating and changing by different factors, such as: culture, economic situation and society development. And many authors argue that domestic traditions, culture and environment etc. are essential for the setting of MCS in multinational company’s subsidiary. This can be used to explain why a set of mature preset standards from Yum America was not applied in the daily work until there is a further local improvement. In the following content, we will compare our interview results with literature and analyze the potential links between them.

5.2.1 Culture influence

The patterns of management control in the interviews are in accord with the findings of Hofstede (2001) on culture differences between countries. According to him, there are mainly five dimensions consisted of culture: PD, IDV, UA, MAS and LTO. We will analyze them separately.

According to Hofstede (2001), China is high PD country, compared with US. This implies that Chinese controller would more prefer centralization and bureaucracy. Top controllers have more power, and they would be keen in making decision by themselves. Low controllers have fewer chances in significant management, and they are mainly working based on rules and regulations set by higher level. In addition, there is a clear hierarchy level. Based on our interviews, these theories are all confirmed. For instance, only controllers in Shanghai headquarters have mentioned that making decision is one of their majority jobs. And these chances is declining, especially local restaurant controller said that he seldom be part of top decision-making. He described himself as standards and regulations follower. In addition, all respondents insisted that they only report to their top managers rather than others in higher level. Hence, high PD exists in Yum China.

China and USA both have low scores in UA (Hofstede, 2001). In light of Chenhall (2003) and Hofstede Centre (2014), high UA means that controller prefer to follow written regulations, formalized planning and standardized working procedures. These theories are all identified in the interviews. All respondents emphasized that the importance of obeying corporation's standards. They think their daily performance should base on various corporation's regulation and rules, in order to avoid unnecessary operation mistakes. Meanwhile, Yum China has designed a set of mature and detailed documents, as introduced in chapter 4. According to Hopper et al. (2007), China is a low UA nation, and USA is a high UA country. Hence, American culture has more impact on controller in UA dimension.

Hofstede (2001) argues that USA is a super high IDV country in the world, while China is totally the opposite of it. He claimed that controllers in high IDV environment are working independently and caring about personal interests rather than group's benefits. Harrison and Mckinnon (1999) mention that low IDV will reduce individual's passion during the work. Through the interviews, only parts of theories have been discovered. For instance: Yum China does not highlight special preference for independent working. In addition, there is no sign that people have

obvious positive or negative action about their working. Therefore, low IDV's cooperation characteristic is shown in Chinese controller, but its' negative reaction about working has not confirmed in the case.

Both China and USA have high MAS score in Hofstede's research. He considers people in these two countries to be competitive and aggressive. And people are more likely to be encouraged by material rewards rather than oral rewards. It also implies that individuals care about personal achievement rather than group's success. The relationships between colleagues are not as important as those in low MAS situation. In fact, the results generated from interviews are only half in compliance with the theories. For example: To start with, Yum China not mentions that it encourages fierce competition in the corporation. And it emphasizes that creating a warming and friendly environment and maintaining teamwork are its corporation's expectation and culture. This situation is more likely to shown in low MAS country. Secondly, Many controllers chose "reward and compensation" as a widely used controlling tool in questionnaire. This confirmed the importance of material rewards. Thirdly, with a principal of creating friendly working environment, Yum China is care about individuals' relationship. Generally, the desire about reward is correspond with high MAS situation. But the features: tight cooperation and friendly colleagues' relationships fit more for low MAS country.

Controllers in Yum China argue that they are not only focus on long term operation but also care about short term working. Controllers are taking the responsibility of designing three years planning and corporation's strategy formulation. And they also need to consider yearly budget and monitor the operation of it. However, this phenomenon is against Hofstede (2001). He illustrates that China is a high LTO country, who place more emphasis on future achievements. USA is a typical low LTO country, who prefers immediate incomes and short-term performance evaluation. Thus, based on our discussion in this part, controllers in Yum China have received both culture influence from China and USA.

5.2.2 Economic system influence

Besides culture influence, we also find there are some special links between economic system and controller in Yum China. According to the introduction from Clarke (2009), USA is in a mixed economy in which free-market is the mainstream with less government interference. China is a socialist country, which partially open the market under strict governmental regulations. The former market is more transparent, with high quality requirements about information. The later one is more uncertain with

much personal and political interference. The high uncertainty is also described by Chenhall (2003), who believes that the mixture of financial budgetary control and personal evaluation is a more suitable controlling tool in such situation. Moreover, Chenhall (2003, p138) also mentions in his article that “uncertainty has been associated with a need for more open, externally focused, non financial styles of MCS”.

In facts all the representatives from former literatures has shown in Yum China. Many respondents claimed that they are widely applying both financial and nonfinancial controls, especially performance controls. The budgetary control is not the only criteria for employees anymore. Moreover, controllers in Yum China, especially those local controllers, are really caring about the relationships with banks and local authorities. They spent plenty of time in maintaining and developing the relationships between those parties in order to ensure that no targeted intervention towards the company will come in surprise. The energy they spent on it is much over those on internal controls. Therefore, we have distinguished that the special Chinese economic systems promote controller in Yum China to prefer a blend of budgetary and performance controls, and to focus more on external parties instead of internal ones.

5.3 Comparison with theories

It is interesting to find out there are many similarities and differences between the conclusion we generated from former sections and previous literatures. The detailed introduction will show as follows.

Similarities:

To start with, controller function in Yum China has extended from traditional four parts “planning, organizing, directing and measuring” to new six parts, through adding “financial analysis and process analysis”. There is an increasing number of controller take the responsibility about “financial analysis and process analysis”, especially those in middle and top management levels. This situation is also described by Roehl-Anderson and Bragg (2004). Authors think the later two factors are the key functions for contemporary controller.

Secondly, the role of controller is becoming broader, ranging from accountant, analyst and educator to coach (Nilsson et al., 2011). Their tasks are not limited to accounting right now. Controlling activities are actually categorized into financial controlling, operation controlling and quality controlling in Yum Corporation. Controllers in Yum China are important member in decision-making and enterprise’s strategy formulation.

They have more impact on corporation and own more power in guiding corporation's future direction. This is along with the new definition of controller in Hopper et al. (2007). Moreover, the elementary accounting works, such as: scorekeeping, making reports are mostly done by computer and advanced information system. Company place more emphasis on professional analysis and consulting. These facts are also in compliance with the "new technology and information system changed the role of controller" mentioned in Hopper et al. (2007).

Thirdly, the job content clearly defined the job title for controller in different level. Similar as the theory from Rouwelaar and Bots (2008), top controllers are working throughout corporation and largely joining in the top management. Controllers in units are focus on specific activities in one unit. It is easy to distinguish the role of corporation controller and BU controller. In addition, there are two working relationships: dotted-line relationship and solid-line relationship in Yum China, dramatically increasing the controlling degree and avoiding potential personal influences. Moreover, the widely used hybrid controls, such as: budget controls, performance, controls, balanced scorecard are supported by Hopper et al. (2007).

Fourthly, Hofstede (2001) expresses that the five dimensions of culture have special relationship with management control in the organization. High PD leads to centralization and bureaucracy. High UA will possibly inspire people's strict and conscientious attitude towards their business. Low IDV encourages teamwork and cooperation. High LTO associates with long term planning and strategy design. Controllers in Yum China are affected by both domestic and American culture. For instance: Yum China limits the chances for being part of top management based on controller's hierarchy level. Meanwhile, controllers are working with the guidance of written and mature corporation's standards. Furthermore, the entire internal environment strongly encourages colleagues' interaction and collaboration. Last but not least, controllers concentrate on both long term planning and short term income. Hence, the role of controller in Yum China is impacted by Chinese culture features in PD, IDV and LTO dimensions and by American culture features in UA and LTO dimension.

Differences:

Firstly, Hopper et al. (2007) illustrates that current controller is a proactive role that more cares about current issues and future prediction instead of past ones. In fact, all management controlling activities have been discovered as ex post analysis in the interviews. The inspection of personnel's historical performance, the analysis of past financial information and the afterwards monitoring and management identified that

the role of controller in Yum China is more about past issues. However, if we take the three controlling standard documents into consideration, we can determine that most daily operations in Yum Corporation have been regulated under the preset matured corporate standards. Combining these two perspectives, we argue that the controlling activities in Yum Corporation is more relevant to past issues through controllers' role and more to current issues through standards regulation's role. Although this can be considered as the company's intention to improve its controlling activities' focus forward, the controlling activities' focus in Yum Corporation is still different from literature.

Moreover, Nilsson et al. (2011) claims that the role of controller is business partner, who should involve in top management, strategy formulation and MCS's designing. However, the facts concluded from interviews stated that only top controllers have opportunities in carrying these roles. Currently, Yum China is applying a set of mature preset corporation standards, which is a kind of MCS. Controllers should obey these standards, which set by both American headquarters and domestic professionals. Currently, they have no right and possibility to modify it. Hence, the role of controller in Yum China not includes changing current MCS and improving internal processes, which violates Nilsson et al. (2011) theory.

Thirdly, Harrison and Mckinnon (1999) refer that low IDV might influence people's working passion because people will have less self motivation if they are keen in contributing to group. And Hofstede believes that Chinese and American controllers in high MAS environment will be more prefer material rewards and competition. However, some of them are only half-real. Controller in Yum China did not show obvious positive and negative reaction about their working. They like cooperation and would like to hold friendly and informal relationships with other employees, violating to the characteristics of high MAS. In a word, the role of controller is against the features of low IDV in negative reaction and high MAS in competition.

6. Conclusion

In this thesis, we firstly tried to identify the role of controller from both controller and manager perspectives in Yum Corporation Chinese subsidiary through interviews. Additionally, we approached our research through documents study where we got access to one complete set of Yum Corporation's standard operation documents for provincial logistic department. By applying relevant theories and models to our empirical findings, we finally explained relevant cultural and economic influences behind these phenomena, and highlighted the differences between our empirical results and literature.

Based on our interviews, the role of controllers in Yum China is very encompassing which includes both traditional financial accountants' roles like accounting, analysis, consulting, and current senior controllers' role: part of top decision-making and strategy formulation. These working tasks of controllers are in line with the proposed six job functions of controller which are "planning, organizing, directing, measuring, financial analysis and process analysis" and four classifications "accountant, analyst, educator and coach". But this situation varies significantly according to the organization's hierarchical level in which controllers belonging to. We discovered that only the controllers in headquarters level have possibility to be involved in strategic decision-making and controllers in provincial level and restaurant level are mostly conducting their jobs according to preset corporation's standards.

Moreover, we also found that all controllers in Yum China can be defined as business controllers. To be more specific, controllers in top management level fit the model of corporate controller with more strategic decision-making power and focus on working throughout the corporation. Whereas, controllers in lower levels are classified as BU controllers who are only responsible for controlling works in single department. Furthermore, the implementation of two alternative controller's working relationships fulfills the independent and integrate role of controllers in Yum China. And these controllers are all widely using both financial and nonfinancial controlling tools, without obvious preference.

To conclude, the role of controller in Yum China is under the impact of both western and Chinese business operation methods. The job content of controllers in Yum China is very broad, ranging from accountant to business partner, which is in compliance with western theories. However, the interviewees including both controllers and managers all have a vague and narrow understanding regarding issues, such as: who is

controller and the scope of controlling activities. These issues proved that the operation of Yum China is still similar to typical Chinese company who neither sets the job title of “Controller” nor clearly defines the content of controlling activities.

Regarding the culture and economic influence, we explored that the role of controllers has received influence also from both countries. Our theoretical foundation is the research from Hofstede (2001) and theories from Chenhall (2003). To start with, we discovered that the chance of being part of top management is declining with the hierarchies from top to bottom. And controllers can only report to top manager rather than some higher level executive. The centralization and bureaucracy are related to high PD in China. Secondly, controllers are undertaking work with the guidance and controlling of regulations. This is compliance with high UA in USA. Thirdly, Yum China’s internal environment encourages controllers’ cooperation. There is no special sign to emphasize that people should work independently and employee’s working passion is very passive or negative. Thus, it is more close to the characteristics of Chinese low IDV. Moreover, the fact that controllers are keen on material rewards in corporation is related to high MAS in both countries. At last, controllers are contributing on both long term strategy designing and short term performance checking. Hence, in this aspect, controllers are affected by both countries. Besides this, the special socialist economic system brings more external environment uncertainty. The application of hybrid controlling tools and frequent interaction with external parties all indicate that current MCS is a broad, open and external system. This also matches with the characteristics of Chinese economic market.

After analyzing our empirical study results and comparing them with relevant literatures, we found both similarities and differences between the situation in Yum China and theory arguments. Major similarities include the extending broad role of controller in Yum China which is the main arguments in Rouwelaar and Bots (2008) , Hopper et al. (2007) and Nilsson et al. (2011), as well as the strong teamwork environment in Yum China which is explained by Chinese cultural background by Hofstede (2001) in PD, UA, IDV and LTO dimensions. Differences mainly include the lack of future focus of controlling activities which is inconsistent with Hopper et al. (2007) argument. The communication and friendly working environment in Yum China violate the characteristics of high MAS in Hofstede (2001). Additionally, part of the Chinese cultural background reflection argued by Harrison and Mckinnon (1999), for instance: the relationship between IDV and employee’s working passion cannot be observed clearly in our research which implies a mixed influence from both China and United States.

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Appendix 1 Interview Questionnaire to controller

1. Name, education background?
2. a) Title?
b) Belong to which hierarchy level?
3. a) Years within the organization, in which positions?
b) And what's the role of current one
4. Please describe your department (The main tasks, historical development)
5. Please describe main responsibilities and tasks (also including some details, such as: the communication way, meeting procedures)
 - a) To whom are you reporting to?
 - b) Who report to you?
 - c) How do you allocate your time in different tasks? Which one cost most?
6. What does a normal day look like?
7. Which tools are usually implemented by you?
8. To what extent are you involved in the decision making?
9. How do you evaluate your work? (Do you think it's useful?)

Appendix 2 Interview Questionnaire to manager

1. Name, education background?
2. a) Title?
b) Belong to which hierarchy level?
3. a) Years within the organization, in which positions?
b) And what's the role of current one, do you involving in controlling?
4. Please describe main responsibilities and tasks with controller (also including some details, such as: the communication way, meeting procedures)
 - a) To whom are you reporting to?
 - b) Who report to you?
 - c) How do you allocate your time in different tasks? Which one cost most?
 - d) How do you cooperate with controller? How do you think their work?
5. What often do you work with controller? Weekly? or monthly?
6. Which tools are usually implemented by you?
7. To what extent are you involved in the decision making?
8. How do you evaluate your work with controller? (Do you think it's useful?)
9. How do you evaluate controller's work?

Appendix 3 The controlling tools options

Control Perspective	Control tools	Selection
Culture controls	Enterprises culture education	
Planning	Set long and short term planning for company/ department	
Budget controls	Set budget for every department and project	
Financial measurement system	Product costing	
	Standard costing	
	Variance analysis	
	Net present value analysis (NPV)/ IRR	
	Life cycle costing (LCC)	
	Capital appraisal methods	
	Activity-based cost method/ TD-ABC	
	Benchmarking	
	Target cost/ Just in time (JIM)	
Non-financial measurement system	Performance measures: set standards to evaluate individual performance	
	Manufacturing cycle time and efficiency	
	Quality control	
	Market share changes	
	Customers' satisfactory	
Hybrid measurements	Balanced scorecard	

Reward and compensation	Set reward or punishment to performance	
Administrative controls	Set policies and procedure	
	Set clear description about every structure	
	Set rules to governance organizational structure	