
Starting Points and Development Perspectives for a Risk Management and Control System in Service Providing Companies

The environment companies are facing in the 21st century is characterized by uncertainty, which itself is mainly caused by basic economical, technological and social changes. These circumstances require a consistent debate about risk, risk management and risk control measures. As the insolvency statistics reports show, insolvencies of service companies reached high numbers in recent years. This was mostly due to a lack of appropriate information and monitoring instruments as well as a missing hazard awareness. Although risk management is one of its original fields of activity, management accounting does not adopt a leading and coordinating position yet. First and foremost service companies of the non-financial sector are confronted with obscurities about the design of their risk management systems and the role of management accounting. This is mostly because of the novelty of the discipline and the specific characteristics which service enterprises have to deal with.

The aim of this thesis is to develop potential approaches and development perspectives for a risk management and risk control system in service companies. This concept includes both, recommendations for the aims, tasks, instruments, the institutional design and feasible potential for optimization.

Once the terminology is defined, the first step of the thesis is to gather the characteristics which mark service providing companies and their outputs. Then, two management accounting concepts were consulted to provide a representational basis for the arrangement of the service-specific risk management and risk control system. In addition to this, the transaction cost theory, in combination with the contingency approach built the theoretical reference framework. It declares the phenomenon "risk management" and furthermore delivers certain viewpoints which are relevant and helpful for its adoption in service companies.

Further analysis of the literature showed that the scientific object of study is not subject to any conceptual, theoretical or empirical investigations. However, to expose potential starting points, an approach was followed which intended to compile the important risk circumstances as well as the specific problem areas of the service sector with the help of the service-specific characteristics.

A meta-analysis, which focused generally on risk management and risk control systems, proved that management accounting is relevant for the operational capability of certain risk management scopes. Although the main areas of research did not deal with the role of management accounting specifically and further research is still necessary, an increase of importance is observable.

Building on this scientific knowledge and the identified risk circumstances and problem areas, a main objective of this thesis was to define a catalogue of criteria. It enables implications for a risk management and control system and allows working out concrete starting points, configuration possibilities and development capabilities.

Besides supporting the development of the risk strategy, a risk control system can make a significant contribution in all risk management phases, however, especially in the ones of risk identification and risk reporting. The catalogue of criteria shows that service companies have to, concerning the utilization rate of their employees, orientate towards maximum capacity. This requires a focus on long term, external risk-orientated planning activities and a strengthened strategic orientation. A majority of not quantitative ascertainable risks and the missing correlation between risks and chances requires simple and intuitional instruments and a risk strategy which focuses on risk avoidance, abatement and limitation. Furthermore the influences of the external factor as well as the immateriality of services demand a risk-commensurate performance measurement and control. In the line of these functions, the service company can use risk-adjusted instruments of quality assurance. Development perspectives and potential for improvement can be found in the optimization of the instruments and in standardizing the services. Concerning the theoretical reference framework it suggests risk-orientated incentive structures and an active manipulation of the situational context factors. The institutional design of a risk management and risk control system depends on the intended tasks and the already existing hierarchical structures. Due to the characteristics of service companies and the risks that go along with it a central based location, maybe in the strategic management accounting department inclusively the integration of decentralized units seems promising in larger service providers. For more findings and recommendations the full theses can be consulted.