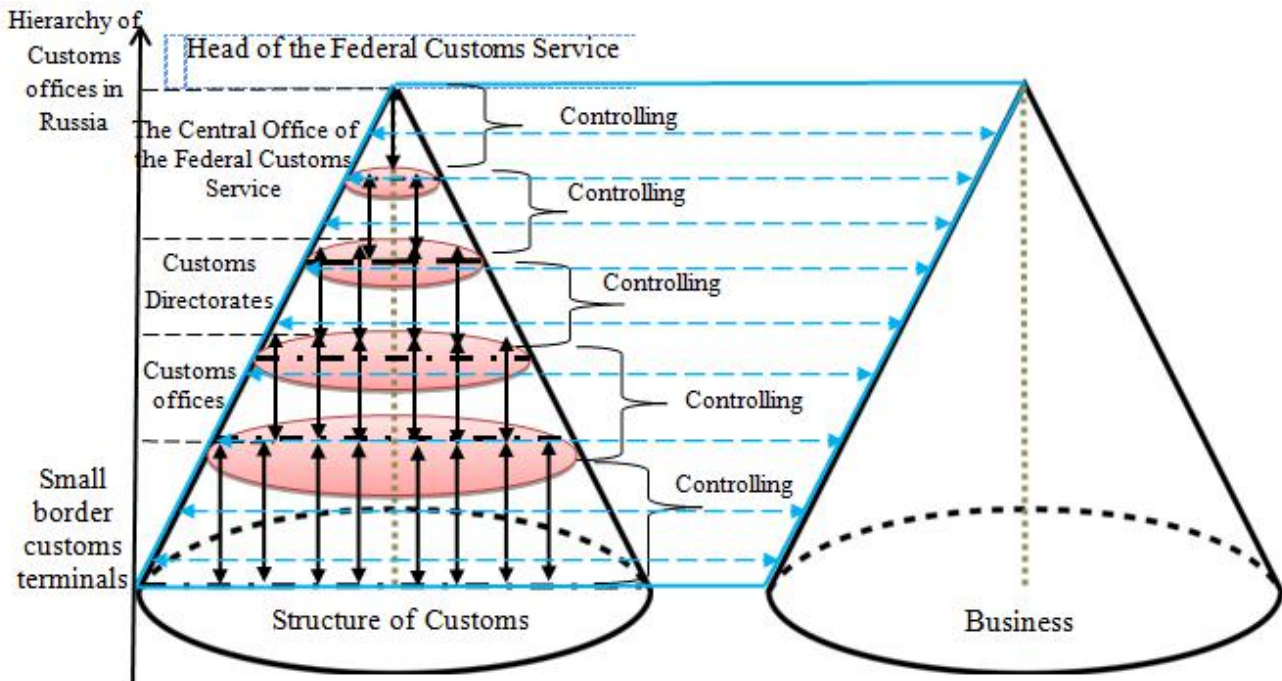


# Svetlana Kudryavtseva

Russian Federation, Russian Customs Academy

## Controlling as a solution for problems with communication between The Federal Customs Service and business

Scientific adviser: **Viktor V. Makrusev**, Doctor of physical and mathematical sciences, Professor



Our research into the problems of co-operation between business community and Customs administrations start from the proposed slogan of the WCO for 2017: "Data Analysis for Effective Border Management." Data is generated by every economic activity and circulates extensively around the world. State organizations and private companies have to use information in their everyday activity; information is the "circulatory system" that joins all components of big and small systems. And it becomes very difficult to receive, process, analyze and store the information of the system, when it has a lot of elements and links.

There are a lot of problems with the "Customs-Business Partnership" but the main reason of these problems is the lack of fast, high-quality data exchange between:

- customs administrations and companies or citizenry;
- customs administrations and international organizations, customs administrations of different countries;

- small border customs terminals – customs offices (a group of small customs terminals in one region of Russia) – Customs Directorates – The Central Office of the Federal Customs Service;
- customs administrations and other government agencies;
- customs officers as colleagues within departments, customs officers and their chiefs.

It should be noted that data exchange between customs officers in customs offices has influence upon their co-operation with business community. It is explained by the fact that any delay in customs operations and control means losses of profit or material losses of the businessmen due to the necessary payments for additional services or goods spoiling. Importers have to store their goods in the customs warehouses while they cut through red tape in a customs office. That's why every action, every minute of customs inspector is very important for the development of private sector in Russia.

Let's have a look inside Russian customs

administrations (see page 35). There is a large number of information flows not only by vertical lines (chief – inspector) but also by horizontal lines (inspector - inspector). The trouble is that a chief or a director, who makes decisions in a certain situation, always depends on the information from their inspectors, so a chief analyzes the problem from the inspectors` words and from the point of view as the head of department. And inspectors or workers can't take the necessary measures without a chief (without his notice, signature, permit, documents). It may take a lot of time for businessmen and co-operation between business and customs becomes a strong opposition between both sides. Staff accuses a chief and a chief isn't satisfied with their staff. And this trouble is one of the reasons of corruption and other crimes in the customs administrations.

But the solution has been found. The service of controlling, which is actively used in developed countries, can solve various similar problems in customs administrations.

What is a controlling service? To answer

this question we researched the main terms of “controlling” as an innovative management tool in national and foreign literature. There are most common terms of “controlling” in the table 1.

Controlling is a management activity. As partners of management controllers make a significant contribution to the sustainable success of the organization. Controllers must:

- design and accompany the management process of defining goals, planning and management control so that every decision maker can act in accordance with agreed objectives.

- ensure the conscious preoccupation with the future and thus make it possible to take advantage of opportunities and manage risks.
- integrate organization's goals and plans into one mission for all staff.
- develop and maintain all management control systems. They ensure the quality of data and provide data analysis and IT tools to improve management and communication.

The service of controlling also looks for mistakes or problems between departments and their colleagues, offers the decisions and makes

Author	Terms
Dietger Hahn	A controller is a person who carries out a certain set of tasks for a manager (e.g. making cost information available, monitoring results, and many other things). Controllership means the entire set of tasks that controllers are responsible for and/or carry out. Finally, controlling is a special management function that is carried out by different persons – including, but not limited to, controllers.
Reichmann Thomas	Controlling means the target-related support of management tasks serving the system-based procurement of information and information processing for the drawing up of plans, co-ordination and control; it's therefore an improving the quality of decisions on each management level of the company.
Sergev Falko	Controlling is a management activity. It means being objective-driven and directing all decisions towards achieving this end. Consequently, planning and calculative practices, as well as monitoring and control, are of central importance. This applies to each individual management decision as well as to the management of the corporation as a whole.
Victor Makrusev	Controlling is a system of integrative methods, technology, tools of automatic management of complex organizational, economic and technical objects or processes. In the particular cases controlling is a number of management tools for automatic preparation and control of system management solutions.

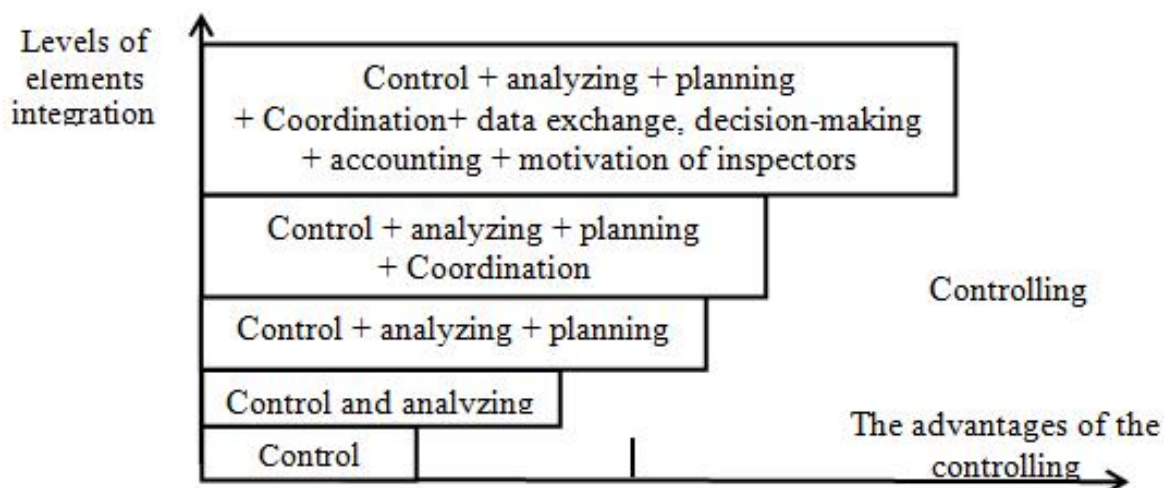


Fig 2. Different integration levels of the controlling system elements.

the staff work quickly and efficiently using innovation technologies, specialized computer systems and other advanced methods of management.

The establishment of the controlling system in the customs offices implies, first of all, the definition of its functional elements. Our research showed the following ones: planning, accounting, analyzing, data exchange, making the decisions, motivation of inspectors, control and coordination all management processes in the department. You can find most of these elements in every organization but they don't have the great effect when they are used separately. There is a graphic scheme of the controlling system elements with the different levels of integration in the Fig. 2. The last level is the best way for customs administrations (it is the best way for all organizations).

During the period of creation of the controlling service, special attention must be paid not only to the changes in the customs system, but also to the impact of these changes on the Customs-Business co-operation because the internal problems of the customs administrations become the reasons of the problems with businessmen. We offer to organize the service of controlling the following way. The controllers must be subjected to the head of customs office (or the head of Federal Customs Service) directly; controllers must also work with all customs officers as well as counterparts in business community. The controllers aren't customs inspectors, they are professional managers who must observe the staff do their work, analyze

mistakes and conflicts, create plans for customs office and compare their completion stages with the initial expectations, estimate the effectiveness of the customs office and offer the directions for development. (Page 35).

The controllers must always work with an enormous amount of data; they will have to obtain it from staff, head of customs office and other organizations (state and business) because "now you can't be a professional manager without information." That's why we emphasize the following function of the controlling service in customs administrations: informational support of the management. As you can see, the service of controlling will be a data "bank" which contains information about every activity in a certain customs office to manage it the best way and help to solve problems with business community.

To draw the conclusion, now Russian customs administrations use some elements of controlling but it stops at the second step (pic. 2.), because the whole customs system does not realize all necessary functions. At the same time there is a real necessity for joining the efforts of the heads of customs administrations, international organizations as WCO to use and establish the service of controlling. This service provides a competent and rational organization of data flows between inspectors and effective usage of data resources, new technologies inside the customs administrations. As a result, controlling develops the customs management and the effect of this development is a big advantage for business.