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CONTROLLING AS A FUNCTION OF SUCCESSFUL MANAGEMENT OF A MARINA

Review

UDK: 65.012.4:725.87

JEL classification: M10, L83

Abstract

Controlling, as a management function, is often absent in the practice of economies in transition. The reason for absences mostly due to the lack of knowledge, but also occurs as a result of managerial operative which is burdened by a series of other problems, such as the billing, transparent business, liquidity, seasonality, and others. Due to the duality of this management problem, which often makes controlling seen as a „waste of time” while asserting that there are more important things to be addressed puts the functionality of controlling into question. Commercial private marinas, which are examples of successful operations of the Croatian economy, are a good case for studying the role of controlling in the formation of complete and successful management. The administrative system is a marina, and their management, especially during the season, are operating almost 24 hours, thus intensifying the control over the actions of every operational task, as well as harmonization of all processes and tasks. Starting with the arrival of the yacht in the marina, alongside of all other services, to the billing and the departure of the yacht, a system of activities was designed in the marina, which must be carried out in order to satisfy the yachtsmen and the guests. Practice has shown that the establishment of an effective system of management and processes in the marina, is very dynamic and demanding, and in regards to the seasonality, extremely dynamically oscillatory. This raises a number of research questions, (1) how and in what way does controlling, as a function, contribute to the success of the management of the marina, (2) whether, and in what way, controlling can contribute

to solving the current daily problems which seem to be “higher priority” than controlling, (3) what are the characteristics of controlling, of different types of marina, such as the city marinas, or the marinas at smaller destinations away from the city. This work/study will answer the questions mentioned above, which will, through the understanding of controlling, contribute to the success of management of Croatian commercial marinas.

Keywords: controlling, management, marine, seasonality, control and harmonization of processes in the marina

1. INTRODUCTION

Tourism and nautical tourism, in particular, are activities that have been experiencing high growth rates during the past several years. In today's world and society, where the global economy's ground is shaken by the economic crisis, as well as the crisis of investment and investment ideas, nautical tourism is presented as an intriguing economic opportunity. There is an increasing number of researches and testing of development opportunities, which the European and world economies are certainly looking forward to. However, it is not enough just to be aware of opportunities, investments and shaping of the enterprise, but to successfully manage the enterprise, secure its growth, earn profits and meet all market requirements for competitive advantage. Thus, the management of an enterprise, as a team, and management as a process that goes through four basic management functions, are areas which require further researches. Considering the importance of nautical tourism, for both Croatian and European economies, this research will focus on two basic management functions in marinas, controlling and planning.

The goal of this research is to valorise control and planning, as two crucial managerial functions, which are the main factors of successful management of the marina. Respectively, the fundamental hypothesis states *that the comprehensiveness of controlling, its dynamics, the way in which it operates, the degree of technical equipment and knowledge are a basic requirement for the successful management of a marina*. Moreover, another hypothesis related to planning states that planning, that has been set up in controlling way and which operates the marina throughout the year, is an important factor in the successful management of the marina. In order to answer this question, it is necessary to conduct a research in Croatian marinas, for which this study will use one of the very quality marinas in Croatia as case study, because, from the point of assumption and experience, it is believed that that marina has a successful management. However, the success of a marina, measured through financial results, is not a guarantor of successful management process of the marina, which will be explored and analysed through this study.

2. MANAGEMENT AND ITS FUNCTIONS

There are many definitions of management, but firstly it is important to distinguish two basic concepts of management - management as a work process, and management as a governing entity or a management team. According to Weihrich and Koontz, *“management is a process of designing and maintaining an environment in which individuals, working together in groups, efficiently achieve the chosen goals”*.

There are several more management definitions. For example, according to Peter, Hess and Julie Siciliano, *“Management is a process of coordinating the human, technical and financial resources needed to achieve organizational goals.”*

On the other hand, Mary Parker Follett, one of the early theoreticians of management, has given a very broad and relatively unscientific definition of management: *“Art of doing business - with, by, or through - other people.”*

Not dependent of other’s opinion, this definition is unconscious, realistic and derives from practice. Therefore, perhaps the most appropriate definition is Roberto Kreitner’s definition, which says that *management is the process of working with others and through others to achieve organizational goals in a changing environment, with the effective and efficient use of limited resources.*

This definition is also supported by Peter Drucker, who defines management as *a continuous and systematic process of directing individuals, groups, businesses, operations or the entire organization towards achieving the defined organizational goals with the resources available to the organization in an effective and efficient manner.*

In the early stages of management study in Croatia, management was defined through management functions and it was said: *“During this process, managers perform specific functions, such as planning, organizing, managing and motivating, controlling and managing human resources.”*

The first problems of confusion and misinterpretation of management came from the previous definition. Controlling is translated as “checking” and *staffing*, which was discarded in the 90s, has remained in Croatian theory as “human resource management”, which means *management* has become a *leading*, what is wrong. During the 90s, American theorists have solved the problem of introducing human resources as a function, which was not logical, but it has become kind of a norm. Their position was that resources cannot become management functions, but need to develop management of each resource, such as financial management, human resource management, sustainable development management, etc. Encyclopedia of Management has confirmed that *“The functions of management uniquely describe managers’ jobs, which means that the previous statement is correct. The most commonly cited functions of management are planning, organizing, leading and controlling, although some identify additional functions”*.

Therefore, this encyclopedia has solved, at least among American circles of management theory, the problem of management function and staffing, as well as other resources that were about to become management functions. Respectively, Rick Griffin explained the POLC-framework with an adequate chart, which made the problem of managerial functions solved, within the circle of developed economics and management theory.

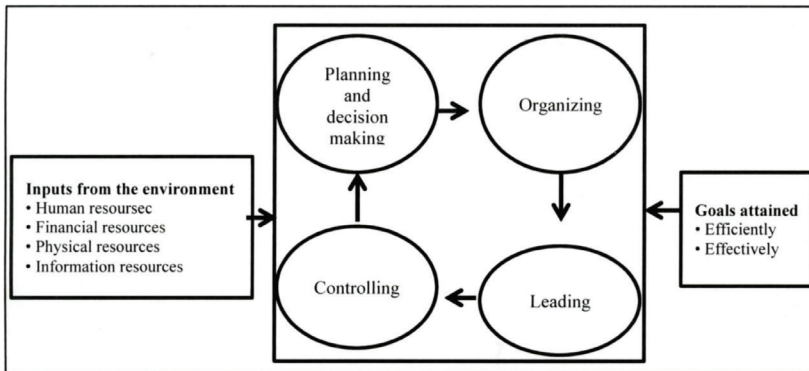


Figure 1 Griffin’s POLC model of management organisation through functions

Source: Griffin, R. W.: „Management“, 10th edition, South-Western Cengage Learning, Mason, 2008. p. 5.

Management and its functions, set up in this way, have a system based on a two-way relationship, acting in the microeconomic system, as *top-down* and *bottom-up*, whose function organized by market-oriented management. In order for this bi-directional connection to function, it is necessary to set up the system so that all the subjects involved in it personally participate closely. Thus, the planning and decision-making function in correspondence with the goal, and controlling, are set as the two main, leading functions of that system.

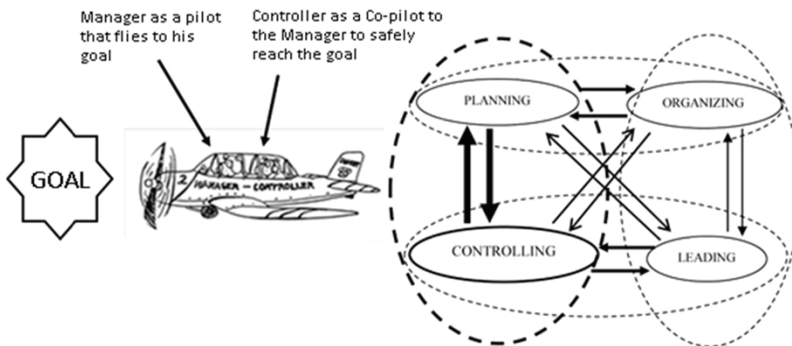


Figure 2 Planning and controlling in POLC Framework

Source: Luković, T. & Leberom, U.: „Controlling, planom do cilja – druga knjiga“, University of Dubrovnik, Dubrovnik 2014. P. 23.

Controlling and planning support each other by guiding the entire management functioning system of an enterprise.

3. CONTROLLING THE PLANNING

At this point we are left with the question of what is controlling and what is planning. There are many definitions of controlling functions, but all fall into the co-operation of managers and controllers, so it is possible to say that the controlling concept of leadership is focused on bottleneck, goal, benefit and future of the company.¹ In this system, the manager makes decisions and the controller is responsible follower risk of decision making and a more successful choice of possible solutions. It is believed that the manager is a pilot, and the controller is a co-pilot in the company. Therefore, the planning function is closely related to controlling, and the controller takes responsibility that the goal remains intact; it should be known whether the goal was realised for each person and at any time. Such co-operation and operational co-operation of planning and controlling is called controlled planning. It is firstly necessary to define the planning function. Planning can be defined in a variety of ways, such as “Planning is a management function which involves setting goals and determining the course of action to achieve these goals.”² So planning is associated with setting goals, or symbiotic goals and a plan. Since planning is linked to the goal, the manager is a key subject of planning, where confidence among the working process participants is crucial. Trust and psychological persuasion are important factors of this model. Realizing this problem, Koontz Harold & O’Donnell Cyril stated: “After two decades of intensive learning, nowadays managers are very sophisticated. They have the impression that the action plan has made the course of action unchangeable. Now they understand that the manager manages the plan, the manager cannot be managed by it”.³ Thus, there is a variety of planning definitions, but they all based on the future business of the enterprise, determined by the goal. Therefore, the one in charge of making this journey straightforward, while knowing the location of the company in each point, is controlling, or better said, the controller. The remaining question is how it actually works in practice, especially in the practice of Croatian economic entities. For that matter, a marina is a very suitable economic entity, small enough and big enough, complex and market-oriented enough that control-oriented management in Croatia can be observed through it.

4. MARINAS AS ECONOMIC TOURISM ENTITIES

A marina, which is the subject of this research, is one of many nautical tourism subjects. As the result of the developed scientific approach and research of Croatian scientists, the classification of nautical tourism, as we have in Croatia, is internationally recognized.⁴

¹ Luković, T. & Lebefrom, U.: „Controlling, koncepcija i slučaji“, - Prva knjiga“, Sveučilište u Dubrovniku, Dubrovnik 2009., p. 7.

² Encyclopedia of Management, 6th edition, GALE Cengage Learning, United States of America, 2009., p. 699.

³ Koontz, H. & O’Donnell, C.: „Principles of management: An analysis of managerial functions“ 5th edition, McGraw-Hill Book Company, 1972., p. 135.

⁴ Luković, T. & coauthors: „Nautical tourism“, CABI Oxford, 2014

Graph 1. Classification model of nautical tourism

NAUTICAL TOURIST INDUSTRY				
SECONDARY	MAIN TYPES			SUPPLEMENTARY
<ul style="list-style-type: none"> - Diving - Surfing - Diving-bells - Rowing - Robinson tourism - Lighthouse tourism - Etc. 	Ports of nautical tourism <ul style="list-style-type: none"> • Ancorage • Moorings • Dry marinas • Marinas: <ul style="list-style-type: none"> 1st category 2nd category 3rd category 	Charter <ul style="list-style-type: none"> • Motor yachts • Sailing Yachts 	Cruising <ul style="list-style-type: none"> • Cruisers: <ul style="list-style-type: none"> a. big world cruisers b. local cruisers (old timers) <ul style="list-style-type: none"> - daily cruises - longer cruises 	<ul style="list-style-type: none"> - Shipbuilding of mega yachts, - Nautical vessel construction - Manufacture of nautical equipment - Skipper service - IT availability, - Sailing schools, - Research institutes and education centres - Other services
SUBJECT OF RESEARCH				

Source: Luković, T. "Nautical tourism", CAB International, Oxford, 2014.

According to the definition from the Regulation on classification and categorization of nautical tourism ports (NN 72/2008), Article 10, the marina is defined as: "a part of the water space and coastline specially constructed and arranged for the provision of link services, tourist accommodation in vessels and other services in accordance with this Regulation". Given the comprehensiveness, especially the addition of "other services in accordance with this Regulation", this definition of a marina may be accepted in scientifically, up to a certain degree. However, it should be noted that the tourists, from the yachts, do not only stay on the boat. The surveys show that about 10% of them are staying in the apartments in the marina, if apartments are a part of the marina. Since this has been observed by the marinas, there is an increasing number of accommodation facilities, as a part of the marinas. Thus, the most important thing to point out in defining a marina is that the *marina is a part of the water space and the coast, specially built and arranged for the provision of boat services, the accommodation of a boat and the tourists from the yachts*. Everything else is less important. Of course, it is important to know that marinas provide many other services, ranging from boat and motor services, to catering services, such as car supply and parking, and catering services, to a whole range of other services. All these services are the result of marine equipment, facilities and services, which significantly influence its categorization and image in the market.

Marinas, as ports of nautical tourism are categorized, but categorization is not unified in the European bidding market, but it is left to national legislation, such as in Croatia, or some associations, such as ADAC. However, all categorizations are reduced to two sets of criteria: a) general criteria (1) the level of berth equipment; (2) quality and number of services provided in the marina; B) special criteria, which may be different in respect of the one who determines categorization. For example, ADAC, as the strongest European car club, sets

the criteria for cars and German language in the marina. The idea of the need to unify the criteria for marine categorization is increasing in the scientific and practical circles of Europe, but for the time being it has not yet been resolved.

Marinas can be classified according to several basic aspects:

- a) According to the level of equipment
- b) According to construction types
- c) In regards to the position of aquatoriums
- d) Owned by the Navy
- e) In relation to the location

a) According to the level of equipment, the marinas can be classified as:

- Standard – a marina that provides basic comfort. They have mooring with the basic connections necessary for a multi-day stay in the marina, and the sailor has basic services in the marina.
- Luxury – marinas with a high level of comfort. The vessel has the possibility of mooring with all the connections needed for a multi-day stay in the marina, as well as vessel service and other services required. They provide numerous high quality services and facilities so that there is no need, for the guests, to leave the marina.
- Recreational - a marina with the possibility of using sports, recreational and entertainment facilities. Within this marina, it is possible to set up further classification in terms of quality, facilities and content of services.

b) According to the construction types, the marinas can be classified as:

- *American* type of marina construction that is characterized by simple, relatively high quality but inexpensive construction, functional deployment of content, good equipment and efficient organization of business.
- *Atlantic* type of marina construction, which, like all European marinas, has no unique type of construction in the architectural sense, is less equipped, and on average has a smaller capacity than the American marine type. It is characterized by powerful shields, which protect the marina from strong ocean waves, and the mooring is suitable for high sea changes and tides that can be up to 8 meters. Styles of construction depend on the area, and can be pyramidal, stepped, ambient and high.
- *Mediterranean* type of marina construction that is mostly sturdily constructed, although construction depends on the underwater, as well as the influence of the sea. They are usually well-equipped, and given the destination, there is a distinction between the marina in the city, outside the city/near the coast and a marina on the island.

c) There are four basic types of marinas in relation to the aquatorium position, compared to the onshore environment:

- An *open* type of the marina is a marina that has three sides exposed to the influence of the sea and the waves where artificial shields have to be built to protect the vessels from the waves.
- The *semi-marina* type is a marina that has one or two sides exposed to the influence of the sea and is naturally well-protected on both sides.
- The *fully retracted* marina is a marina located deep in a natural bay that is in such a form that naturally protects boats from any impact of sea waves. There is a high number of such bays on the Adriatic, which some marinas have taken the advantage of and have established the marina at a low cost.

d) By ownership, marinas may be:

- *Private* - they are a commercial type marina, whose property refers to the choice of business policy and the management of the marina. Entrepreneurship is at the first place for such marinas.
- *Utilities* - usually public marinas and are managed by port administrations or by the state through the local community. They are intended mainly for the domicile population which characterises the guests of such marinas.
- *Public* - owned by the state or local authorities. They are characterized by the way of management and financing. They represent competition for commercial (private) marinas.

e) In relation to the location, the marinas are divided into the ones in the:

- Sea,
- Lake,
- River and
- Canal.

For this last type of classification of the marinas, there is no need for a comment or interpretation. In addition to the above classification, marinas can be classified according to some other scientific criteria, such as:⁵

1. According to the Space – based aspect
2. According to the supply market.

The most important thing to highlight is the profile of the marina and its role in the development of the destination, in which the marina is located. The marina is the most complex and highest quality nautical port, which means that it can provide all types of services and meet the needs of yachtsmen and their vessels. It should be noted that about 80% of the sailors in the marina, in which they hold a vessel on a permanent basis or take a charter boat, comes with a car, which shows the relationship between nautical tourism and personal cars. This also means that, besides vessels, marine services can be tailored to the needs of the vehicles, and the marina must have enough parking spaces as well as other car-oriented services. Dependent on the destination, the impact of the marina is

⁵ Luković, T. & coauthors: „Nautical tourism“, CABI Oxford, 2014

very important, although different. The basic formula of that impact: the lower level of development of a destination means the greater influence of the marina on the destination. This means that city marinas do not have a major impact on the development of the city, but marinas in small and underdeveloped coastal areas have an important developmental role. Scientific institutions recognize this phenomenon of the impact, of the marina, on the destination, and it has already become a subject of several PhD dissertations. Also, this phenomenon has been recognized by Europeans and there are on-going EU projects, financed by the EU.

Now, we came to the question of the management of the marina or the success of the management, which requires further researches.

5. MARINE MANAGEMENT AND ITS FUNCTIONING, CASE STUDY

As a case study, marina “X” will be used as an example. The marina belongs to city marinas but it is located near the small towns. An analysis of management of marina “X” has shown a number of issues, which this marina is dealing with. Additionally, it is known from experience that those issues are present in all marinas in Croatia and are, more or less, dependent on the development of the entire management system. To conduct this analysis better, it was necessary to go even deeper into the management system and to extract the basic characteristics which would need to, through good management performance, be positively achieved.

Table 1
Basic characteristics of marina management and their realization in marina “X” 2016.

	Tasks & characteristics	Explanation for marina „X“
1	Setting goals – strategic goal	No strategic goals
2	Planning - strategic	No strategic plans
3	Setting goals – operational goals	Operational and annual goals are only connected to the berth estimation.
4	Planning - operational	Operational and annual plans are only connected to the berth estimation.
5	Task standardisation	Tasks are not standardised. There is “A regulation of marine procedures” which does not get into standardised tasks.
6	Daily specification of tasks of each worker	Tasks are not planned daily – workers act as needed
7	General coordination	The captain of the marina coordinates the systems and gives tasks individually – he transfers coordination to lower levels but there is no coordination system, it is all done through “established practice”.
8	E – connection from reception to every service centre	There is an e-connection system in all profit, service centres. Although, the system is full of issues and is being upgraded. It even happens that a yacht leaves the marina without paying the bill.
9	Supervision of systems segmented by services.	System supervision is subordinated to personal acts of each individual, and especially managers in relation to lower levels. Reception, as a central unit of the marina, supervises through daily cooperation with the captain of the marina and other managers.

Source: made by authors Lučić, L & Luković, T.

From the review of the analysis conducted, it is clear that despite the fact that the marina “X” is a high-categorized Croatian marina, it has no strategic goals or plans. The quality of the services in the marina is high but its management is not directed to the specific and predictable market gap, or market segment.

The standardization of tasks in the marina does not exist, but everything is done through previous experience and it is almost the same with the coordination of the tasks and work of the employees in the marina. This results in the fact that few sailors leave the marina without paying the bill to the marina. This is supported by the fact that the Maritime Police have no right to stop such a perpetrator and return it to the marina or make a payment. This problem is trying to be being solved or minimized by adding an e-system, in which the reception of the marina plays a major role. The problem of managing human resources is a special problem because the seasonal staffs needs to be fired off season, which the management of the marina tries to solve in various ways. Thus, the management of the marina, observed through its functions, does not meet the planning and controlling area, which means that it is inefficient and incomplete management.

6. CONCLUSION

As a summary of this research, it can be concluded that the management of the marina is incomplete, since its planning and controlling functions are inefficient or insufficiently applied. Accordingly, the field that the research was particularly interested in, shows that controlling certainly contributes to the quality of management, but given its degree of development, the level of its involvement is low. This results in a number of disadvantages, such as coordination and supervision, which are not at a satisfactory level. Furthermore, the theoretical and the practical requirements that management should realize is that *every man, every day, knows what he has to do*, regardless of the situations and changes, which are logical and common in the marina. This is one of the key requirements, which is realized through developed e-support. In this way, at the end of the working day, all tasks can be seen – the finished and unfinished ones, as well as important and less important ones.

The research fields, which we set out at the beginning of this paper , deals with clarifying differences in form and application of control in relation to the location, such as a marina in the city and outside the city. This research application is only explained but not researched through the example of the comparison of city and offshore marinas. However, it is easy to conclude that services in city marinas are generally focused at berths rather than other possible services, which is the case in marinas outside the city.

In conclusion, the management of the marina needs stronger supervision over controlling, but good financial results of all Croatian marinas make management satisfied with the results. The fact is that the results could be

better and the guests could be more satisfied point at a future development of the marinas, in which controlling will have a greater role, along with planning.

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