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## The Role of Management Control in Ensuring Organisational Security

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Marta Chodyka<sup>1</sup>, Julia Nowicka<sup>2</sup>, Slawomir Mazur<sup>3</sup>,  
Zbigniew Ciekanowski<sup>4</sup>, Agnieszka Król<sup>5</sup>, Małgorzata Zdunek<sup>6</sup>

### **Abstract:**

**Purpose:** This article aimed to assess the role of management control in ensuring organisational security, identify key challenges related to its implementation, and indicate good practices and recommendations for its improvement.

**Design/Methodology/Approach:** The study is based on reviewing the literature and analysing legal regulations and standards relating to management control. In addition, case studies of organisations using effective risk management and internal audit mechanisms were considered. The research problem was formulated: How does effective management control affect an organisation's security level, and which control mechanisms are most effective in minimising operational risk? In line with the research question, a research hypothesis was formulated, which assumes that effective management control, including integrated risk management, internal audit and modern technological tools, significantly increases an organisation's security level by reducing operational risk and ensuring compliance with regulations.

**Findings:** The analysis's results indicate that effective management control increases an organisation's resilience to threats by implementing risk management systems, internal audits, and modern IT tools. The main challenges include the lack of uniform procedures, low employee awareness, and insufficient management involvement. Good practices, such as integrating risk management into daily operations, automating control processes, and developing an organisational culture based on transparency, increase management control's effectiveness.

**Practical implications:** The study's results provide valuable recommendations for organisations seeking to improve their management control systems. Implementing modern analytical tools, regular audits, and employee training can reduce operational risk and increase regulatory compliance. The article also highlights the need for further research on

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<sup>1</sup>John Paul II University in Biala Podlaska, ORCID: 0000-0002-8819-2451,  
e-mail: [m.chodyka@dvd.akademiabialska.pl](mailto:m.chodyka@dvd.akademiabialska.pl);

<sup>2</sup>War Studies University, ORCID: 0000-0002-0778-0519;  
e-mail: [julia.nowicka.jn@gmail.com](mailto:julia.nowicka.jn@gmail.com);

<sup>3</sup>University in Krakow, ORCID: 0000-0001-9527-3391; e-mail: [smazur@uafm.edu.pl](mailto:smazur@uafm.edu.pl);

<sup>4</sup>War Studies University; ORCID 0000-0002-0549-894X; e-mail: [zbigniew@ciekanowski.pl](mailto:zbigniew@ciekanowski.pl);

<sup>5</sup>Warsaw Management University, Poland; ORCID: 0000-0002-5685-7578,  
e-mail: [krolagnieszka@op.pl](mailto:krolagnieszka@op.pl);

<sup>6</sup>ORCID: 0009-0001-9305-2840, e-mail: [malgosia.piechowicz@gmail.com](mailto:malgosia.piechowicz@gmail.com);

*using innovative technologies to improve the effectiveness of management control and organisational security.*

**Originality/Value:** *Previous studies have focused on analysing individual elements of management control. This paper's research gap relates to a holistic approach that integrates mechanisms and examines their synergistic impact on organisational security and an interdisciplinary approach that combines legal, operational and strategic perspectives.*

**Keywords:** *Management control, organisational security, control mechanisms, audit, risk management, corporate governance.*

**JEL codes:** *G32, L21, M42, G34.*

**Paper type:** *Research article.*

## **1. Introduction**

Regardless of their sector of activity, contemporary organisations operate in a dynamic and complex environment characterised by growing uncertainty and numerous internal and external threats. Factors such as globalisation, the development of digital technologies, the growing number of cyberattacks, regulatory changes and the increasing complexity of business processes require organisations to implement effective risk management and resource protection mechanisms. In this context, management control is key to ensuring security by supporting operational efficiency, regulatory compliance, and protection against threats.

Management control is a system of actions the organisation's management takes to monitor, evaluate and improve management processes and effectively implement strategic objectives (Thalassinou *et al.*, 2023). It includes internal oversight mechanisms, auditing, risk management and procedures to ensure that the organisation's activities comply with applicable laws and standards.

The modern approach to management control emphasises its role not only as a monitoring tool, but also as a proactive element supporting continuous improvement and strengthening the organisation's resilience to threats.

Ensuring the organisation's security is one of the key challenges facing modern businesses, public institutions and non-profit organisations. Security covers various aspects, from information and data protection to fraud prevention, crisis management, and operational stability. Effective management control allows for identifying and analysing potential risks and implementing preventive measures to minimise the adverse effects of possible threats.

This article assessed management control's role in ensuring organisational security, particularly emphasising key mechanisms and tools supporting this process. The first part of the article presents the essence and significance of management control, as well as its definition and legal basis. The second part presents specific mechanisms and management control tools that support an organisation's security, such as internal audit, risk management and compliance systems.

The last part of the article is devoted to analysing organisations' challenges in implementing effective management control and identifying good practices that can contribute to increasing organisational security and efficiency. The analyses will allow for a better understanding of the importance of management control in the context of organisational security. They will indicate what actions can be taken to implement and optimise it effectively.

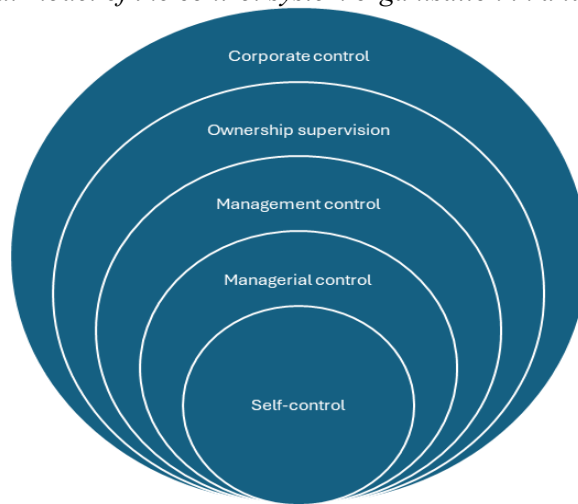
## **2. The Essence of Management Control and Its Importance for Organisations: A Literature Review**

Management control is both an organisational and legal solution developed at one of the stages of management theory and practice (Dornfeld and Kulińska, 2015, p. 96). It is an organisation's set of activities, mechanisms and procedures to ensure effective management, achieve set goals and minimise risk. It is a process that includes planning, monitoring, evaluation and reporting, aimed at improving operational efficiency, compliance with legal regulations and protection of the organisation's resources. The main objectives of management control are:

- ensuring compliance with regulations – the organisation must operate by applicable laws, norms and industry standards;
- increasing the efficiency and effectiveness of operations – management control supports process optimisation and improves the quality of decisions made;
- risk management – identifying and analysing potential threats allows for early response and limits their impact on the organisation;
- protecting resources – ensuring financial, technological and organisational security through appropriate control procedures;
- transparency and accountability – clearly defining roles and responsibilities within the organisation promotes ethical management and reduces the risk of abuse;
- management control is, therefore, a tool for monitoring the organisation's activities and a key element supporting its development, improving the quality of services, and building stakeholder trust.

Management control is the primary and most crucial element of organisational management and encompasses all management systems (Malik, Bętkowska-Cela, and Dornfeld-Kmak, 2018, p. 28). The diagram below presents the general model of the control system organisation in a large organisation.

**Figure 1.** General model of the control system organisation in a large organisation.



**Source:** M. Schab (2025). *Management control in an organisation – the most critical tool for process improvement – conferences – pb.pl.*

Management control is regulated by various legal acts, both at the national and international levels. In Poland, the introductory provisions on management control are contained in the Public Finance Act of 27 August 2009, which defines its principles and scope of application, particularly in public sector entities. According to the Act, management control covers all activities undertaken to ensure:

- compliance of activities with legal regulations and internal procedures,
- efficiency, economy and effectiveness in the use of public funds,
- reliability of financial statements,
- protection of the organisation's resources,
- compliance with ethical principles (Act of 27 August 2009 on public finance, Article 68).

In addition, regulations concerning management control can be found in international risk management standards, such as COSO (The Committee of Sponsoring Organisations of the Treadway Commission) (Villacres, 2023) or ISO 31000 (Makajić-Nikolić, 2023), which provide guidelines for the assessment and improvement of the internal control system.

The implementation of the COSO model brings many benefits to the organisation. Combining elements of the model, including risk management, operational efficiency and the reliability of financial information, creates a comprehensive internal control system that is resilient, efficient and trustworthy in a business environment (Espinoso-Jaramillo, 2024; Grima *et al.*, 2023).

In the private sector, management control is part of corporate governance and is subject to regulations resulting from codes of good practice and internal organisational procedures. Effective management control covers several vital areas that enable effective organisation management. These include:

- Risk management – identifying, assessing, and minimising potential organisational threats. This includes implementing risk management procedures and early warning systems.
- Internal audit – an independent assessment of the organisation's functioning aimed at detecting irregularities and improving processes. The audit provides management with information on the effectiveness of the management control system.
- Compliance system – ensuring that the organisation's activities comply with applicable legal regulations and internal policies and procedures.
- Financial control – monitoring the correctness of budget management, preventing financial abuse and ensuring the optimal use of organisational resources.
- Information security – protecting data and IT systems against cyber threats, data theft and unauthorised access.
- Human resources management – control of recruitment procedures, incentive systems and compliance with ethical principles and labour law.
- Supervise and report mechanisms – systems for monitoring and reporting on the organisation's performance, enabling a quick response to irregularities and decision-making based on reliable data.

Each area is essential in ensuring an organisation's stability, efficiency and security. Management control optimises the organisation's processes and operations, translating into better resource use and higher productivity. (Alava, 2022, p. 9).

According to the COSO model, internal control is key to reducing risk, increasing operational efficiency, supporting informed decision-making, and ensuring regulatory compliance.

It also builds stakeholder trust and enables early detection of irregularities, strengthening the organisation's integrity and stability (Espinosa-Jaramillo, 2024, p. 4).

Effective management control reduces the risk of irregularities and promotes better management and achieving the organisation's strategic goals. Therefore, in the face of such dynamic global challenges, there is a need for further change and innovation to manage security effectively (Chrzęszcz *et al.*, 2024, p. 775).

Changes in the environment, both external and internal to the organisation, are among the determinants of its functioning (Ciekanowski *et al.*, 2024, p. 829).

### **3. Research Methodology**

This article uses a qualitative approach, focusing on the analysis of secondary sources and in-depth case studies. The analysis was conducted in three main areas: a review of scientific literature, an analysis of legal regulations and standards, and case studies of organisations using effective management control mechanisms.

In the first stage of the study, a literature review on the subject was conducted, covering scientific publications, industry reports and studies by international institutions (e.g., COSO), to identify key concepts and theoretical models relating to management control, risk management and internal audit.

The next stage involved an analysis of legal regulations and standards, including national regulations on management control (e.g., the Public Finance Act, Ministry of Finance regulations) and international guidelines and good practices in organisational management and internal supervision.

The last part of the study involved case studies of selected organisations that have implemented integrated risk management and internal audit systems. This analysis identified practical solutions, tools and mechanisms that have proven effective in increasing operational security and regulatory compliance.

The study focuses on the following problem: How does effective management control affect an organisation's level of security, and which control mechanisms are most effective in minimising operational risk?

The study's main objective was to assess the impact of effective management control on an organisation's level of security, with particular emphasis on identifying the most effective mechanisms for minimising operational risk.

The study also hypothesises that effective management control, including integrated risk management, internal audit, and modern technological tools, significantly increases an organisation's security level by reducing operational risk and ensuring compliance with legal regulations.

### **4. Management Control Mechanisms Supporting Organisational Security**

The terms 'control system', 'management control' and 'control mechanisms' convey meanings difficult to grasp for employees of entities not professionally involved in auditing (Ogórek, 2024, p. 30). Management control mechanisms are key to ensuring an organisation's security by enabling effective risk management, monitoring activities, and minimising potential threats.

A proper understanding of management control is essential because a correctly functioning management control system is a solution that offers several benefits,

including strengthening supervision over the implementation of tasks and facilitating risk management (Mituś, 2017, p. 70). The risk management system is one of the most essential tools for identifying, analysing and controlling the uncertainty associated with the organisation's activities.

Thanks to a systematic approach to risk, the organisation can make informed decisions, prevent crises and increase its resilience to external and internal factors. Effective risk management includes implementing preventive strategies, mechanisms to reduce the effects of threats, and emergency procedures that enable a quick response in the event of undesirable events. Risk management is currently one of the most critical areas of an organisation's operations, as it is closely linked to its strategy and objectives (Ciekanowski *et al.*, 2024, p. 145).

Another essential management control element is internal procedures and audits, which ensure transparency and compliance of the organisation's activities with applicable laws and internal regulations (Afshan Younas and Rengarjan Veerasamy, 2024; Velinov *et al.*, 2023).

Clearly defined operating procedures allow for the standardisation of activities, which reduces the possibility of errors and abuse. Internal auditing is an independent and objective assessment of the functioning of an organisation, enabling the detection of potential irregularities and identifying areas for improvement (Kołodziej, 2021, p. 59). Regular audits help eliminate weaknesses in the control system, thereby increasing the organisation's security and resilience to threats. (Dimitrijevic, Jovkovic, and Milutinovic, 2021).

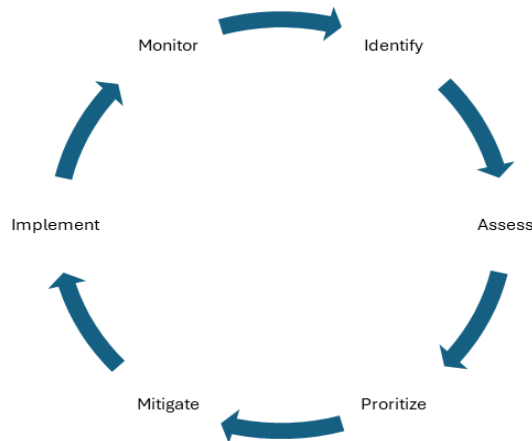
Contemporary organisations use various management control tools to monitor processes and support decision-making. These tools include, among others, information systems for risk management (Enterprise Risk Management – ERM), which enable real-time risk analysis and the implementation of countermeasures (Anton, and Nucu, 2020). In recent years, ERM programmes have gained importance in banking, insurance and non-financial enterprises, especially SMEs (Thun, Drüke, and Hoenig, 2011). The diagram below illustrates the ERM process.

ERM is a comprehensive approach that requires the management of all types of risks to which a company may be exposed (Przetacznik, 2016, p. 42). ERP (Enterprise Resource Planning) systems allow for integrating various areas of an organisation's activities, promoting better control over finances, operations, and human resources. In addition, organisations use compliance management systems to help them meet regulatory requirements and avoid sanctions.

Analytical technologies and Business Intelligence (BI) systems, which enable data analysis and identify potential irregularities, also provide significant support. By using modern tools and implementing effective management control mechanisms,

organisations can increase their security, minimise the risk of losses and build stable and resilient operational structures.

**Figure 2.** ERM Process



**Source:** Temple University (2025).

## **5. Challenges and Best Practices in Management Control and Security**

Implementing effective management control and ensuring organisational security involves many challenges, resulting from the dynamically changing environment and internal organisational constraints (Sennewald and Baillie, 2020). One of the most common threats is insufficient risk identification and assessment, which leads to ineffective responses to potential threats (Landoll, 2021).

Another weak point in many organisations is the lack of consistent procedures and inadequate supervision of their compliance, which can result in abuse, non-compliance with regulations and loss of resources. Another challenge is insufficient management involvement in the management control process, which can result in a lack of adequate resources and prioritisation of risk and security management activities (Griffin, 2022).

Organisations also often face the problem of an organisational culture that lacks awareness of the importance of management control and responsibility for its implementation at all levels of the structure. To effectively address these challenges, organisations implement several good practices that increase the effectiveness of the management control system and improve security.

The following are standards that those responsible for the functioning of management control should use to create, evaluate and improve management control systems (Management Control Standards, Wolter Kluwer). These standards are



divided into five groups corresponding to the individual elements of management control.

**Figure 3.** Standards corresponding to individual elements of management control

Indoor environment
<ul style="list-style-type: none"><li>•adherence to ethical values</li><li>•professional competences</li><li>•organizational structure and delegation of authority</li></ul>
Goals and risk management
<ul style="list-style-type: none"><li>•unit mission</li><li>•defining goals and tasks, monitoring and assessing their implementation</li><li>•risk identification</li><li>•risk analysis</li><li>•response to risk</li></ul>
Monitoring and evaluation
<ul style="list-style-type: none"><li>•monitoring the management control system</li><li>•self-esteem</li><li>•internal audit</li><li>•obtaining assurance on the state of management control</li></ul>
Information and communication
<ul style="list-style-type: none"><li>•current information</li><li>•external and internal communication</li></ul>
Control mechanisms
<ul style="list-style-type: none"><li>•documenting the management control system</li><li>•supervision</li><li>•business continuity</li><li>•resource protection</li><li>•detailed control mechanisms regarding financial and economic operations</li><li>•control mechanisms regarding IT systems</li></ul>

**Source:** Wolters Kluwer (2025).

One of the key solutions is integrating risk management with everyday organisational processes, which allows for early detection of threats and preventive measures. Modern technologies, such as automated monitoring systems, analytical tools and compliance management software, are also increasingly used to enable ongoing control of processes and rapid detection of irregularities.

Another essential element is regular internal audits and employee training, which increase risk awareness and strengthen internal control culture. Organisations that care about high-quality management control also implement clear reporting procedures and accountability systems that allow for a quick response if irregularities are detected.

It is worth implementing comprehensive strategies considering technological and organisational aspects to improve management control and increase security. A key

step is to develop a proactive approach to risk management that allows potential threats to be anticipated rather than reacted to after the fact. Improving control processes by regularly updating and adapting them to changing legal and business conditions is also essential. Another important aspect is building an organisational culture based on transparency, accountability and openness to reporting irregularities.

Organisations should invest in developing their employees' competencies by implementing systematic training and awareness-raising programmes in management control and security. Effective management control also requires adequate resources and tools to support monitoring, risk analysis and reporting processes. The pursuit of excellence in management control involves the commitment of the entire organisation, continuous monitoring of the effectiveness of the solutions implemented and a readiness to optimise them in response to new challenges and threats.

## **5. Conclusions**

Management control is key in ensuring an organisation's security by supporting effective risk management, regulatory compliance and operational efficiency. The analysis showed that organisations face many challenges, such as insufficient risk identification, a lack of consistent procedures and low employee awareness of internal control. Implementing effective control mechanisms, including audits, risk management systems and modern technological tools, minimises threats and increases the organisation's resilience to unforeseen situations.

Applying good practices, such as integrating risk management into everyday processes, regular training, and developing an organisational culture based on transparency and accountability, contributes to the effectiveness of management control.

The analysis's conclusions point to the need for continuous improvement of control processes and adaptation to the dynamically changing legal, technological, and economic environment. The use of analytical and automation tools that allow for ongoing risk monitoring and rapid detection of irregularities is significant here.

Despite significant progress in management control, there is a need for further research on the optimisation of control mechanisms in various sectors of activity. It is worth focusing on analysing the effectiveness of modern technologies, such as artificial intelligence and blockchain, in the context of increasing organisational security.

Another critical area of research is the impact of organisational culture on the effectiveness of management control and the identification of best practices in risk management in various industries. Further research may provide valuable insights

into improving control processes and better adapting management control systems to future challenges.

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