MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE

SUMY NATIONAL AGRARIAN UNIVERSITY

ECONOMICS AND MANAGEMENT FACULTY

Management department named after L.I. Mykhailova

QUALIFICATION WORK

education degree - Bachelor

on: **Control function in the enterprise management system**

Completed: student of
specialty 073 Management

Adams-Oshiame Iziren

Supervisor ***Viktoriia Tkachenko***
PhD., Associate Professor in Management
Department named after L.I. Mykhailova

Reviewer ***Iryna Samoshkina***
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insurance department
of Sumy National Agrarian University

Sumy - 2023

SUMY NATIONAL AGRARIAN UNIVERSITY

Faculty Economics and Management
Department Management department named after L.I. Mykhailova

Education degree *«Bachelor»*
Specialty *073 Management*

Approved:

Head of Department ____________________________

«_____» ____________________ 2023

TASK

on qualification work for student

Adams Oshiame Iziren

1. Topic of Qualification work: *Control function in the enterprise management system*

2. Base of research ____DHL, Germany____

Supervisor PhD (econ), Associate Professor Tkachenko Viktoriia

approved by the university order dated ____________________ *№* ____________

3. Deadline for student completed project (work) ________________________________

4. Background to the project (work):
regulatory and legislative acts of DHL, educational methodical manuals, monographs, textbooks on the subject of research, scientific publications, economic and financial statements for the period of 2020-2022

5. Contents of settlement and explanatory notes (the list of issues to develop):

To explore the theoretical level of the concepts of "control" and "control function", design analysis, and identification of factors affecting the control system enterprises.
Consideration of the general characteristics of the enterprise; study of the financial and economic state of the enterprise; analysis of the control function and problematic aspects regarding it in enterprise activities.
Development of a program for improving the control system the enterprise; economic substantiation of the effectiveness of the implementation of the proposed plan and analysis of its impact on the enterprise's activities.

5. Date of assignment: ____________________________

CALENDAR PLAN

№	Name of the diploma project's stages	Dates of project stages' performance	Note
1	Defining and approving the topic of the research, drawing up a plan - work schedule	September 2022	done
2	Selection and analysis of literary sources, preparation of the first theoretical section	October - December 2022	done
3	Collection of analytical information, processing of research results and preparation of the second section of the work	January - February 2023	done
4	Preparation of the third section of the qualification work	March 2023	done
5	Preparation of conclusions, proposals and coordination with the manager	April 1 – 10, 2022	done
6	Preparation of the final version of the qualification work	April 15 - 28, 2023	done
7	Processing of the manager's comments, checking for authenticity	April 29-30, 2023	done
8	Review of qualification work	May 1-10, 2023	done
9	Presentation of qualification work to the department, dean's office	June 07, 2023	done
10	Preparation of the report, presentation for the qualification work and its preliminary defense	June 10 - 20, 2023	done
11	Protection of qualification work	June 22, 2023	

Student ____________________ ____________________
(signature)

Supervisor ____________________ ____________________
(signature)

Checking the authenticity conducted

____________________ ____________________
(signature)

Thesis allowed for defense ____________________ ____________________
(signature)

АНОТАЦІЯ

Адамс-Ошіаме Ізірен. Функція контролю в системі менеджменту підприємства. Рукопис.

Кваліфікаційна робота на здобуття освітнього ступеня бакалавр за спеціальністю 073 «Менеджмент» - Сумський національний аграрний університет. Суми, 2023.

Кваліфікаційна робота присвячена дослідженню теоретичних аспектів реалізації функції контролю на підприємстві, визначенню місця контролю у формуванні ефективної системи управління. Проаналізована робота логістичної компанії DHL, Німеччина.

В роботі обґрунтована доцільність впровадження та використання системи контролю на підприємстві, введення контролінгу в систему контролю на підприємстві; розроблено рекомендації організації служби контролінгу на підприємстві.

Запропоновано використання методики діагностики та інструментарій оцінки рівня ефективності системи управління на підприємстві за рахунок виділення та систематизації внутрішніх факторів негативного впливу.

Ключові слова: контроль, типи контролю, контролінг, система управління, ефективність, відповідальність.

SUMMARY

Adams-Oshiame Iziren. Control function in the enterprise management system. Manuscript.

Qualification work for obtaining a bachelor's degree in the specialty 073 "Management" - Sumy National Agrarian University. Sumy, 2023.

The qualification work is dedicated to researching the theoretical aspects of the implementation of the control function at the enterprise, determining the place of control

in the formation of an effective management system. Analyzed the work of the logistics company DHL, Germany.

The paper substantiates the feasibility of implementing and using the control system at the enterprise, the introduction of controlling into the control system at the enterprise; recommendations for the organization of the controlling service at the enterprise were developed.

It is proposed to use diagnostic methods and tools for assessing the level of efficiency of the management system at the enterprise due to the selection and systematization of internal factors of negative influence.

Key words: control, types of control, controlling, management system, efficiency, responsibility.

Content

INTRODUCTION

Actuality of the topic. The term "control" is ambiguous. For a long time it is the concept was associated with checking the correctness of the preparation of documents, journal entries, etc. Control mainly concerned inspections activities of accountants, cashiers, financial workers and only later issues of control passed to the sphere of management.

Recognizes the importance of market segmentation, which involves dividing the market into distinct groups with different needs and characteristics. By understanding the unique requirements of different customer segments, can tailor its products, services, and marketing approaches to effectively meet their specific needs.

Risk analysis and management are critical components of operations. By identifying and assessing potential risks, both internal and external, can develop strategies to mitigate and minimize their impact on the organization. This includes evaluating market trends, regulatory changes, and geopolitical factors that could influence business environment.

The state of studying the problem. Classics of management science (F Taylor, A. Fayol, G. Emerson, G. Church) emphasized that without control it is impossible to manage any process. Among the many scientists who were engaged in the research of management functions, namely, studying the planning function, were: Ivanov D. [11], Kościelniak H. [13], Vignesh G. [18], Heckman J. [10], Florens, J.-P. [8] and others.

The purpose of control is to identify weaknesses and errors, to correct them in a timely manner allow their repetition. In his opinion, everything should be controlled: objects, people, actions.

For now, the term "control" means:

- management function;

- a set of means of regulating the behavior of people or the organization as a whole;

- the function of the system performing feedback tasks and provides system status monitoring.

The purpose of the research is to substantiate the theoretical foundations and practical one recommendations on the formation of a control system at the enterprise DHL, Germany.

To achieve the set goal, the following **tasks** must be solved:

- consider the theoretical and methodological foundations of control and controlling;
- carry out an analysis, assess the state of implementation of the control function in the DHL, Germany;
- identify the main functioning problems in the organization's control system;
- to propose further options for improving the control system in the company under study.

Control in the enterprise management system is a process that ensures the achievement of the organization's goals. It is necessary to detect and solutions to problems before they become too serious and can be used to stimulate successful activities.

The subject of the research is control and regulation as management functions.

The object of the research is an international company for the express delivery of goods and documents, a leader in the global logistics markets – DHL, Germany.

Information base. The sources of information for writing the qualification work were regulatory and legislative acts, founding documents, financial statements of DHL for 2020-2022; sites, scientific articles, theses, textbooks, manuals on the topic of research.

Approbation of the results of the qualification work. The results of the study were approved at an international scientific and practical conference.

Structure and scope of work. The qualification work consists of an introduction, three sections, conclusions, the references from 20 names, appendixes. The text of the bachelor's qualification paper is laid out on 41 pages of computer text, the work contains 9 tables, and 8 figures, appendices.

SECTION 1

THEORETICAL BASIS OF CONTROL FUNCTION IN MANAGEMENT SYSTEM

Control in management is the process of ensuring achievement organization of set goals by identifying deviations in performance plans and making appropriate adjustments to actions or plans.

Literal translation of the French word "controle", from which it came the modern word "control" means "a secondary record for the purpose of verification the first".

For the first time, control began to be used in accounting, hence the value of the original term. The academic concept of control has on refers to monitoring and checking compliance of the controlled object and the process of its functioning to the adopted laws, plans, norms or standards [9, c.35].

Control is one of the most important functions of management. Its main objective is to ensure that the activities of an organization are proceeding according to plan. The control process of implementing all managers consists of several stages. Each of these is equally important and plays a large role in effective management.

The control process of management ensures that every activity in a business is pursuing its goals. This process basically helps managers to evaluate the performance of their organization. Using this effectively, they can decide whether to change their plans or continue with them as they are [13, c.158].

The control process can be divided into three main stages (Fig. 1.1):

1. Assessment of real processes carried out in the organization;

2. Comparison of the results of actual implementation with those in advance established standards;

3. Reaction to comparison and feedback - correcting actions.

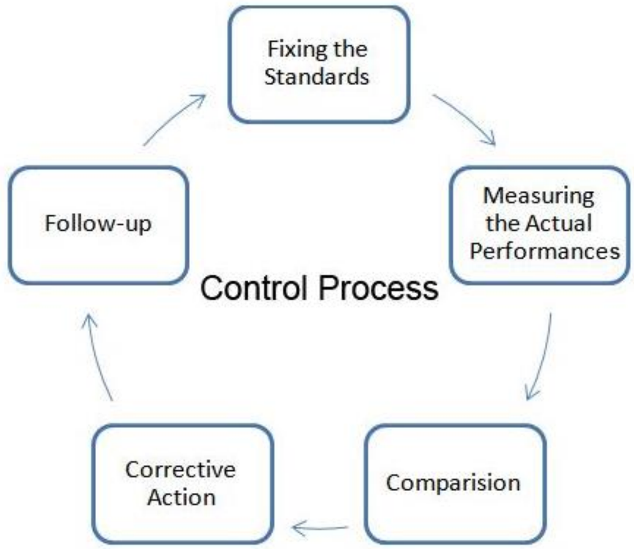

Figure 1.1 - The control process

Source: https://legalpaathshala.com/control-process/

Based on the above definitions, we understand what, the central place in the control system is allocated to standards, plans, tasks and goals, for the purpose of which control is implemented [15, c.67].

Standards can be presented in the form of natural standards (volume of products, works, services, time worked, market share, etc.), or in the form of price standards: capital, income, software standards standards, goals, strategic plans, etc.

It is clear that during the execution of the plans deviations may occur real indicators from the planned ones. Received new data, or changes that took place in the external environment and require the introduction of correction plans, the difference is only in time - these can be urgent changes, or postponed, worked out in detail [11, c.778].

The task of managers is to respond to the results that have been obtained in the course of the analysis, comparison of planned indicators with actual ones, on revealed deviation and the development and implementation of measures to ensure the desired results.

Global Network Optimization: operates an extensive global network to ensure efficient transportation and delivery of goods. This involves strategically locating warehouses, distribution centers, and transportation routes to minimize costs and improve service levels.

Technology Integration: leverages technology to enhance its operations, such as using advanced tracking systems, warehouse management software, and analytics tools. This enables real-time visibility, better decision-making, and continuous improvement in the logistics processes [18, c.389].

These principles, among others, form the theoretical foundation behind Enterprises' operations, allowing the company to provide reliable and efficient logistics solutions on a global scale.

The most difficult at this stage may be the question of reduction values of benchmarks, criteria or standards - shortcomings in the work of performers.

In this case, the manager's task is to because he must make adjustments to their activities of subordinates: by changing strategy, organizational structure, incentive and motivation system, having carried out staff replacements, etc. [1, c.1155].

Until the start of changes in the process of implementation of functions that do not show the desired result, managers must decide with nature and scale of changes. Correction to which they will resort:

1. These can be operational changes aimed at the immediate correction of consequences;

2. Can be large-scale, strategic, directed at eliminating the cause of unwanted results.

We have already noted earlier that control is a process of provision organization of their goals. The goals of control will be achieved only in that if they are implemented in accordance with certain defined principles.

Global Trade Facilitation: as a global logistics company, plays a crucial role in facilitating international trade. By providing reliable and efficient transportation and delivery services, connects businesses and consumers across different countries, enabling the exchange of goods and fostering economic growth.

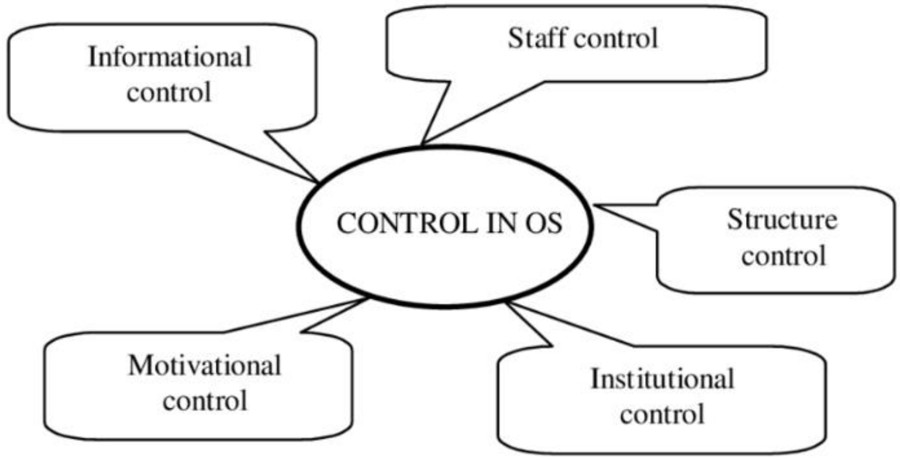

Figure 1.2 - The control process

Source: [5, 7]

Supply Chain Connectivity: extensive network and expertise in supply chain management have helped businesses optimize their supply chains. DHL's services, including transportation, warehousing, and distribution, contribute to streamlined operations, reduced costs, and improved customer satisfaction [11, c.776].

Job Creation: is a major employer worldwide, creating job opportunities in various regions. Its operations require a diverse workforce, including logistics professionals, drivers, warehouse staff, and administrative personnel. By providing employment, contributes to local economies and supports livelihoods.

Environmental Sustainability: has been actively working towards reducing its environmental impact. The company has implemented numerous initiatives to improve energy efficiency, reduce carbon emissions, and promote sustainable practices in its operations. These efforts contribute to mitigating climate change and promoting environmental stewardship [14, c.121].

Social Responsibility: is involved in numerous social responsibility initiatives, supporting communities and addressing societal challenges. Through programs like disaster relief efforts, education and training initiatives, and charitable activities, makes a positive social impact and contributes to the well-being of communities around the world.

Founding: was founded in 1969 by three entrepreneurs: Adrian Dalsey, Larry Hillblom, and Robert Lynn. They initially started with a small operation, offering document delivery services by air between San Francisco and Honolulu.

Global Expansion: In the 1970s, expanded its operations beyond the United States, establishing international services in Asia, Europe, and other regions. This expansion helped become a global player in the logistics industry.

Embarked on international expansion in the 1970s, establishing a presence in various regions globally. It focused on developing a comprehensive network connecting major business centers worldwide strategically established regional hubs and gateways to facilitate efficient transportation and distribution. These hubs serve as central points for consolidation, sorting, and onward distribution, ensuring smooth and timely movement of shipments.

Expanded its global reach through strategic acquisitions and partnerships. By acquiring or forming alliances with local logistics companies, enhanced its service capabilities, gained access to local expertise, and expanded its infrastructure.

Recognized the potential of emerging markets and made efforts to establish a strong presence in countries with growing economies. It focused on markets such as China, India, Brazil, and others, positioning itself to capture opportunities for trade and logistics services.

Global expansion efforts have propelled it to become a leading logistics company with a vast network spanning over 220 countries and territories. Through its international presence, regional hubs, acquisitions, focus on emerging markets, industry-specific solutions, e-commerce focus, and infrastructure investment, has established itself as a reliable and efficient logistics provider, facilitating global trade and connectivity.

Innovation and Technology: was an early adopter of technological advancements in the logistics sector. It pioneered the use of computerized systems, barcoding, and electronic tracking to enhance efficiency and improve customer service.

Embraced automation technologies to streamline its processes and improve efficiency. Advanced sorting systems, barcode scanning, and automated package handling have significantly expedited the sorting and delivery of shipments, reducing errors and enhancing overall operational productivity. Through the use of advanced tracking systems and real-time visibility tools, customers can easily monitor the progress of their shipments. This technology has improved transparency, customer experience, and overall supply chain management. These data-driven insights help enhance operational efficiency, minimize costs, and deliver better customer experiences. With these tools, customers can schedule pickups, track shipments, and receive notifications. This mobile-first approach has increased convenience and empowered customers with greater control over their shipments [10, c.43].

Acquisition by Deutsche Post: In 2002, was acquired by Deutsche Post, a leading German logistics company. This acquisition provided with access to a broader range of resources and expertise, enabling further growth and expansion.

Sustainability Initiatives**:** In recent years, has prioritized sustainability and environmental responsibility. The company has implemented measures to reduce its carbon footprint, promote alternative fuels, and invest in renewable energy sources, demonstrating a commitment to sustainability.

Alternative fuels, such as biodiesel and natural gas, into its transportation fleet. It has also introduced electric vehicles (EVs) for last-mile deliveries in urban areas. These initiatives reduce greenhouse gas emissions and dependence on fossil fuels, promoting cleaner and greener transportation. It started working with alternative fuels as part of its sustainability efforts in the early 2000s. The company recognized the need to reduce its environmental impact and began exploring alternative fuel options to power its transportation fleet. Over the years, it has made significant progress in incorporating alternative fuels into its operations, including biodiesel, natural gas, and electric vehicles (EVs). These initiatives align with company's commitment to environmental sustainability and reducing carbon emissions in the logistics industry [17, c.421].

Therefore, control, like any other management function, should to be carried out taking into account a number of principles and requirements, i.e. has control to be [14]:

- all-encompassing, i.e. the main areas should be in the field of view activities of the organization, external and internal environment. But that doesn't mean that control should be total, record all events in the organization.

- permanent and operational, that is, it must be carried out constantly with at certain time intervals and necessarily on time or with some anticipating, in order to eliminate identified deficiencies;

- objective and continuous, the conclusions of the controllers should be reasoned, based on reliable facts established by with the help of evidence and testimony, and the control process itself must be carried out constantly. A control system that generates inaccurate information results to managerial mistakes and expenditure of effort to solve problems which does not exist at all. Accuracy means that the control system must be reliable, the one that produces real data.

SECTION 2

ANALYSIS OF THE EFFECTIVENESS OF CONTROL FUNCTION IN THE ENTERPRISE

2.1 Organizational and economic characteristics of DHL

Additionally, places importance on factors such as organizational characteristics and economic considerations. Understanding the structure, culture, and capabilities of the organization is essential for effective management and decision-making. Economic factors, including revenue growth, cost management, and market share, play a significant role in shaping DHL's strategies and determining its competitiveness in the industry.

The DHL Global Connectedness Index measures globalization based on international flows in four domains: trade, capital, information, and people. The index declined slightly in 2020, when the Covid-19 pandemic and efforts to contain its spread caused sharp drops in trade, foreign direct investment (FDI), and international travel. But by 2021 it had rebounded to above its pre-pandemic level, reaching a point just shy of the all-time high recorded in 2017. Preliminary data and projections suggest that the index rose again in 2022.

This edition of the DHL Global Connectedness Index was calculated based on more than 4 million data points on country-to-country flows. It provides detailed analysis of global trends, and it ranks and profiles the international flows of 171 countries and territories, comprising 99.7% of the world's gross domestic product and 96% of its population.

On the growth of global flows, the evidence strongly rebuts the notion that globalization has gone into reverse. International trade, capital, and information flows have all surpassed pre-pandemic levels, and the recovery of people flows accelerated in

2022. International trade in goods reached 10% above its pre-pandemic level in mid-2022, while trade in services surpassed pre-pandemic levels in early 2022 and foreign direct investment did so in 2021.

1. International travel, in contrast, remained 37% below its 2019 level in 2022, but it more than doubled from 2021.

2. Most types of international flows are likely to continue growing in 2023, albeit at a slower pace. This is due mainly to weaker global economic growth following large interest rate increases aimed at curbing inflation.

Assessment and net asset management play crucial roles in the operations and strategic decision-making. These processes involve evaluating the company's assets, resources, and performance to ensure efficient utilization and maximize value creation.

Assessment involves analyzing various aspects of DHL's operations, including its financial performance, operational efficiency, and market position. This assessment helps identify strengths, weaknesses, opportunities, and threats, enabling DHL to make informed decisions and take appropriate actions to enhance its competitiveness.

Net asset management focuses on optimizing the utilization of DHL's assets, including physical assets like warehouses, vehicles, and technology infrastructure, as well as intangible assets such as brand reputation and customer relationships. Effective net asset management ensures that these assets are deployed efficiently to generate sustainable returns and contribute to DHL's overall success.

Furthermore, assessment and net asset management support strategic planning and resource allocation at DHL. Through rigorous evaluation and analysis, DHL can identify areas for improvement, allocate resources effectively, and align its strategies with market trends and customer demands. This helps DHL make informed decisions regarding investment priorities, expansion plans, and operational improvements.

Assessment and net asset management also involve risk analysis, where potential risks and challenges are evaluated, and appropriate risk mitigation strategies are developed. This proactive approach helps DHL anticipate and address potential threats to its operations and financial performance, ensuring the company's resilience in a dynamic business environment.

The improvement of cost management is a key focus for DHL as it strives to enhance operational efficiency, reduce expenses, and drive profitability. Effective cost management allows DHL to optimize its resources, streamline processes, and deliver value to its customers while maintaining a competitive edge in the logistics industry.

Cost management at DHL involves a systematic approach to identify, analyze, and control costs across various areas of the business. This includes both direct costs, such as transportation expenses, labor costs, and procurement costs, as well as indirect costs related to overhead, administration, and support functions.

To improve cost management, DHL implements a range of strategies and initiatives. This may involve process optimization, where inefficiencies and bottlenecks are identified and eliminated to streamline operations and reduce costs. Additionally, DHL may focus on supplier management, negotiating favorable contracts and terms to ensure cost-effective procurement of goods and services.

Technological advancements also play a crucial role in improving cost management at DHL. Automation, digitalization, and data analytics enable more accurate cost tracking, forecasting, and decision-making. By leveraging technology, DHL can identify cost-saving opportunities, optimize routing and scheduling, and enhance overall operational efficiency. Furthermore, DHL emphasizes continuous improvement and adaptation as a fundamental principle in cost management. The company actively seeks opportunities to enhance productivity, reduce waste, and implement cost-saving measures throughout its operations. Regular performance evaluation, benchmarking against industry standards, and employee involvement contribute to a culture of continuous improvement at DHL.

By effectively managing costs, DHL can optimize its pricing strategies, remain competitive in the market, and reinvest savings into areas that drive value for its customers. Ultimately, the improvement of cost management enables DHL to deliver high-quality logistics solutions at competitive prices while maintaining financial stability and sustainable growth.

On the effects of geopolitical tensions, there is clear evidence of the U.S. and China reducing their focus on flows with each other. Considering a sample of 11 types of trade, capital, information, and people flows, the share of U.S. flows taking place to or from China fell from 9.3% in 2016 to 7.3% in 2022 (or the most recent year with data available). Meanwhile, the share of China's flows that were to or from the U.S. fell from 17.8% to 14.3%. Those are noteworthy declines relative to 2016 levels, but small changes relative to the U.S. and China's total flows with the world. And even after these declines, the U.S. and China are still connected by far larger flows than any other pair of countries that do not share a border.

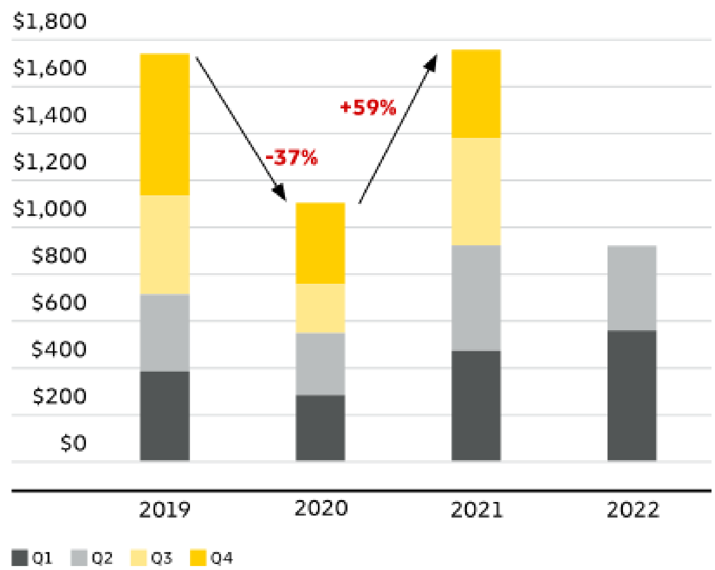

Figure 2.1 – World foreign investment inflows, 2019-2022

Source: company datas

Capital flows collapsed and rebounded even faster than trade flows at the beginning of the Covid-19 pandemic. In early 2020, as investors confronted the possibility of a global pandemic sparking a financial crisis, they began to withdraw their capital from foreign markets. But this trend reversed after governments and central banks acted swiftly to stabilize financial markets. By the end of 2020, the capital pillar of the DHL Global

Connectedness Index was already above its pre-pandemic (2019) level. Key drivers of the increase were rising foreign direct investment stocks and strong portfolio equity flows.

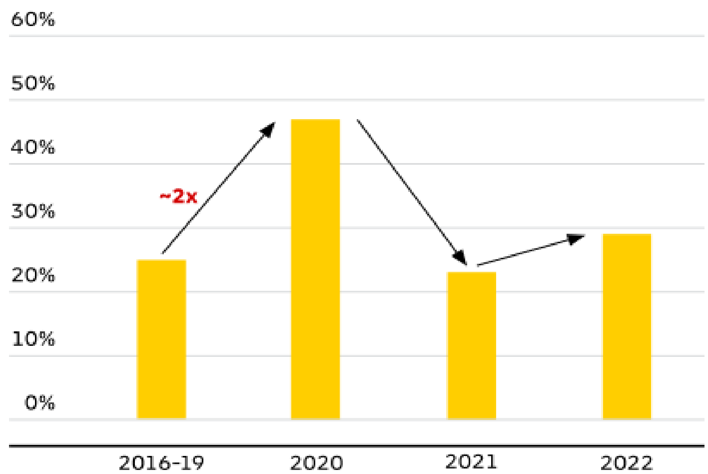

Figure 2.2 – Annual growth of international traffic

Source: company datas

Turning to information flows, international data traffic surged during the Covid-19 pandemic, as in-person interactions were replaced by online activity. Figure 6 shows the annual growth rate of international internet traffic, which nearly doubled in 2020 before reverting back to levels in line with pre-pandemic trends. Domestic data flows, however, have also grown rapidly in recent years. Without comparable data on domestic data traffic, we cannot say whether the share of data crossing national borders has increased in recent years or not.

The growth of international trade, capital, and information flows during the pandemic - along with the recovery trend underway for people flows—strongly rebut the notion that the Covid-19 pandemic or the war in Ukraine have caused a large shift from international to domestic activity. While some countries and regions are seeking to bolster domestic supply chains in selected industries, broad patterns of international activity clearly show that countries and companies have not retreated from international engagement.

2.2 Analysis of state of control function organization's at DHL

While the Covid-19 pandemic initially caused a decline in international capital flows, particularly in trade, there has been a significant recovery since then. However, certain factors such as the war in Ukraine and slower macroeconomic growth have started to impact foreign direct investment (FDI) and portfolio equity flows to emerging markets. These factors have introduced volatility and uncertainty in capital flows.

Despite these challenges, current trends suggest that there is no imminent shift away from international integration in business and finance. Globalization and interconnectedness continue to be fundamental drivers of economic growth and development. Many countries still recognize the benefits of foreign investment, technology transfer, and access to global markets

The DHL Trade Growth Atlas indicates that international trade in goods has experienced a remarkable surge, surpassing pre-pandemic levels and even registering growth rates as high as 10%. This growth is noteworthy considering the disruptions and challenges caused by supply chain disruptions and the overall chaos brought on by the pandemic.

International trade in goods has surged to as high as 10% above levels before the Covid-19 pandemic, according to the DHL Trade Growth Atlas, which maps trends in global trade. Despite the war in Ukraine, projections indicate that international trade is expected to grow at a faster pace in 2022 and 2023 compared to the previous decade. This projection suggests resilience and the potential for regeneration in global trade, even in the face of geopolitical tensions and conflicts.

Several factors contribute to this anticipated trade.

Add Headings (Format > Paragraph styles) and they will appear in your table of contents.

First, the global economy is projected to recover from the impact of the Covid-19 pandemic, with many countries implementing measures to stimulate economic activity. As economies rebound, consumer and business demand for goods and services are expected to increase, leading to higher trade volumes.

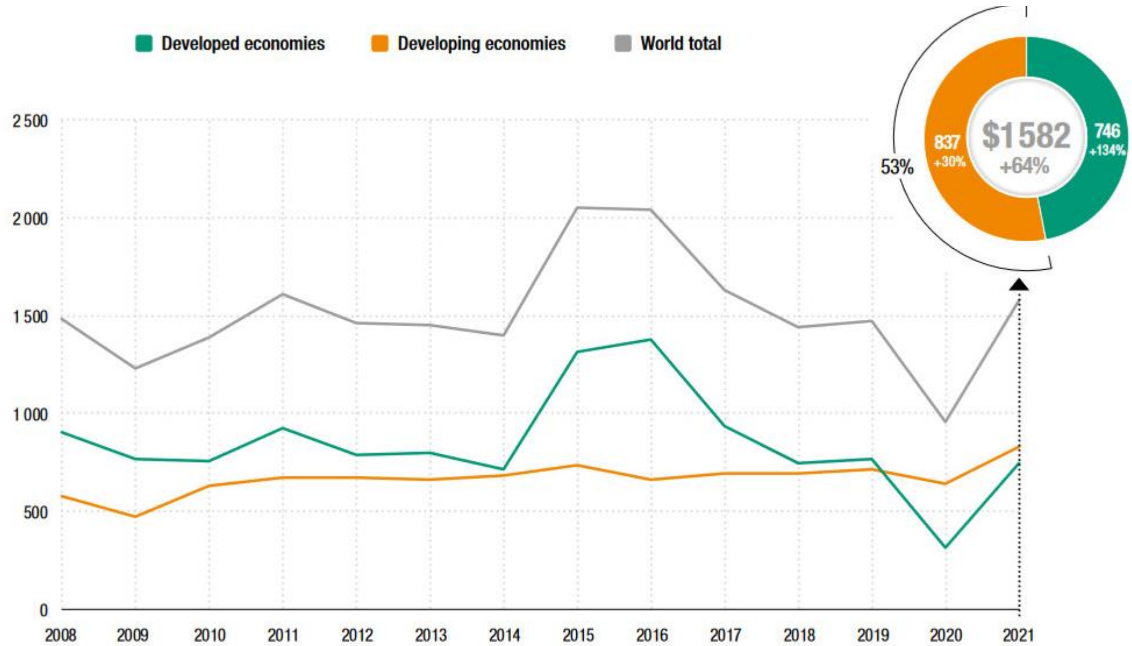

Figure 2.3 - Global inflows of Foreign direct investment

Source: https://www.dhl.com/content/dhl-global-connectedness-index-2022-complete-report.pdf

The growing adoption of cross-border e-commerce has indeed shown the potential to accelerate trade growth, particularly benefiting smaller companies. Prior to the pandemic, estimates suggested that cross-border e-commerce could contribute to a significant boost in global trade in goods. While the specific estimate of a 4-6% boost in trade in goods by 2030 due to cross-border e-commerce was made prior to the pandemic, the transformative power of digital trade and e-commerce has become even more apparent during and after the global health crisis. The pandemic has accelerated the adoption of online shopping and digital platforms, further highlighting the importance of cross-border e-commerce as a driver of trade growth.

Surveys published by PayPal showed the average share of respondents shopping cross-border online (across 11 countries) rising from 52% in 2021 to 57% in 2022, with increases in 9 out of the 11 countries that were surveyed in both years.

Figure 2.4 – Trade depth trends, 2002-2021

Source:https://www.dhl.com/content/dam/dhl/global/delivered/documents/pdf/dhl-global-connectedness-index-2022-complete-report.pdf

According to the Statista Digital Market Outlook (June 2022), : The annual growth rate of global e-commerce sales, which includes both domestic and cross-border purchases, saw a significant acceleration. It increased from 9% in 2019 to 24% in 2020, and then to 18% in 2021. However, there is a forecasted 2% pullback in 2022 as buyers switch back to offline retail. Nevertheless, growth is expected to resume at a rate of 12-14%, which is faster than before the Covid-19 pandemic, and this growth is projected to continue through 2025. Additionally, online sales are expected to grow from 16% of total retail revenues in 2021 to 22% in 2025 across a sample of product categories.

Last year, Deutsche Post DHL Group demonstrated its commitment.

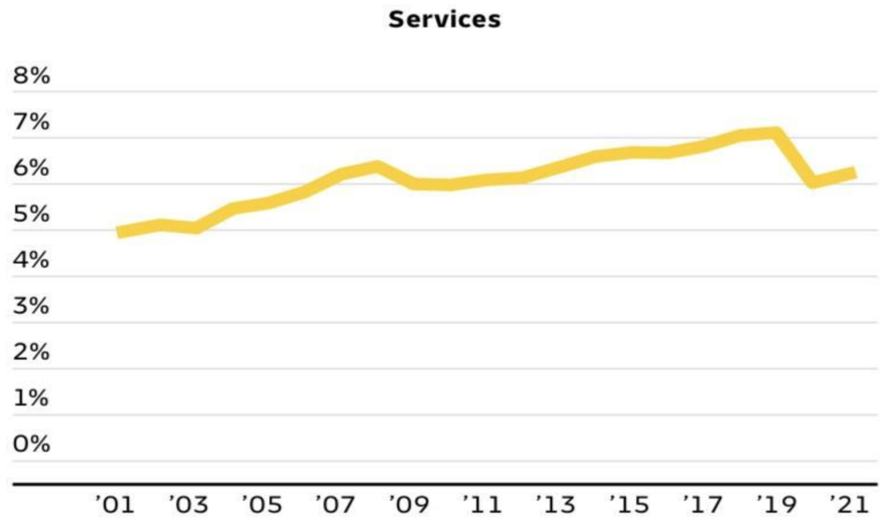

Figure 2.5 – Service Export % of GDP

Source:https://www.dhl.com/content/dam/dhl/global/delivered/documents/pdf/dhl-global-connectedness-index-2022-complete-report.pdf

The growing adoption of cross-border e-commerce holds the potential to accelerate trade growth, particularly benefiting smaller companies. Before the pandemic, there was an estimate suggesting that cross-border e-commerce could increase trade in goods by 4-6% by the year 2030. This indicates the positive impact that cross-border e-commerce can have on expending international trade opportunities and creating new avenues for businesses, including smaller enterprises.

to growth, digitalization, and sustainability by investing a record sum of EUR 4.1 billion. These investments were directed towards various areas of the company's operations, including expanding its electric vehicle fleet, modernizing its aircraft fleet, building CO2-neutral delivery bases, and enhancing sorting capacities and e-fulfillment solutions for e-commerce.

One notable achievement was the expansion of the electric vehicle fleet, which grew by 7,000 units, bringing the total number of e-vehicles to more than 29,000 worldwide. This investment aligns with DHL's sustainability goals and contributes to reducing carbon emissions from its transportation operations. Additionally, the company focused on modernizing its Express division's aircraft fleet to improve efficiency and enhance its air logistics capabilities. By investing in newer and more advanced aircraft, DHL aims to optimize its global network and meet the increasing demands of the express delivery market. DHL also invested in the construction of new CO2-neutral delivery bases in Germany, showcasing its commitment to sustainable infrastructure. These bases enable environmentally friendly operations while supporting the company's expansion and efficient last-mile delivery services.

The investments in sorting capacities and e-fulfillment solutions reflect DHL's response to the growing e-commerce sector. By enhancing automation and improving operational efficiency, DHL aims to meet the increasing demands of e-commerce customers and provide seamless logistics solutions.

Overall, these investments have contributed to the growth, sustainability, and digitalization of Deutsche Post DHL Group. By focusing on areas such as electric vehicles, aircraft modernization, sustainable infrastructure, and e-commerce solutions, DHL aims to strengthen its position as a leader in the logistics industry while driving positive environmental and operational outcomes.

Table 2.1 - DHL inflows to major developed economies

	Germany	France	Uk	USA	Japan	Spain	Canada
2019	37	76	73	129	131	60	55
2021	35	78	70	125	138	61	60
growth rate %	+2%	-2%	+3%	+4%	-7%	-1%	-5%

Source: https://www.dhl.com/content/dam/dhl/global/delivered/documents/pdf/dhl-global-connectedness-index-2022-complete-report.pdf

Table 2.2 - DHL countries rank and total inflow capital

	Germany	France	UK	USA	Japan	Spain	Canada
Rank	18	22	21	6	26	32	15
Capital	$57,075	$44,083	$27,204	$69,231	$39,340	$30,090	$52,079
	2.5%	4.4%	3.5%	1.5%	0%	3.6%	4.2%

Source: https://www.dhl.com/content/dam/dhl/global/delivered/documents/pdf/dhl-global-connectedness-index-2022-complete-report.pdf

Part of the recent declines in FDI flows and the value added of foreign affiliates may be due to the growth of multinationals in the technology sector, as well as the broader trends of digitization and greater reliance on intangible assets across industries. Compared to traditional manufacturing firms, technology firms do not rely as intensively on investments in physical assets in foreign countries, reducing the amount of their international activity that is captured in FDI statistics. The growth of global flows in intangible assets, crucial for such firms, however, is captured in the strong expansion of international payments for the use of intellectual property. Data on corporate dealmaking also indicate that firms have not lost their appetite for international expansion. The share of announced mergers and acquisitions (M&A) involving transactions across national borders has been fairly stable since 1990 (averaging close to 30%).

2.3 Assessment of the effectiveness of the control function at DHL

Risk analysis is an important aspect of any business, including Deutschland DHL. Here are some key risks that the company may face. Economic Risk: Deutschland DHL is exposed to economic fluctuations, including recessions, currency exchange rate fluctuations, and changes in consumer spending patterns. Economic downturns can lead to reduced demand for logistics services, impacting the company's revenue and profitability.

Regulatory and Compliance Risk: Changes in regulations and compliance requirements can pose challenges to Deutschland DHL. Compliance with international trade regulations, customs procedures, labor laws, and environmental regulations requires ongoing monitoring and adaptation to ensure adherence and mitigate any potential legal or reputational risks.

Geopolitical Risk: Political instability, trade disputes, and geopolitical tensions can disrupt global supply chains and impact international trade. Deutschland DHL operates in a global context and is exposed to risks associated with regional conflicts, changes in government policies, and trade barriers that can affect its operations and profitability.

Technological Disruption: The logistics industry is undergoing rapid technological advancements, including automation, artificial intelligence, and blockchain. While these technologies offer opportunities for efficiency and improved services, they also pose risks if Deutschland DHL fails to adapt and leverage them effectively. Failure to embrace emerging technologies could lead to a competitive disadvantage.

Supply Chain Disruptions: Deutschland DHL relies on a complex network of suppliers, partners, and transportation infrastructure. Disruptions such as natural disasters, labor strikes, infrastructure failures, or global health crises can impact the company's ability to deliver services, leading to delays, increased costs, and customer dissatisfaction.

The past few years have taught us how unanticipated events can cause problems that cascade through interconnected supply chains, creating more challenges. In 2022, we witnessed more of this “new normal.” Seemingly tiny knots tangled up entire industries and regions – details some may have missed until it was too late. It’s a stark reminder that supply chains are better understood as supply networks, with millions of cross-connecting threads sweeping across the world.

Table 2.3 – Supply chain: revenue by sector and region, 2022

Total revenue: €16,431 million

of which	Retail	28%
	Consumer	23%
	Auto-mobility	15%
	Technology	12%
	Life Sciences & Healthcare	12%
	Engineering & Manufacturing	6%
	Others	4%
of which	Europe/Middle East/Africa/Consolidation	44%
	Americas	41%
	Asia Pacific	15%

Source: https://www.dpdhl.com/content/dam/dpdhl/en/media-center/investors/documents/annual-reports/DPDHL-2022-Annual-Report.pdf

As mentioned earlier, the revenue in the division experienced a significant increase of 18.5% to €16,431 million in the year under review. After excluding positive currency effects amounting to €780 million, the revenue, which also accounted for the most recent acquisitions, still showed a substantial growth of 12.9% year-on-year. This revenue growth can be attributed to various factors, including new business and contract renewals. Additionally, the implementation of eFulfillment and omnichannel solutions played a role in supporting this growth.

Table 2.4 – Supply chain revenue

Key figures, Supply Chain

€m	2021	2022	+/–%	Q4 2021	Q4 2022	+/–%
Revenue	13,864	16,431	18.5	3,655	4,363	19.4
of which EMEA (Europe, Middle East and Africa)	6,596	7,252	9.9	1,806	1,946	7.8
Americas	5,266	6,832	29.7	1,329	1,787	34.5
Asia Pacific	2,046	2,419	18.2	534	649	21.5
Consolidation/Other	–44	–72	–63.6	–14	–19	–35.7
Profit from operating activities (EBIT)	705	893	26.7	198	225	13.6
Return on sales (%)[1]	5.1	5.4	–	5.4	5.2	–
Operating cash flow	1,582	1,433	–9.4	664	820	23.5

Source: https://www.dpdhl.com/content/dam/dpdhl/en/media-center/investors/documents/annual-reports/DPDHL-2022-Annual-Report.pdf

It's impressive to see such positive revenue growth in the division, with an increase of 18.5% to €16,431 million in the year under review. After excluding positive currency effects, the revenue still showed a significant growth of 12.9% year-on-year. This growth can be attributed to new business, contract renewals, as well as the support from eFulfillment and omnichannel solutions. The positive development was evident in all regions and sectors, with Consumers and Auto-mobility experiencing the highest revenue growth. Furthermore, in the fourth quarter of 2022, revenue increased by 19.4% to €4,363 million.

Security and Cybersecurity Risks: As a provider of logistics services, Deutschland DHL faces security risks related to cargo theft, terrorism threats, and data breaches. Ensuring the safety and security of goods in transit, as well as protecting customer data and IT systems from cyberattacks, is essential to maintain trust and prevent financial and reputational damage.

To address these risks, Deutschland DHL employs risk management strategies, including implementing robust security measures, diversifying its customer base and service offerings, conducting thorough due diligence on partners and suppliers, investing in technological innovations, and maintaining contingency plans to respond to unforeseen events. Regular risk assessments, monitoring of market conditions, and proactive measures are crucial in managing and mitigating risks in the dynamic logistics industry.

Deutsche Post DHL Group has experienced positive earnings momentum, which has contributed to a strengthening of its financial position. The company's operating cash flow saw a significant increase, reaching EUR 3.5 billion, compared to EUR 2.6 billion in the previous quarter (Q3 2021). This boost can be attributed to a solid operational performance and a favorable development in working capital.

The positive trend in operating cash flow has also had a positive impact on free cash flow, which improved to EUR 1.8 billion, surpassing the preliminary result announced in early October. This improvement is notable considering the increased payments for investments and acquisitions made during the period.

Table 2.5 - Operating cash flow of DHL

Dates	Operation Cashflow in Millions of euros
2019	6,049
2020	7,699
2021	9,993
2022	10,965

Source: https://de.statista.com/statistik/daten/studie/168036/umfrage/operativer-cashflow-der-deutsche-post-dhl/

The statistic indicates the development of Deutsche Post DHL's operating cash flow from 2007 to 2022. In 2022, the company's operating cash flow amounted to approximately 10.97 billion euros. Deutsche Post DHL is the joint group brand of Deutsche Post and DHL, and it is the name under which Deutsche Post AG operates publicly. Operating cash flow is an important financial metric that reflects the cash generated from a company's core operations, providing insights into its financial performance and ability to meet its obligations.

Deutsche Post DHL Group has continued its strong financial performance, achieving a significant increase in earnings for the first nine months of the current financial year. The company’s EBIT (Earnings Before Interest and Taxes) for the period up to and including September 2022 reached EUR 6.5 billion, compared to EUR 5.8 billion in the same period last year. This indicates a substantial growth in operating profitability.

Furthermore, the net income after non-controlling interests for the nine-month period amounted to EUR 4.0 billion, surpassing the previous year’s figure of EUR 3.6 billion. This demonstrates a notable increase in overall profitability for the company.

The growth in earnings has translated into improved earnings per share, with basic earnings per share rising to EUR 3.32 for this period, compared to EUR 2.89 in the previous year. This increase highlights the positive impact of the company’s financial performance on shareholder value.

It's great to hear that Deutsche Post DHL Group experienced growth in the 2021 financial year. Increased shipments and improved performance across all divisions contributed to higher revenue, profits, and margins. Group EBIT (Earnings Before Interest and Taxes) exceeded the forecasted figure, reaching €8.0 billion, surpassing the expected €7.7 billion. The company continued to invest in infrastructure expansion and future viability, with investments totaling €3.9 billion. Additionally, the solid financial foundation was highlighted by a free cash flow of €4.1 billion, indicating potential for continued profitable growth in the future.

In 2021, the global economy trended toward recovery from the shock of the COVID-19 pandemic, but fought off set- backs in view of further pandemic waves and the utilisation of intercontinental transport capacities. After a dive in the previous year caused by the pandemic, the gross domestic product (GDP) overall saw positive development worldwide. Average annual GDP rose approximately 5.1 % (previous year: –4.5 %) in the industrial countries and around 6.7 % (previous year: –1.5 %) in the emerging markets. This development was given additional impetus by accelerated growth in all major economic areas. GDP was up 5.7 % (previous year: – 3.4 %) in the United States, saw a robust increase of 8.1 % (previous year: 2.3 %) in China and grew by 5.3 % (previous year: –6.4 %) in the eurozone. Germany's GDP was up 2.8 % in 2021 after declining 4.9 % in the previous year.

Net cash used in financing activities amounted to €6,224 mil- lion and was thus well above the prior-year figure (€2,250 million) which was primarily impacted by inflows from bonds issued in the amount of €2.2 billion. In the year under review, by contrast, we paid back a bond in the amount of €750 million. The dividend paid out to our shareholders in May increased by €251 million to €1,673 million. The share buy-back programme in particular increased the acquisition of treasury shares to €1,115 million.

Cash and cash equivalents fell from €4,482 million as at 31 December 2020 to €3,531 million.

Table 2.6 - Factor analysis of production costs in DHL

		31 Dec. 2020	31 Dec. 2021
Equity ratio	%	25.5	30.7
Net debt	€m	12,928	12,772
Net interest cover		9.9	17.4
Net gearing	%	47.9	39.6

Source: https://www.dpdhl.com/content/dam/dpdhl/en/media-center/investors/documents/annual-reports/DPDHL-2022-Annual-Report.pdf

The Group’s total assets reached €68,278 million as of December 31, 2022. This represents an increase of €4,686 million compared to the total assets of €63,592 million reported on December 31, 2021. The growth in total assets indicates the expansion and value of the Group’s holdings, investments, and resources during that period.

Upon further analysis of the financial data, several key points emerge. Firstly, the dividend paid out to shareholders in May experienced a notable increase of €532 million, reaching €2,205 million. Secondly, payments for the acquisition of treasury shares amounted to €1,099 million, slightly lower than the previous year's level of €1,115 million.

In terms of cash and cash equivalents, there was an increase from €3,531 million as of December 31, 2021, to €3,790 million. This suggests improved liquidity and available funds for the company.

Intangible assets saw a significant rise from €12,076 million to €14,096 million. This increase can be attributed to the consolidation of Hillebrand, which led to a significant rise in goodwill and purchased customer lists.

Property, plant, and equipment also experienced substantial growth, increasing from €24,903 million to €28,688 million. This growth can be attributed to investments surpassing disposals and depreciation, amortization, and impairment losses. However, current financial assets dropped considerably from €3,088 million to €1,355 million, mainly due to the sale of money market funds.

Lastly, trade receivables increased by €570 million, reaching €12,253 million. This indicates an increase in outstanding payments owed to the company from customers.

Indeed, productivity is a crucial dimension of performance, particularly in the manufacturing industry. It focuses on achieving efficient output using available resources. The concept of productivity has been extensively discussed and debated within academic literature, and various definitions exist.

According to Neely et al. (1995), productivity is defined as the measure of effectively combining and utilizing resources to achieve specific, desirable outcomes. The conventional definition of productivity is the ratio of output to input. In other words, it quantifies the efficiency of converting inputs (such as labor, capital, materials) into outputs (goods or services).

However, it's important to note that there are different ways to measure productivity depending on the context and industry. For example, in manufacturing, productivity may be measured by units produced per labor hour or the value-added per employee. In the service industry, it could be measured by customer satisfaction ratings or the number of tasks completed per employee.

Ultimately, the specific definition and measurement of productivity may vary based on the organization, industry, and objectives. It is an important performance indicator that helps assess the effectiveness of resource allocation and operational efficiency in achieving desired outcomes.

Although the term productivity is often ill-defined, its measurement is generally that of a prescribed output to the resources consumed (i.e. the inputs).

Productivity measures can be divided into three main types:

• Partial measures: A ratio relating output to a single input, such as labour, materials or capital.

• Total factor or value-added productivity: Based on sales less bought-in goods, materials and services.

• Total productivity measures: A ratio of total output to total input.

Additionally, total productivity can be expressed as the overall measure of economic effectiveness. This measure should be expressed as the output in relation to all resources utilized.

The equation for productivity, which is the ratio of output to input, implies that higher productivity can be achieved through various approaches, as mentioned:

1.Increasing the level of output faster than that of the input: This means increasing the amount of output produced at a faster rate than the increase in the input resources. It indicates that the organization is becoming more efficient in utilizing its resources to generate greater output.

2.Producing more output with the same level of input: This approach focuses on improving efficiency and process optimization to increase output without requiring additional resources. It indicates that the organization is finding ways to enhance productivity without increasing input levels.

3.Producing more output with a reduced level of input: This approach involves achieving higher output levels while reducing the amount of input resources utilized. It signifies improved efficiency and resource utilization, resulting in higher productivity.

4. Maintaining the level of output while reducing the input: In this case, the organization aims to maintain the same level of output while reducing the input resources. It could be achieved through process improvements, streamlining operations, or finding innovative ways to achieve the same output with fewer resources.

5.Decreasing the level of output, but decreasing the level of input more: This approach involves reducing both output and input, but the reduction in input is proportionally larger. While it may result in a decrease in overall output, it signifies efforts to optimize resource utilization and increase efficiency.

These approaches demonstrate different strategies that organizations can employ to improve productivity. The specific approach chosen will depend on the organization's goals, resources, and the context in which it operates.

One key aspect of DHL's organizational structure is its global presence and extensive network. DHL operates through different divisions and business units that cater to specific market segments, such as DHL Express, DHL Supply Chain, DHL eCommerce, and DHL Global Forwarding. This structure allows DHL to offer specialized services and tailored solutions to meet the diverse needs of its customers. Effysency and operational excellence are fundamental to DHL's organizational philosophy.

The company aims to optimize its processes, streamline operations, and leverage advanced technologies to enhance productivity and deliver superior logistics services. DHL invests in innovative solutions, such as automation, digitalization, and data analytics, to drive efficiency and ensure effective supply chain management. Moreover, DHL places great emphasis on customer satisfaction and service quality. The organization strives to understand its customers' requirements and provide customized solutions that meet their specific logistics needs. DHL focuses on building strong customer relationships, delivering reliable services, and continuously improving its operations to exceed customer expectations.

Overall, DHL's organizational approach combines a global presence, operational efficiency, advanced technologies, and customer-centricity to establish itself as a leading player in the logistics industry and provide value-added solutions to its clients worldwide.

DHL, as a logistics and transportation company, operates within the broader economic landscape. Several economic characteristics are relevant to understanding DHL's operations and its impact on the economy:

1. Contribution to Global Trade: DHL plays a significant role in facilitating global trade by providing logistics services that enable the movement of goods across borders. As a result, DHL's operations contribute to international commerce, promoting economic growth and integration.

2. Employment Generation: DHL is a major employer globally, creating job opportunities in various roles and functions. The company hires a diverse workforce, ranging from drivers and warehouse personnel to supply chain specialists and managerial positions. DHL’s employment practices have an impact on local and global economies, contributing to income generation and economic stability.

3. Supply Chain Efficiency: DHL’s logistics services aim to enhance supply chain efficiency for businesses. By optimizing transportation, warehousing, and distribution processes, DHL helps companies reduce costs, improve inventory management, and enhance overall operational efficiency. This can have positive effects on the competitiveness and profitability of businesses across industries.

The provided information states that the division generated a revenue of €5,928 million in the year under review, representing a significant increase of 22.8% compared to the previous year. This growth in revenue is attributed to higher volumes in the business-to-consumer (B2C) segment. If we exclude negative currency effects of €38 million, the total year-on-year revenue increase amounts to 23.5%.

In the fourth quarter of 2021, the division’s revenue further increased by 14.4% to reach €1,664 million. This indicates sustained growth and performance throughout the year.

The mentioned figures highlight the positive financial performance of the division, driven by increased volumes in the B2C business. It suggests that DHL’s logistics services in the B2C sector have experienced a surge in demand, contributing to the overall revenue growth of the division.

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Table 2.7 – Economic

ECOMMERCE SOLUTIONS

Key figures, eCommerce Solutions

€m	2020	2021	+/–%	Q4 2020	Q4 2021	+/–%
Revenue	4,829	5,928	22.8	1,455	1,664	14.4
of which Americas	1,629	2,079	27.6	495	617	24.6
Europe	2,618	3,140	19.9	785	855	8.9
Asia	593	719	21.2	182	195	7.1
Other/Consolidation	–11	–10	9.1	–7	–3	57.1
Profit from operating activities (EBIT)	158	417	>100	75	93	24.0
Return on sales (%)[1]	3.3	7.0	–	5.2	5.6	–
Operating cash flow	337	654	94.1	37	99	>100

Source: https://www.dpdhl.com/content/dam/dpdhl/en/media-center/investors/documents/annual-reports/DPDHL-2022-Annual-Report.pdf

In the year under review, the division generated revenue of €6,142 million, representing a 3.6% increase compared to the previous year. However, this figure was reduced by €112 million due to portfolio adjustments in Asia. Excluding positive currency effects of €272 million, the revenue showed a decline of 1.0% year-on-year.

Additionally, in the fourth quarter of 2022, the division's revenue increased by 1.9% to €1,696 million. This indicates a positive growth trend during that period.

SECTION 3

DIRECTIONS OF EFFECTIVE FORMATION CONTROL FUNCTION IN MANAGEMENT SYSTEM OF DHL

DHL begins by identifying and categorizing its various cost components, such as labor costs, transportation expenses, facility costs, inventory costs, technology investments, and overhead expenses. This process involves analyzing cost structures across different business units, regions, and functions to gain a comprehensive understanding of cost drivers.

Once costs are identified, DHL conducts detailed analysis to assess the efficiency and effectiveness of its cost structure. This analysis involves evaluating cost trends, identifying cost variances, and conducting benchmarking exercises against industry standards and best practices. By analyzing cost data, DHL can identify areas of potential cost savings and improvement opportunities.

DHL develops and implements strategies to reduce costs while maintaining or improving service quality. This may involve initiatives such as process optimization, supply chain streamlining, automation, and digitization. DHL also explores ways to leverage economies of scale, negotiate favorable contracts with suppliers, and implement cost-effective procurement practices. DHL establishes robust cost control mechanisms to ensure ongoing monitoring and management of costs. This includes setting cost targets, implementing cost control measures, and regularly tracking and reviewing cost performance against predefined benchmarks. Continuous monitoring allows DHL to identify deviations, take corrective actions, and maintain cost discipline throughout its operations.

DHL applies value engineering principles to assess the value of its activities and processes. This involves evaluating the cost-benefit ratio of different activities and identifying opportunities to eliminate or streamline non-value-added tasks. Value engineering helps optimize cost allocation by focusing on activities that directly contribute to customer satisfaction and overall business objectives.

DHL promotes a cost-conscious culture throughout the organization. Employees are encouraged to identify cost-saving ideas, participate in cost reduction initiatives, and contribute to overall cost management efforts. This fosters a sense of ownership and accountability for cost optimization at all levels within the company.

Importance of continuous improvement in control function management. Continuous improvement is crucial in control function management for several reasons:

1. Enhancing Effectiveness: Continuous improvement allows organizations to identify weaknesses, gaps, and areas for improvement within their control function management system. By regularly reviewing and evaluating controls, processes, and policies, organizations can identify opportunities to enhance their effectiveness and address emerging risks or challenges.

2. Adapting to Changing Environments: Control function management needs to be flexible and adaptable to keep pace with the rapidly evolving business landscape. Continuous improvement enables organizations to adjust their control measures and practices in response to changes in regulations, industry standards, technological advancements, and emerging risks. This ensures that the control function remains relevant and effective in mitigating evolving risks.

3. Proactive Risk Management: Continuous improvement facilitates proactive risk management by identifying potential vulnerabilities and weaknesses before they escalate into significant issues. By regularly assessing and monitoring control activities, organizations can detect and address control deficiencies or gaps, reducing the likelihood of non-compliance, fraud, errors, or operational disruptions.

Strategies for adapting to changing business environments and emerging risk.

Adapting to changing business environments and emerging risks requires organizations to be proactive and agile. Here are some strategies that can help in effectively managing these challenges:

1. Regular Environmental Scanning: Stay updated on industry trends, regulatory changes, technological advancements, and emerging risks through continuous environmental scanning. This involves monitoring relevant sources such as industry publications, market reports, regulatory updates, and engaging in industry networks to identify potential risks and opportunities.
2. Risk Assessments and Scenario Planning: Conduct regular risk assessments to identify and evaluate emerging risks specific to your organization. Consider various scenarios and their potential impacts on your business. This allows you to develop contingency plans, response strategies, and risk mitigation measures to address emerging risks effectively.
3. Robust Communication Channels: Establish effective communication channels both internally and externally. Encourage employees to report emerging risks or changes they observe in the business environment. Foster a culture of open communication, where employees feel comfortable sharing information and insights that can contribute to risk identification and mitigation.
4. Flexibility and Adaptability: Cultivate a flexible and adaptable organizational culture that embraces change. Encourage innovation and experimentation, enabling the organization to respond swiftly to emerging risks and market dynamics. Foster a mindset that values learning, adaptation, and continuous improvement.

DHL's initiatives for enhancing its control function management system.

DHL has implemented several initiatives to enhance its control function management system. While I don’t have access to specific details of DHL’s initiatives, I can provide some examples of common practices that organizations may undertake to strengthen their control function management. Here are some potential initiatives that DHL or similar companies may pursue:

1. Risk-Based Approach: DHL may adopt a risk-based approach to prioritize and allocate resources effectively. This involves identifying and assessing risks across its logistics operations and allocating control efforts and resources based on the level of risk. It ensures that controls are focused on areas with the highest impact and probability of risk occurrence.

2. Internal Control Framework: DHL may establish a comprehensive internal control framework that outlines the key principles, policies, and procedures governing its control function management. This framework provides guidance on control activities, segregation of duties, authorization processes, and reporting mechanisms, ensuring consistency and standardization in control practices across the organization.

To further enhance cost management, the following recommendations are provided:

- Explore opportunities for leveraging emerging technologies, such as blockchain and artificial intelligence, to further optimize cost management processes.

- Continuously monitor and evaluate supplier performance to identify additional cost-saving opportunities.

- Foster a data-driven culture by leveraging advanced analytics tools to gain deeper insights into cost drivers and make informed decisions.

- Strengthen collaboration between finance and operational teams to ensure alignment and facilitate cost management efforts.

Organizational and economic characteristics of DHL. This document provides an overview of the organizational and economic characteristics of DHL, a global logistics and supply chain management company. The information presented here aims to provide insights into DHL's structure, operations, and economic performance.

The DHL’s supply chain division focuses on a regular enhancement of existing business and strengthening of the focus sectors for profitable growth.

Table 3.1 – Strategic priorities by division

MAIL	Sustainably stabilise EBIT through improved efficiency and investments in the growing parcel business	MAIL AND PARCEL STRATEGY
EXPRESS	Growing continuously with the TDI product and improving service, whilst optimally utilising the network and increasing yield	FOCUS
GLOBAL FORWARDING, FREIGHT	Introducing a forward-looking operating model and growing sustainably in the difficult market environment	GOOD TO GREAT
SUPPLY CHAIN	Growing profitably using expertise in outsourcing and emerging markets	GROWTH THROUGH EXCELLENCE

Source: https://www.dhl.com/global-en/home/about-us/strategy-2025.html

Control methods that were used until recently no longer work proper results. The interests of the owners take priority enterprises, their shareholders, the collective.

Practical experience indicates that the best today the implementation of the system is a tool for restructuring the activities of enterprises internal control.

Given that for the implementation of internal control heads of all organizational divisions are responsible, they must understand the nature of internal control, the goals, the achievement of which is intended provide control measures.

Practice shows that at those enterprises where it is established current control ensures frugality, preservation of values, high indicators of the use of working time and labor productivity.

By using computer programs perform the formation of control data, techniques of documentary control. Can not be considered common use of computer tools even when conducting inventories commodity values.

Research results show that control capabilities as a function management is not used enough today. In this regard there is a need to develop control system optimization methods enterprises. Among the methods of increasing the efficiency of functioning of the internal control system, it is proposed to use the following: method of distribution of powers and responsibilities among employees, rotation personnel, control over individual areas of activity, improvement of control during sales planning, information gathering and formation of case files on buyers and customers, diagnostics and forecasting problems.

The most important method of optimizing the control system enterprises have budgetary control. Budgetary control provides timely detection of deviations of the actual indicators from the planned ones, reasons for the appearance of such phenomena and provides an appropriate response to them.

The results of control should be presented in the appropriate control reports.

An important place in the control system is occupied by its strategic control orientation In order to be effective, control must have strategic nature, that is, to reflect the common priorities of all organizational units.

The most common errors in the assessment of activity results:

1. The Nimba effect. Occurs when the employee is so good copes with one part of his duties, which problems, which arising during the performance of another part of the tasks are simply ignored.

2. Tuner effect. It arises when individual cases of bad work is adversely reflected in the overall assessment of work results employee.

3. A stereotype occurs when a manager allows his own beliefs about the employee to dictate the assessment that should be given to him put.

4. Comparison. Often, when evaluating the activities of two or more employees at the same time, managers have a desire to compare results their work, without taking into account their personal results.

5. Mirroring. Occurs when one person sympathizes with another, largely similar to her (in behavior). Therefore, the appraiser can get into trap by praising those workers whose behavior is similar to his, and underestimating those who do not look alike.

6. Difference. Evaluating the performance of their employees, managers are forced to identify shortcomings in the work of subordinates, and then tell about it to the whole team.

The need to introduce controlling into the management system the company is explained by the following reasons:

- growing instability of the external environment complicates the process decision-making and puts forward additional requirements for enterprise management;

- the complication of the enterprise management process requires a mechanism internal coordination of the enterprise system;

- the constant need for information under the conditions of its lack or excess requires construction of a special management information support system.

Controlling plays an important role in ensuring quality and efficiency of the enterprise management system.

The implementation of controlling at the enterprise should be implemented according to in the following directions (Fig. 3.1):

I. Preparatory stage. It consists in studying the current state of the enterprise.

II. The stage of directly organizing the work of the controlling service. On this stage, changes are made in the organizational structure of the enterprise changes in information and financial flows of the enterprise, changes are made in personnel policy.

III. Automation stage.

Controlling is a new phenomenon for domestic enterprises, that's why it introduction into the management system may cause resistance. Let's define the main problems that managers may face in the process implementation of the controlling service: resistance of employees, increase in volumes employees during the implementation of the controlling system.

Therefore, we believe that the proposed approach to implementation controlling services has advantages over traditional management models.

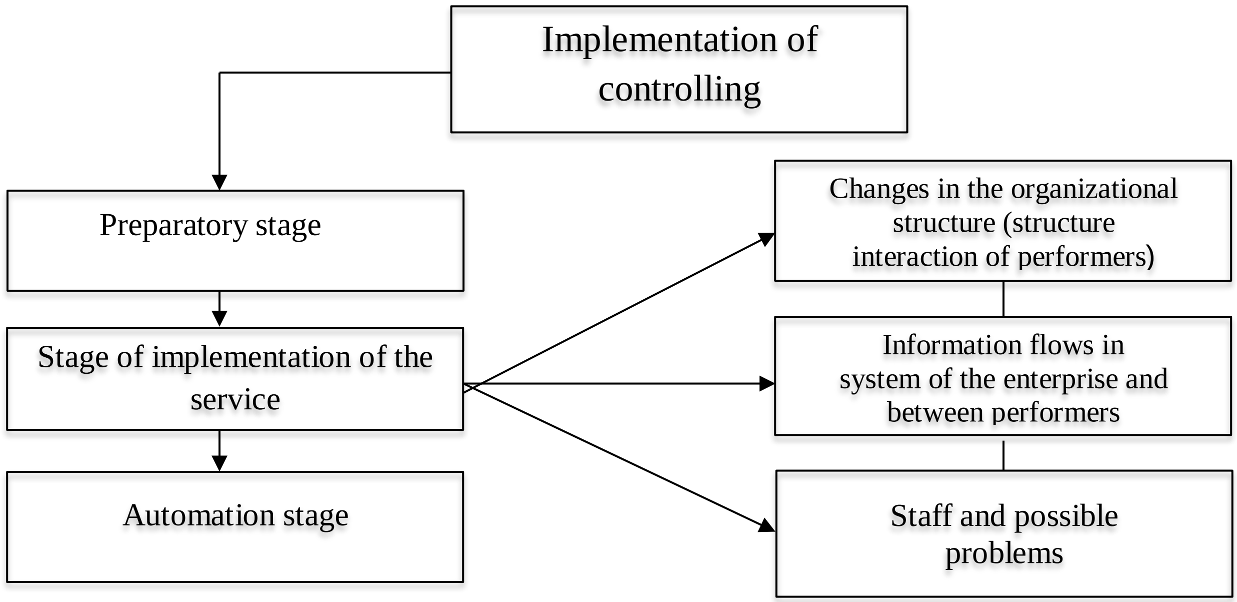

Figure 3.1 - Stages of implementation of controlling at the enterprise

Source: built by the author

Because the controlling service will contribute to the achievement of the planned strategic tasks, and not only follows past events.

To determine ways of development of the enterprise under the influence of existing ones external forces, management must know what state the enterprise is in compared to the previously developed strategy and in relation to competitors.

One of the main tasks of our research is a proposal regarding the company's use of a methodical approach to level diagnostics quality and efficiency of the management system. You should start with an analysis production: technology, personnel, strategies of production processes, level mechanization and automation, state of fixed assets, level product competitiveness. Objects of quality and efficiency diagnostics enterprise management systems should be: management structure personnel, calculation of the number of management personnel, organizational and functional structure, management process, document flow, information flows, quality of management decisions, management work organization personnel, technical means, management profile of the enterprise, potential and management effectiveness, motivation system.

Improving the quality and efficiency of the enterprise management system must be carried out on the basis of an objective, comprehensive diagnosis of the existing one systems of management, systematization and analysis of diagnostic results and developed relevant recommendations.

Diagnostics, analysis and development of recommendations for quality improvement and the effectiveness of the management system can be carried out both by the company's forces, so with the involvement of research and third-party organizations.

To diagnose the enterprise, it is suggested to use the following methods: personal observations, interviews of performers; study of documents, provided consultants; survey; photo of the worker day. The choice of method is determined by the specific conditions of the enterprise. The greatest effect is given by a combination of examination methods.

When diagnosing the quality and efficiency of the enterprise management system study production, production management and their relationship, interdependence.

For the convenience of diagnostics of the level of quality and efficiency management system, as well as for the timely detection of management deficiencies, can be used for express diagnostics of the level of quality and efficiency management systems.

The proposed method of diagnosing the level of quality and efficiency of the system management contains all the necessary internal factors that are negative affect the state of quality and efficiency of the enterprise management system.

Based on the collected data and the use of the proposed tools for diagnosing the level of quality and efficiency of the management system the analysis of the quality and efficiency of the management system made it possible to find out in which state is the management of DHL (Table 3.2).

Each isolated factor has its own defined criterion and is determined a certain function of the management process. That is, all factors of internal influence on the quality of the management system are divided into centers of responsibility (production, finance, marketing, personnel, foreign economic activity, corporate culture, management) in a functional section (planning, organization, motivation, control).

Table 3.2 - Diagnosis of the level of quality and efficiency of the system management of DHL

Factors	Functions				
	Planning	Organization	Motivation	Control	Total
Production	0	0,15	0	0,63	0,78
Corporate culture	0,42	0	0	1,1	1,52
Marketing	0,21	1,32	0	0,5	2,03
Foreign economic activity	0	0	0	0	0
Finances	0	0,3	0	0,86	1,16
Personnel	0	0	0,54	1,6	2,14
Management	0,7	0,48	0,15	0	1,33
In total	1,33	2,25	0,69	4,69	8,96
Minimum score					132,65

Sourse: calculated by the author

The main purpose of express diagnostics is the level of quality and efficiency enterprise management system is the early detection of signs of a crisis level quality and efficiency of the enterprise management system and preliminary assessment the scale of its crisis state.

Therefore, conducting an express diagnosis of the level of quality and efficiency enterprise management system provides early detection of signs of decline level of quality and efficiency of enterprise management and will allow to adopt operative measures for their neutralization. In conclusion, it can be stated that that diagnosis of the level of quality and efficiency of the enterprise management system allows you to identify and systematize symptoms, as a result of which they are outlined those shortcomings of enterprise management, the liquidation of which will allow it improve.

CONCLUSION

DHL Enterprises is built upon a solid theoretical basis that encompasses logistics and supply chain management, customer-centricity, operational excellence, technology and innovation, and cost management. By incorporating these theoretical principles into its operations, DHL strives to provide efficient logistics solutions, enhance customer satisfaction, drive innovation, and achieve sustainable financial performance in the competitive global market.

The development and risk analysis of DHL Enterprise highlight key aspects related to the company's growth and the associated risks. Here is a conclusion summarizing the main points:

The development of DHL Enterprise has been marked by significant growth and expansion, driven by the increasing global foreign direct investment (FDI) trends (2.1). DHL has leveraged these opportunities to establish a strong presence worldwide, capitalizing on its expertise in logistics and supply chain management. The company's global reach and extensive network have positioned it as a key player in the industry. However, along with development, DHL also faces various risks that require careful analysis and management. Risk analysis is crucial in identifying potential threats that could impact the company's operations, financial performance, and reputation. These risks may include economic fluctuations, geopolitical uncertainties, regulatory changes, technological disruptions, and supply chain disruptions.

To mitigate these risks, DHL continuously assesses and analyzes the potential impacts and likelihood of occurrence. This allows the company to develop proactive risk management strategies and implement appropriate risk mitigation measures. DHL's risk analysis also involves monitoring emerging trends and anticipating future challenges to adapt its business model and operations accordingly.

Assessment and net asset management play a vital role in DHL's operations, enabling the company to effectively evaluate its performance, allocate resources, and maximize value creation. Through assessment, DHL evaluates various aspects of its business, including financial performance, operational efficiency, customer satisfaction, and market positioning. This assessment process involves collecting and analyzing relevant data, identifying key performance indicators, and benchmarking against industry standards. By conducting comprehensive assessments, DHL gains insights into its strengths, weaknesses, and areas for improvement, which informs strategic decision-making and drives continuous improvement.

Net asset management involves the efficient allocation and utilization of DHL's assets to generate optimal returns and enhance shareholder value. This includes managing tangible assets such as facilities, vehicles, and technology infrastructure, as well as intangible assets like intellectual property and brand reputation. DHL focuses on optimizing asset utilization, minimizing downtime, and implementing maintenance and replacement strategies to ensure assets contribute to long-term profitability and competitive advantage.

Effective assessment and net asset management contribute to DHL's overall performance and competitiveness. They enable the company to identify opportunities for growth, allocate resources strategically, and enhance operational efficiency. By continually assessing its performance and effectively managing its assets, DHL strives to achieve sustainable growth, improve financial results, and deliver value to its stakeholders.

The improvement of cost management at DHL is a crucial focus area for the company to enhance efficiency, profitability, and overall performance. Here is a conclusion summarizing the key points related to the improvement of cost management at DHL:

DHL recognizes the importance of effective cost management as a strategic priority. By implementing continuous improvement measures and adaptations (2.1), DHL aims to optimize its cost structure and drive operational efficiency. This involves identifying cost-saving opportunities, streamlining processes, and leveraging innovative technologies to reduce expenses and improve resource allocation. Cost management at DHL also involves conducting a factor analysis of production costs. By analyzing various cost components related to production, such as labor, transportation, and inventory, DHL can identify areas for cost optimization and efficiency gains. This analysis helps in developing targeted strategies to improve production cost effectiveness.

Furthermore, DHL acknowledges the organizational and economic characteristics of the company. These characteristics include DHL's global presence, employment generation, supply chain efficiency, integration of technology, and the economic multiplier effect. Understanding these characteristics enables DHL to align its cost management strategies with the specific needs of its organization and the broader economic context.

In the pursuit of cost management improvements, DHL emphasizes a culture of continuous improvement and cost awareness throughout the organization. Employees are encouraged to contribute cost-saving ideas and participate in cost reduction initiatives. This collaborative approach fosters a cost-conscious mindset and empowers individuals to play an active role in optimizing costs and driving efficiency.

In conclusion, DHL is committed to continuously improving its cost management practices. By implementing targeted cost reduction strategies, conducting factor analysis, considering organizational and economic characteristics, and promoting a culture of continuous improvement, DHL aims to enhance efficiency, control costs, and achieve sustainable financial performance. These efforts contribute to DHL's ability to provide competitive logistics services, deliver value to customers, and strengthen its position in the global market.

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APPENDIX

DHL KEEPS YOUR PROMISES

During the 1990s, the worldwide express industry experienced rapid growth, with the market value increasing from $0.5 billion in 1982 to $4.5 billion by the end of the decade. This growth rate of 4.5% per annum reflected the increasing demand for efficient and reliable express delivery services. The evolution of the express industry expanded beyond emergency document services to become an integrated logistics partner. Distribution became recognized as a crucial business tool and a key contributor to gaining a competitive advantage. As a result, companies like DHL became integral parts of their customers' distribution strategies.

To address this evolving landscape, DHL has recently formulated a new marketing strategy. While the specific details of the strategy are not provided, it can be inferred that DHL is focusing on aligning its services and solutions with the evolving needs of its customers, providing comprehensive logistics support, and leveraging its global network to deliver value and competitive advantage. The formulation of a new marketing strategy suggests that DHL is adapting to the changing market dynamics and customer expectations. By strategically positioning itself as a trusted logistics partner and offering tailored solutions, DHL aims to strengthen its market presence and continue to drive growth in the global express industry.

Marketing objectives

DHL's objective of setting industry standards and being recognized as the benchmark for excellence in customer care reflects its commitment to delivering exceptional service tailored to customers' specific business needs. DHL aims to maintain its position as the market leader by continually improving customer responsiveness, offering the latest pick-up and equipment options, ensuring early deliveries, providing fast transit times, and offering comprehensive shipment information. To achieve these objectives, DHL is developing a new marketing strategy that revolves around market segmentation and target-market segments. By identifying distinct customer groups with unique needs and preferences, DHL can tailor its marketing efforts to effectively reach and engage these segments. This strategy involves strengthening relationships with existing customers and establishing connections with new ones.

DHL's focus on penetration and awareness highlights its intention to increase market share and make potential customers aware of the company's services and competitive strengths in comparison to other providers of distribution services. By emphasizing the benefits and advantages of choosing DHL, the company aims to differentiate itself from competitors and attract new customers to its network.

Market segmentation and target markets

DHL's move into market segmentation is driven by the recognition that different groups of buyers have unique needs and purchasing behaviors. By dividing the market into distinct segments, DHL can tailor its products, services, and marketing strategies to effectively cater to each segment's specific requirements.

DHL has identified three primary market segments: standard customers (occasional users), knowledgeable customers (informed users), and super-user customers (heavy users on a day-to-day basis). These segments are evaluated based on the value and growth potential of different industries.

DHL places particular emphasis on high-value industries such as the bank and finance sector, pharmaceutical industry, high-tech and computer industry, and telecommunication industry. Understanding the specific needs and characteristics of these industries allows DHL to develop customized products and services that create value and generate profit margins for its customers.

Furthermore, DHL focuses on continuous product and service development to meet the unique requirements of different industries. This includes offerings such as timed delivery and Sunday delivery to accommodate specific customer demands. Meeting the needs of industries like the textile industry may involve investing in specialized packaging, aircraft space, and containers.

Expanding into certain market subsegments and investing in essential equipment, such as for the textile industry, requires a strategic approach. DHL recognizes the need to establish a stronger presence in certain regions, such as the USA, before pursuing such opportunities. This ensures a solid return on investment and enables the company to effectively leverage its resources and infrastructure.In conclusion, DHL's market segmentation approach allows the company to align its offerings with the diverse needs of different customer groups and industries. By developing tailored products and services and strategically investing in key markets and equipment, DHL aims to enhance customer satisfaction, drive profitability, and strengthen its position as a leader in the logistics industry.

DHL distinguishes three market segments:

- standard customers (occasional users)
- knowledgeable customers (informed users)
- super-user customers (heavy users, day-to-day basis)

These market segments are further evaluated, looking at the value and growth of different industries. High-value industries according to DHL are:

- bank and finance sector
- pharmaceutical industry
- high-tech and computer industry telecommunication industry.

Positioning

While DHL aims to be perceived as a friendly, approachable, and helpful company with strong functional performance and proactive problem-solving abilities, recent market research conducted in five European countries (UK, Italy, The Netherlands, France, and Germany) suggests that people currently associate other characteristics with DHL. It would be helpful to have specific information about the characteristics that emerged from the market research to provide a more accurate analysis and understanding of the customer perceptions. Could you please provide more details about the characteristics associated with DHL according to the market research results?

Dhl and it’s competitors

DHL	UPS	FedEx	TNT
• Young • Dynamic • Trendy • Arrogant	• Military machine • Big • Efficient	• High quality • Not much local	• Rough cowboys • Capable

DHL recognizes that to achieve the desired perception of being friendly, approachable, helpful, and proactive, it needs to focus on personnel differentiation. The company understands that its success is ultimately driven by its people, who exhibit the right attitude, commitment, and a dedication to excellence. DHL values its employees and acknowledges their contributions as being among the best in the industry.

In addition to personnel differentiation, DHL is also positioning itself further on product and services differentiation. This approach aims to create a strong association with functional performance, emphasizing the variety of products offered by the company. DHL's focus on speedy and reliable delivery has been a key differentiator for the company and will likely continue to play a significant role in its positioning strategy.

By combining personnel differentiation and product/services differentiation, DHL aims to enhance its overall brand perception. The company understands that customers not only value efficient and reliable delivery but also appreciate the support and assistance provided by DHL's personnel. This approach aligns with DHL's goal of being seen as a friendly, approachable, helpful, and proactive company.

Marketing communication

DHL's objective of communication is to create customer value, which goes beyond the benefits of fast and reliable service. It aims to make customers feel more important and valued by choosing DHL as their logistics partner. Customer value encompasses the overall experience and perception that customers have when interacting with DHL. It involves not only meeting their functional needs, such as timely and dependable delivery, but also catering to their emotional needs by providing a sense of importance and personalized attention. By emphasizing customer value in its communication efforts, DHL aims to convey that customers are not just another transaction, but individuals whose business is highly valued. This approach acknowledges the importance of building strong relationships and fostering customer loyalty.

By making customers feel important, DHL aims to differentiate itself from competitors and create a positive brand image. It recognizes that providing exceptional service goes beyond the functional aspects and extends into the realm of customer experience and emotional connection.

Overall, DHL's communication strategy revolves around creating customer value, which includes both the tangible benefits of fast and reliable service and the intangible aspects of making customers feel important and valued. By delivering on this objective, DHL aims to strengthen its customer relationships and enhance its competitive position in the market.

Target groups consist of a wide range of users and decision makers going from secretaries to shipment and export managers. Examples of messages that have been used by DHL are ‘We Keep Your Promises’, ‘Trust is never a matter of luck’, ‘The strongest partnership work hand in hand’, ‘Nothing moves without them’, and ‘I don’t work with amateurs’.

DHL has employed advertising as a key component of its communication mix, utilizing various media channels to create awareness and reach its target audience. Local newspapers, distribution and logistics magazines, as well as national press, have been utilized to effectively disseminate DHL's messages to a wide range of readers.

To maximize visibility and reach decision-makers who rely on public transportation, DHL has utilized billboards, advertisements on buses, and in metro stations. These outdoor advertising channels allow DHL to capture the attention of commuters and reinforce its brand presence in high-traffic areas.By leveraging a diverse range of advertising platforms, DHL aims to increase brand awareness and establish a strong presence in the minds of its target audience. The use of different media channels helps to ensure that DHL's messages are effectively delivered to potential customers and decision-makers in the logistics and distribution industry.

Overall, the strategic use of advertising in various media channels allows DHL to create awareness, enhance brand visibility, and reach its target audience through a multi-faceted approach. By utilizing a mix of traditional and out-of-home advertising, DHL can effectively communicate its value proposition and establish itself as a prominent player in the logistics industry.

Results

How far has previous marketing action brought DHL up to now? It has been doing very well in the past. It employs more than 60,000 employees, operates in 227 countries and has almost 3,000 operating stations around the world. The latter means a greater worldwide coverage than Coca-Cola and McDonald's.

Region	No. of countries	No. of stations	No. of employees
Europe/Africa	118	1,470	28,762
Asia/Pacific	40	793	14,134
Middle East	11	96	1,582
The Americas	58	595	16,008
Totals	227	2,954	60,486

Worldwide market share of express shipments (international shipments)

DHL's impressive operational capabilities are reflected in the volume of parcels it handles, with 200 parcels being delivered every 60 seconds, resulting in over 100 million documents and packages annually. This extensive volume underscores DHL's position as the global market leader in international air express services.

While DHL holds a significant market share in international air express, it primarily focuses on shipments up to 250 kg. If heavier weight shipments were to be included, TNT would have the largest share in that specific segment. It is important to consider that market share can vary when specific regions are taken into account. For instance, FedEx, followed by UPS, are the market leaders in the USA.

DHL's new marketing strategy, with its emphasis on market segmentation, product and service differentiation, and personnel excellence, aims to retain its leadership position and create a desired image and position in the minds of customers. The effectiveness of this strategy and its impact on DHL's market share and reputation will be revealed in the future.

As the logistics industry continues to evolve and competition remains fierce, DHL will need to adapt and innovate to maintain its market leadership. Only time will tell how successful DHL's marketing strategy will be in solidifying its position and resonating with customers worldwide.