

MANAGEMENT CONTROL IN MAKING INNOVATION: A STUDY OF PROCESS AND IMPACT IN ENTREPRENEURIAL ORGANIZATION

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Abstract

Several researches show that management control is a tool for strategy formulating and at the same time for its implementation. Innovation is a strategy for organization. Therefore management control is a tool to make innovation. The purpose of this research was presenting how management control played an important role in the innovation process. Qualitative approach was used with a single case study in the Accounting Department of an Entrepreneurial University. Several methods were used to collect data such as interview, observation, and documentation. The result showed that the combination of management control was able to make innovation. Several issues emerged such as organization context, organization purpose, behavior, and other aspects regarding the implementation of management control mechanisms. This research also examined the process of innovation, and innovation impact on students and lecturers.

Keywords: Entrepreneurship, innovation, management control, university.

Introduction

In order to elevate Indonesian education competitiveness in the international level, the Indonesian Government commits to improve the quality of Indonesian universities. At present, the condition of Indonesian universities is not very comforting. The government has closed 103 universities and 21 other universities need coaching (JPNN, 2016). Previously, according to Widiyanto (2015), the government has closed 10 universities in East Java, and 3 universities are being coached. Some of the causes include insufficient ratio of lecturers to students, practices of issuing fake diplomas, disagreement between the board of trustees and the rectorate, decreasing number of students, and accreditation problems. Accreditation problems emerged when the Minister of Research, Technology and Higher Education stated that from 4,274 universities in Indonesia 3,422 had not been accredited. And from 21,657 university departments in Indonesia, 19,047 had not been accredited. However, there is also a comforting news, namely that there are five Indonesian universities which have achieved international recognition (Fizriyani, 2016).

The efforts to improve the quality of the universities occur simultaneously with the competition among the universities in Indonesia whose numbers are growing very fast. Indonesian universities do not only compete against local universities, but also against foreign universities which open their branches in Indonesia, or universities of neighboring countries

(Malaysia, Australia, New Zealand, and Singapore). The number of consultants for overseas education is growing larger, and they are becoming more aggressive in offering facilities and scholarships for overseas studies. The competition among universities has increased largely, since in recent years several business enterprises also established universities, like Semen Gresik, Podomoro, Pertamina, Lippo, Ciputra, etc. All these factors urge universities (especially private universities) to have competitive excellence. One way to reach competitive excellence is through innovation.

Universities as the “storehouse” of intellectuals should innovate in all fields. As institutes with so many human capitals, universities should dare to make innovations in researches, community aids, instructions, educational services and how to promote their services to the people (Oebaidillah, 2016). Universities should be innovative and become a necessity for the people (Wawasan, 2014). Simons (1990) stated that one of the levers of control to achieve competitive excellence in control management was innovation. In this case management control will motivate performers in the organization to make innovations which will eventually bring out competitive excellence. The basic question is how the organization can make innovation so that it has the optimal ability to compete. The researches of Davila (2000) and Simons (1990, 1994) investigated management control in relationship with innovation in business.

This research is different from previous researches because it studies an educational institution, namely a department of a university with entrepreneurial concept. This aim of this research is to examine thoroughly the role of management control in a newly established university department, in order to develop innovation. The new department needs to have a good competitive ability since it is a “newcomer” in the industry of university, especially among accounting departments in Indonesia. The urgency of this research is that innovation is an important aspect for a university in order to compete well and management control is one of the important mechanisms for making innovations. Management control is a mechanism to design strategy, including the strategy to innovate (Simons, 1995). Anthony and Govindarajan (2007) stated that management control was a tool for implementing strategy. The two approaches are different but both can push an organization to make innovations. Management control can push innovation, therefore organizations can use management control to make innovations in order to achieve competitive excellence.

The writing of this research is divided into several important parts. The next part investigates the role of management control in the university and innovation concepts. The research method used is presented in the chapter after that. Following the chapter about research method, we continue with the description of how management control push the innovation process in the university department, the impact of the innovation on lecturers and on students and why management control can push innovation. This research is closed by concluding the research finding, namely that management control has a strategic role in making innovation in an organization. Suggestions for further researches are given in the last chapter of this research.

The Concept of Management Control System

Simons' concept of the management control system (1995) is known as four levers of controls which include interactive control system, diagnostic control system, belief control system, and boundary control system. This concept of management control from Simons is often used in the context of strategy, namely the role of management control in business strategy and business competition.

In their research, Kimura and Mourdoukoutas (2000) found that to have an effective management control system, diagnostic system needs to be accompanied with boundary control, interactive control, and belief system. Diagnostic control can increase opera-

tional effectivity, but limit individual creativity. On the other hand, boundary system will increase individual creativity. Belief system and interactive control should be combined to push individuals to understand the organization's goal and to think strategically in facing competition. The implementation of diagnostic system, namely formulating the target to be achieved, so that individual creativity becomes an important factor in giving new ideas, is facilitated by the boundary system. Herbert (2009) explored how empowering was understood and applied by the management and the individuals. The result of this research is that transformation strategy can change bureaucracy, the culture of the public sector, and increase participation. This research uses the Simons concept to explore innovation process because the concept is believed to be suitable for management control in the context of competition (Simons, 1990).

Management Control and Innovation

As mentioned above, management control will push an individual to be creative and innovative. Davila (2000) stated that Management Control System had an important role in the innovation process of new products. The research result concluded that management control system was relevant with the development of new products. Then Davila, Foster, and Li (2009) proved that management control system functioned to push innovation. By using 69 start-up businesses which moved in the field of technology, they studied the role of management control system in product innovation. They found that management control system played a role in the innovation process.

Through qualitative approach, their research found that management control system could push dialogs which brought out new ideas, execution control through diagnostic system, and stabilization of the working environment. This research also found that management control system played an important role in the speed and punctuality of the production process. A research on management control system was also performed by Eshraqi (2012). Eshraqi (2012) studied the relationship between management control system and innovation. The result of this research showed that there was a positive relationship between innovation and the application of management control system, especially the application of interactive control.

Wongkaew (2013) stated that although the result of management control system depended on intangible aspects such as creativity, continuous learning, and risk taking behaviour, there was also another important factor, namely that innovation process had to

be managed carefully. He concluded that with the right integration of the four levers, the organization could actualize continuous innovation. From previous researches it seems that the concept of management control system has shifted from controlling individus to a wider scope namely supporting organization strategy and pushing innovation.

Management Control System in the University

Management control is a very important part in the process of strategy since it is a tool for implementing the strategy which has been selected (Simons, 1994; Anthony & Govindarajan, 2007). Management control has a close relationship with the capability of the university which is based on Resource Based Theory (RBT). RBT develops in the theory of strategic management and company competitive excellence which believes that a company will achieve excellence if it has excellent resources (Montgomery & Collins, 2005). University is a knowledge intensive firm, therefore RBT plays a very important role in universities. Kaplan and Norton (2001) and Belkaoui (2003) stated that the combination of tangible and intangible assets is a potential strategy for improving organization performance. Management control system in the process of combining and managing resources, in this context, is a very important asset of a university to ensure that the university achieves its mission.

Hoecht (2006) explored the shift of handling management quality from trust-based to control-based. This research concluded that quality assurance was perceived as a form of control that influenced professional freedom. The research by Marques (2009) found that state universities which were customer oriented would be more competitive and more accountable. This can be achieved by applying management control through the application of key indicators so that a university can compete among other private and state universities. State universities should focus on formal control in order to improve their performance. The indicators needed in controlling are internal performance indicator, operational performance indicator, external performance indicator, and research performance indicator. This research finds that the indicators function as strategic information for controlling organization.

Bobe and Taylor (2010) carried out a research on management control using the concept of Simons (1995). They discovered that experienced lecturers tended to use interactive control. While structural officials who have held their positions relatively long tended to shift from diagnostic control to interactive

control. This research also found that when the management of the university became more complex, the university leaders would adopt interactive control. While Al-Tarawneh and Mubaslat (2011) concluded that lecturers with longer experience did not use management control in managing their organization, compared with their juniors.

Several previous researches showed that management control was used to manage the behavior of individus so that they complied with organization expectations, in this case with the university's expectations. The role of management control mainly lies in measuring the lecturers' performance through performance indicator. In the relationship between management control and behavior, Radianto (2015) found that belief system and social system could motivate and urge lecturers to behave as expected by the university.

This research supports the previous researches which concluded that lever of controls could be used in changing lecturers' behavior. This research is different from the former researches in the fact that this research focuses on the relationship between management control and innovation in universities. This research investigates how management control motivates lecturers to innovate. Former researchers discussed this relationship in business organizations.

Research Method

This research examines thoroughly the role of management control in the process of innovation in a newly established university department, and its relationship with the performance of the university department. This research investigates thoroughly how management control pushes innovation, and probes deeply how management control can be a motivation which urges individus to innovate. A research which answers the questions "why" and "how" is very appropriate if we use the case study method (Yin, 2003). Therefore, this research uses qualitative approach with one case study. Through one case study, this research can be more focused and more thorough.

Data collection includes primary and secondary data resources. The primary data includes lecturers and students who at the same time also become informers. While the secondary data includes the activities of the university department which is obtained from the academic bureau, the accounting department, the marketing department, and academic support in the form of electronic and non electronic documents. Data collecting method includes formal and informal interviews with several informers,

documentations, and participative observations. Unlike other qualitative researches which use interviews as the chief resource for collecting data, this research stresses on participative observation and documentation. To ensure the quality of this research, we use triangulation method and prolonged engagement for data validation.

Result and Discussion

The researcher carries out formal interviews to three full time lecturers, and informal interviews to all full time lecturers which consist of six lecturers. Interviews to students are carried out informally when the researcher have lunch together with the students, or in conversations outside the classroom, or while learning activity is going on. This process proves to be effective since the lecturers and the students can be more open in expressing their views. The students which become informers consist of eight students. The document resources obtained by the researcher give much help in matching the result of the interviews with the observation, and become important resource for this research. The observation performed by the researcher is participative so that the process of data collection can run smoothly since the researcher has access for doing various activities together with the informers. One important aspect in a qualitative research is access which allows a researcher to collect data optimally. The researcher is able to do that in this research.

The Department Profile as a part of an Entrepreneurial University

The department studied is the Accounting Department of X University. This department was established in 2013, and has a specific characteristic when compared to other Accounting Departments. The vision and mission of the university is to create entrepreneurs in Indonesia, and the vision and mission of the department is derived from those of the university. The characteristics of an entrepreneurial university include among others, providing education which produces entrepreneurs, developing instructions through entrepreneurial education method which includes entrepreneurial curriculum, carrying out community aids in entrepreneurial context, and performing researches which focus on entrepreneurship in a broad sense (Gibb, 2005; Arnaut, 2010; Ropke, 2000). Besides, the department also has lecturers with practical backgrounds and often carries out events which are related to entrepreneurship. Thus, all the resources of the university are focused to develop

entrepreneurship in order to produce entrepreneur graduates. The data collected from observation and documentation from the university shows that the university has performed this since year 2006 until the present time. The entrepreneurial concept here does not mean that the university focuses on profit (profit oriented), but the concept of entrepreneurial university here is how the university management is performed in entrepreneurial way, namely by practising entrepreneur mindset, for example managing the university creatively and innovatively.

The profile of the department graduates is becoming entrepreneurs who have accounting skill. With such a profile, the department can not accept random prospective students. The department seeks students who want to become entrepreneurs but also have the eagerness to study accounting. In introducing this new department to the community it turned out that the integration of accounting and entrepreneurship in one department can not be easily accepted by highschool students and their parents. Among the subjects in the curriculum of the department there are 36 credits of entrepreneurial subjects, both according to the characteristic of the department and of the university. Each student must have a business project since the first semester until the sixth semester, and his/her thesis must be based on the business project. The weight of the accounting subjects are equal to the standard of other universities. Thus each student of this department must have a business project and accounting skill. This requirement causes many prospective students to cancel their intention to enroll in this department, because they feel that the requirement is too heavy. Thus, the students who enroll in this department are students with definite purpose.

Firstly, there are students who intend to become entrepreneurs who also have accounting and financial skills, as expressed by an informer in the following sentences:

I enroll in this department because I want to have my own business. I do not want to work as employees of other people. And I also want to have the skill to manage the financial matters of my business.

Secondly, there are students who want to continue their parents' business and need to master accounting and financial skills. Thirdly, there are students who are required by their parents to continue their business and need to master accounting and financial skills. The following is an excerpt of the researcher's interview with an informer:

My mother asks me to study in this department so that I can continue my parents' business. My

parents also want me to study accounting and finance in order to be able to manage the financial matters of our family business.

When we observe the background of the students' parents, more than 95% are businessmen, and the rest are professionals. Fourthly, there are students who want to do business in accounting, to become public accountants, tax consultants, and business consultants. An example of a student's statement is as follows:

I want to start a tax consulting office, so I enroll in this department. I hope to master the field of taxation in order to start my own office.

Those examples confirm the vision and mission of the department, in this case the vision and mission determine the profile of the graduates of the department and who are suitable to study in the department, therefore the department must recruit students who are different from students of other accounting departments. To ensure that the aim of the department is achieved, management control is needed for implementing the strategy of the department. Simons (1995) stated that one of the mechanisms of management control was belief system. Belief system is a management control where the vision and mission of an organization determine the organization policies. Department X has the vision to produce graduates in accounting who are also skilled in entrepreneurship. Therefore the prospective students who enroll in the department are students who want to become entrepreneurs in accounting business or non accounting business, or who want to continue their parents' business. This shows that the mechanism of control applied by the department has been executed. The researcher also performs triangulation by observing parents' background through documents to be matched with the result of the interviews, and by observing the students' business projects. For example, The student who is expected to continue his parents' business has parents who do business, and the business project executed by the student is his family's business.

Management Control within the Department

The researcher explores various management control in the Accounting Department. Management control is a system which influences individuals to behave according to organization's expectations (Merchant & Stede, 2007). Kren (1997) in Cahyono, Lestari, & Yusuf (2007) and Zheng (2012) stated that management control was a mechanism to motivate

individuals. The researcher observes management control in the department and obtains the following results.

The university applies decentralization, so each department is managed by a Department Head as manager. Each semester, the performance of the department is measured and the measurement is entered in the yearly report. The department's performance is measured through the activities of the three duties of university and non academic aspects including student's mental growth and achievement. Therefore the performance of each lecturer in the department is measured twice: first, according to the work load of the lecturer (as required by the government) and second, measured by the university for internal use of the university which among others relates to reward given by the university. This concept underlies the management control for each department. This performance measurement concept agrees with the result control concept of Merchant and Stede (2007) and the mechanism of diagnostic control system of Simons (1995).

The department is required to operate efficiently. Therefore every year the Department Head must give an account about the target achievement of the department (number of students and planned programs), and budget absorption which also relates to cost efficiency. This condition puts the Department Head in the position of a manager who is responsible for the account center which he leads. The concept of account center is an important concept from the management control concept of Anthony and Govindarajan (2007).

Since year 2009 performance appraisal which aims at improving lecturer's performance is applied in each department. The performance appraisal is derived from university performance to faculty performance then to department performance and finally to lecturers' performance. Because of this method, what happens in the lecturer level will influence the university level, so that all the activities of the lecturers, departments, faculties are expected to be in accord with the aim of the university. The coaching process is performed through interviews based on documented performance and on observations on how the Department Head executes his programs. The researcher carries out triangulation on the three aspects until he finds the "connecting thread" of how the process from goal determining to program execution can run as expected.

The belief control system applied in the Accounting Department is carried out in several ways, among others, each lecturer must have a signed department's vision and mission, posting posters or

billboards containing the department's values such as Integrity, Professionalism, and Entrepreneurship in all lecturer rooms in order to ensure that lecturers read them as often as possible.

The Accounting Department has an ethic code which is derived from the university, which includes an internal memo which regulates what things may be done and what things are prohibited. The ethic code regulates several issues such as the way of wearing clothes, hours of attendance, working hours, and relationship between individuals within the Department and within the University. Besides the internal memo and ethic code there are also regulations from the Human Capital Management (HCM) Department which are concerned with office hours, for example using finger print or face scanning in controlling lecturers' presence and discipline. The lecturers do not have objections in having to notify their presence in the department because they recognize that its aim is to ensure that they are present (available) in campus so that students can meet them, or they can make coordination with their superiors or fellow lecturers, and do other things that support their duty as lecturers. The control is also applied through presence record where the record of the presence of each lecturer is given to the Department Head to be used as a source in making evaluation for each lecturer. These mechanisms are the mechanisms of boundary control system (Simons, 1995).

In ensuring order in the department, Standard Operation Procedure (SOP) is made as detailed as possible, in faculty and university level and implemented in department. The SOP is made not only for academic but also non academic aspects. Then every month the Dean of the Faculty receives information about budget absorption and programs of the department, and matches them with the target which has been determined before. Coaching is compulsory between Department Head and Dean, and between lecturers and Department Head. The coaching is carried out once in each semester to evaluate the things that have been done by the Department Head and lecturers, and to make plans for the next semester. The document of the coaching is submitted to HCM (Human Capital Management) Department which will be used as components for performance appraisal every year. To monitor the performance of the Department Head, every year the department is audited internally and the ranking of the internal audit is announced publicly within the university. Lecturer performance in instruction, research, and community aid is evaluated every semester through on line "performance appraisal form" so that any time the Department Head or Dean can view the performance of

the lecturers. To ensure that lecturers carry out the programs of the department, the Department Head attaches a piece of paper which contains the target of one semester on the table of each lecturer. All these practices are the application of management control system as a supervision tool, performance measurement tool, and a tool for comparing the performance with the standard which has been determined before, which is called diagnostic control system (Simons 1994; 1995).

The result of this research shows that the mechanism of management control in the department is supported by the mechanism of management control in the university level. Thus, the behaviors of the lecturers are always influenced by the control in the university level. One example: poster about the university culture which emphasizes on Integrity, Professionalism, and Entrepreneurship is posted at the wall of every office within the department. This will remind the lecturers to behave as expected by the university. One example: The lecturers arrive at the department on time and never go home before the end of the working hour, except when they have an assignment from the department or when they have permission to leave early to settle special personal matters. The lecturers recognize that honesty is an important aspect for a lecturer, in this case honesty is an important aspect of integrity. Varying teaching methods also show that entrepreneurial culture have been internalized in the lecturers.

Management Control in Making Innovation

Radianto (2015) found that informal control system is more effective than the formal control system. Both are complementary, which means that they are not mutually exclusive and that one cannot operate without the other. In the efforts to give education to the community about "entrepreneurial accounting department", the department commits to making innovation every semester. This is derived from the faculty which motivates every department head to make innovation every semester.

In bringing out innovation, the Department Head meets with the lecturers almost daily to discuss issues relating to students, the process of instructing and learning, teaching methods, relationship with outside parties, and other relevant issues concerning the department. Informal interactions are often performed in the morning and during lunch hour. Formal interactions are carried out once a week in coordination meetings within the Accounting Department and within the Faculty. Besides, there are also intense interactions between Department Head and Dean, for-

mally and informally. One mechanism that helps in making innovation is interactive control system (Simons, 1995). This mechanism is applied within the department both formally and informally and can bring out ideas to make innovation.

These interactions are influenced by the management control at the university level, which requires lecturers to be present at campus every day according to the time which has been determined before. Coaching must be performed between Deans and Department Heads, and between Department Heads and lecturers so that through the mechanism of this control lecturers can interact effectively.

Intense interaction will cause the relationship among lecturers to become closer, more open, and more constructive. When openness is established, many ideas will emerge from the lecturers which can be implemented. Ideas are often screened through informal interactions and those interactions sharpen the aims and activities of the ideas. Anthony (2012) stated that innovation meant making something which is different and has an impact on the organization, the community, or the society. Innovation which results from intervention through interactive control system produces several innovations as follows:

Accounting Active Learning (AAL) is a development system based on the experiential based learning concept. Start by the difficulties experienced by the students with IPA educational background, the lecturer then builds an intense discussion with the head of the department regarding the easiest way to teaching accounting. Begin with inserting indoor game, movies, afterward it develops into an outdoor game as well as the concept of the class competition, then comes the idea to develop accounting learning method that integrates with an education of entrepreneurship which labeled as Accounting Active Learning. In the development of AAL, the head of the department created a teaching grant for each semester in terms of supporting the AAL activities eventually require all accounting lecturer to use AAL approaching in teaching. AAL is growing and researched by a master of education from Malang University to write a thesis. AAL is the development of experimental based learning, it appears to be the appropriate method of entrepreneurial education applied in the accounting department with entrepreneurship based (Radianto, 2013).

The activities of AAL performed both inside and outside the classroom, outside class is performed both within the university and outside the university, as for example class activities such as games and movies related to accounting, inspire from creative accountant and presentation, while outdoor activities includes

accounting exhibition, accounting outdoor game, company visit, real business accounting, and small accounting project. A subject that applies the AAL is supervised by one to three lecturer who acted as facilitators. The procedure of each activity are first opening by the facilitator, then review the activity from the previous week, continued with activities and end with student reflection. Some sources the sources of the activities that strengthen these findings is is the observation when AAL is in progress, the existence of the documentation from the corresponding lecturer as well as interviews conducted by the faculty and students were kept in the Departement related. When the semester begins each lecturer doing a design AAL presentation for feedback and support from lecturer colleagues. Below is the description of each learning method.

Accounting Game. Accounting game is aim to inspire students in understanding the accounting easier. This is done since some of the students subjected in science in high school. The advantages of this game are easier for the student to understand the benefits of accounting for business and other sciences for the benefit of accounting. The example of games is doraemon bag, my future, and monopoly, etc.

Accounting Movie. In this activity, the student are watching a special movie related to the topics being taught. In this method, facilitators choose a movie in a certain duration. The Reflection which contains the relationship between study topics. The movie was made and presented by students.

Inspiration from Creative Accountant. In this section the facilitator invites and accountant who also has a business engaged in the creative fields not accounting, for examples garments, creative industries, tea bag and other businesses. The aim is to inspire about how an accountant is able to work in other fields and also encourage students who want to become entrepreneurs and have accounting expertise. Another aim is to show that accounting is useful in developing business. Each of semester program required to invite the accountant who has business to inspire the students. This is in line with the concept of belief mechanism control system of Simons (1995) and informal control of Anthony and Govindarajan (2007). Basically, this concept affects the individual to behave in accordance with the vision and mission of the organization. All activities are directed toward achieving the vision and mission of the department.

Company Visit. In this activity student is required to conduct a visit to the company in accordance with the majored taken. For example students who visited the ice cream company is only for those who majored in cost management, management and bu-

business ethics. There are some other companies that are included in this activities, such as finance, manufacturing and services. In this activity students are expected to be inspired to build their own business, also at fifth-semester student is required to build a business and it is recommended to work with the company that is associated with the visit that has been done previously. For example a student who owned a t-shirt business will often follow up companies that have visited to get t-shirt order. The result of this activity is evaluated on each semester and showed positive results for students, the department require to hold a company visit at each semester, which is managed by certain majored lecturer.

Small Accounting Project aims to introduce students to the real business. In the beginning of the semester, students are required to conduct business activities for one day, where the activities include finding vendors, getting consumers and generate a profit. The entire activity exercised was done outside the university. These activities have a purpose of preparing the next semester students to building a real business. In this activity, students are required to create a business financial reports related to the business that they run.

Real business accounting. In this activity, students are divided into several groups and were placed in the center of certain businesses, such as the shoe center in Mojokerto for more or less a month. The students learn from the shoe business pioneered, as well as helping to a recording of simple accounting. In this activity, the facilitator also participated to ensure the purpose of the activity is reached.

Assessment of the subject that apply AAL must go through several indicators that contains in rubrics, due to the activity and many types of activity. All methods have been planned in details by the facilitator and in line with the university vision, to generate self-employment in the finance and accounting sector. Therefore, all learning activities should be directed to achieving the vision.

The next innovation is “Entrepreneurial Activities Accounting Forum”, where this activity is driven by the belief control system, all activities should be directed to the vision and mission of the department including is a profile of graduates. To create excellent entrepreneurial graduates, an idea was appears to give a seminar to students of accounting with unrelated topics to accounting, with the aim to inspire students to be entrepreneurial. The profession of figures who were invited to the seminar such as writers, artists, businessmen, bureaucrats and others profession who are considered able to change and strengthens the student mindset to become entre-

preneurial. This activity was originally intended only for the students of accounting, but currently, it is open to the entire University and some high school also attend the event.

Character Building Program is based on a belief system, to make sure the students will become an excellence entrepreneurial. In these programs, students are given time for three days and two nights to sharpen their soft skill, such as negotiation, teamwork, leadership, creativity and self confidence. This activity is different with camp courses, camp course focuses on familiarity or leadership. The purpose of the character building program is to establish the entrepreneurial character including the ethics as well as motivate students to run their own business properly.

The implementation of project based learning. The application of project based learning, applied as a response of each accounting student must have a business project. In another program at the University, business projects started in the second or even the fifth semester, accounting department has been preparing students for the early semester. In this activity, students are also required to participate in the local scale, national nor international exhibition. In the first semester, students are require to have their own product and sell in a certain place as well as practice in making a simple financial report for a business that they created. The specific target set for each business group that includes turnover each month up to the development of owned assets.

The Impact of Innovation on Student

Innovation is making a difference and impact (Anthony, 2012). In this section is presented how innovation created by department create an impact on students. In the implementation of the AAL, many students are surprised, they never thought that learning in accounting department is different than they had heard either friends or relatives, who also take accounting in another university. Some student initially wanted to quit because it felt hard, but when they experience AAL they undo their intention and finally pass with good grade also have a business with more than Rp 60 millions value. This is in accordance with the concept of management control of the Merchant and Stede (2007) that is the control of culture. One of the mechanism controlling culture is to establish a positive culture that make each individual in an organization feel comfortable and they will work optimally. Different example but the concept remains the same, the application of cultural control worked. Below are some positive comments that collected:

"I felt different learning here, more practice than theory, it make us understand accounting better"

"I can learn accounting creatively and innovative, it make us understand more about accounting. Hopefully when I graduate, it can be useful for the family business"

However many students are also fatigue with the existence of the activity, for example:

"Lots of assignments, feel like short of breathe, also business project targeted by the lecture, but still feel enjoy."

"Entrepreneurial Accounting Forum (EAF)" held once in two months, this event gain a positive response from the student since they are inspiring by the speakers invited by the department. Some student has the opportunity to become an internship by end of the semester on a company that made presentations at the EAF and some group of students also benefited since the consumption of this event were ordered from their business. They also have the opportunity to introduce their business, exchange business card with speakers and invited guest, etc. The evaluation result showed student ask EAF activity must be obtain since they feel the positive affect on it.

Character Building Program. In the beginning this program receive poor response, but after the student attends the program, they expressed a positive experience and willing to participate in the next program. The impact of this program is that there is a stronger bond between them also between different generations. The interesting part is they realized that their softskill develop in this activities.

"My feeling more relieved since each member know each other nature and how to deal with it, although there is still some clashes but because our thought has been merged it noticeably easier than last time."

The above positive expression is one of the example from student after participated the character building program. Students who often follow camp or similar activities, experience the difference. They claim that this activity is the entrepreneurial activities that able to build the entrepreneurial spirit as well as leadership. All Creative format and method making them unable to predict what interventions that will be experienced during the activity.

Project based learning which requires that every accounting student must have a business project, obviously lead to a relatively large impact. The impact is visible, especially in the way of thinking, it changed dramatically compared to when it is still at

the beginning of the semester. Student business project is the specialty of Accounting Department, which distinguish with others Accounting Department. Students begin the project in the first semester and consistently continued until the seventh semester. In the process many things happened, such as broken business group with varieties of reason, surviving business group, a business group that change every semester, a student was fired from the business group because is considered not qualify and much more. Bussiness project is an activity that will always be remembered by the students since many life experiences earned by students.

The following is an example of the student expression who follow the exhibition in Jakarta:

"At the exhibition in Jakarta we got buyers and link both Surabaya and Jakarta. We are also able to know the difference of Jakarta and Surabaya typical consumer."

Each students have an unforgettable experience when they running their project business, it cause of interacted with lecturers, colleagues, supplier, vendor, consumer, government, and family. Target appointed, make them exhausted, even depressed, but after pass some semesters they already have a positive mindset.

"I am not from a businessman family, this project is changing my mindset to being passive"

They are often have a positive experience that motivates for business. Below is one of the expression:

"We motivated, to be honest the four of us are a bit lazy, with the existence of the target we are encourage to go onward."

Guidance from lecturers and business mentor. In this program students are guided by the lecturers and practitioners, they have the concept and practical aspects from the practitioner. Several students experience the existence of the combination both lectures and mentoring method, they are able to evaluate their business. Below is one of the information:

"First, we choose the wrong segment. We are assuming that it is definitely acceptable and not wrong, since nowadays people love an instant gadget, and then we change the target marketing to school, since the school is an institution of education for everyone. Start from there, we had thought that students who love gadget will need more games"

Through the business project, students become skilled as business pioneer also change their mindset.

By experiencing the difficulty of finding money, building connections, and decent behavior to others especially to the customers, those things develop their behavior. In the same time positive impact also appears on students with quite satisfying business, they show appreciation in money, times and others.

Others positive impact is student have the additional money from the business. An example, a student from Semarang receive a scholarships. In the beginning of semester untill the second semester, the student business still blurred, however in the third semester the student choose garment (T-shirt), after three sememester the student is able to sponsor his brother to the one of prestigious university in Surabaya. Below is the expression with teary eyes:

“I never thought I can sponsor my brother to the A university. I pay both, the admission and tuition, meanwhile I receive the scholarship. I never thought my business would be like this.”

The same experience but different context happened to a student, below is the following expression:

“My mother asked me to start helping to taking care of the family business, now I am building the accounting system. After graduated I will star working. I am happy because my parents trust me”

The student requested by her parents to continue the family business and in charge for the financial controller. She said that encouragement to continue the family business, as well as a financial controller, appears due to the business project. Bussiness project teaches financial management, how to find customers, product marketing and theory (especially the subject of accounting information system). Another positive this is the wide variety of programs and innovation made in these activities. The result of an interview conducted with a group of business students is that they are doing much varieties of innovations. The following is one example from innovation conducted:

“Now we are focusing on sales and innovating by creating a product that has a certain characteristic.”

Additional information:

“Jeansu focus on selling the bag, with jeans as the basic of material. Jeans material that is already known usually black. The Innovation we do is in color, there are ombre color, and some combine batik and so on.”

The process of innovation does not just appear on the lecturers, but also spread to students, especially

in the pioneering their business. The following is the impact of innovation on lecturers.

The impact of innovation on lecturers

The positive impact of innovation on the lecturers can be seen from the aspect of faculty Tridharma. AAL which has been implemented by each lecturer make them active in making research on the creative accounting education. The program development is clearly visible, at the beginning of the Accounting Departement there is only one lecture who did research then publish it through journals and proceedings. At this moment all lecturers do the same thing with a focus on the accounting education and student business projects. Unfortunately, those two subject become the excellences of lecturer, particularly for the development of active learning methods in Accounting Department.

The increment of lecturer creativity in teaching method is lead to a big impact for a student who attends the class. The student even provides an excellent score to the lecturer with AAL method. It is evidenced by the increase in the annual lecturer performance index which assessed each semester by HCM Department. In 2015, the Accounting Department gain an achievement as the top three of the ten departments with high IP and highest development IP. Data documented on the list of accreditation, renstra, and from the result of informal discussion also observations indicate that the Accounting Department at the most in providing active teaching methods compare to others department.

Focus on the integration of entrepreneurship and accounting as well as the habits of the lecturer in the Accounting Department to create new things, many lectures is often invited to be a trainer in the private institution and government. The lecturers are also often requested to cooperation with region government/certain city to develop or empower people in the sector of entrepreneurship. Testimony from users (both private and government), the method used by Accounting Department lecturers are very innovative and creative, it causes the participant enthusiastically followed the training or seminar.

Another positive impact is the result of the company visit and EAF, many businessman, and professionals who want to have the opportunity to be able to give a workshop or seminar in Accounting Department even at the university level. It makes the relation on the Accounting Department is increasing. One of multinational company requested some of Accounting students for internships, eventhough they aware that the Accounting Department is recently es-

tablished. Their feedback is that the students are very active, have the ability, high spirited in giving opinions and hard working.

The Combination of Control Mechanism is the Innovation Key

The result of this research indicates that a consistent interactive control system is the process of innovation development. The process of interaction always begin with informal, further, it can be changed to formal. To produce a positive interaction, an aspect of equality, fairness and respect becomes the main key. A wide range of ideas, such as crazy ideas or impossible ideas, always reveals in intense meetings. Kimura and Mourdoukoutas (2000) mentioned that this system allows interaction between each individual to obtain and provide new information. This research also found that a brilliant idea usually come in an informal meeting between the leader of Department and lecturers. An informal meeting can be variety, such as having lunch together, watching movies together, and duty on the plane or vehicle. The more meeting the more idea will appear, feedback from ideas that appears, and the most important part is easiest to execute the idea. The process to agree innovation idea usually occurs in a formal meeting, such as coordination meeting.

Interactive control system is the controlling process through communication, it can be done in various way, for example discussion and dialogue. Discussion topics referring to the improvements, there will be ideas, concepts and new point of view, which in the end those will lead in to development of new university strategy (Bruining, Bonnet, & Wright, 2004; Ismail, 2013). In the process of discussion there is no separation between the leader of Department and lecturers, so the atmosphere of the discussion become more relaxed yet still serious. This is in line with the interactive control system concept, in the discussion there is no structural level, but more focused on concept of the learning organization in order to generate the control system to become a paradigms in kolegialism university management.

Interactive control is a tool in development of opportunity seeking and learning. For example when lecturers notice there is a problem in non IPS student to learn accounting, then innovation occurred through learning methods. Furthermore when there is a problem on how to create entrepreneurial mind as well as pioneer a business on students, then the implementation of project based learning appeared. Similarly when students are having difficulty in finding "role model" of creative accountants or entrepreneurial who

have expertise in accounting, then innvotion of EAF appeared.

Through this control, the "market education" toward Accounting Department can be creatively packaged and successfully print the students in accordance with Accounting Department graduates profile. Interactive control is very suitable used by the head of department to manage department, from formulation to implementation strategies. This system is also an effective tools of communication between department head and lecturers. Other system such as a boundary control system, belief control system and diagnostic control system is also play an important role in supporting the development of the interactive control system. For example, if a boundary control does not exist as a code of ethic or presence system, it would be difficult to gather all lecturers together when necessary. Furthermore with the vision and misson are necessary to shared and be reminded continuously with the purpose to make lectruers focus on the main goal of the department. Lecturers never give their time and "heart" when it is consuming lot of time and energy. The teaching process for one group take about half to one hour, if it consist of five group, it means in one week a lecturer should spare at least five hours (not including tridharma activities and department assignments). Therefore some of the lecturers conduct it after office hours.

Diagnostic control system is a performance appraisal, is very supportive, because, with the assessment work, each lecturer will focus on improving its performance that will lead to the improvement of department performance. The other thing is the dean's instruction for each department to have innovation.

Conclusions and Implications

The management control has an important role in creating innovation. One of the management control mechanisms that are able to support innovation is an interactive control system but must be combined with other control mechanism such as diagnostic control system, boundary control system, and belief system. In the research found that informal control can be more motivating lecturers to be innovate, although formal control also play an important role. Another important aspect is the leader behavior, which are respect, equality and acceptance, those can make innovation basic ideas can be acknowledge and positively criticized. The main success in implementing the interactive control system is the commitment of the leader to implement the mechanism control.

The management control must be holistic approach is not only the operational level but also on a strategic level. In this case operational level is the

department and strategic level is dean and rector of the university. Mechanism control that is only applied on the department will not be effective if not supported by the higher level of mechanism control.

This research provide some contribution to the literature of the following management control system. Leadership characteristic can be one of the mechanism aspect of management control as well as the importance of leader's commitment to the success of management control. The next contribution is the mechanism of management control must be applied at all levels, both strategic and operational level. This invention will strengthen the concept of management control, which previously only focus on the holistic concept on each level. The next researcher investion is a mechanism for controlling performance, where this control is focused on the management control mechanism, such as motivation to achievement, not just individual behavior to suit the organization expectations. This mechanism to contribut to the management control sector specifically in the topic of performance measurements.

The Implication of this Research

The management control mechanisms applied different between one organizations to others. In this case the management control mechanism applied to the entrepreneurial department. The mechanism of interactive control system is possible to be transferred to the same organization that has similarities distinctiveness. Management control mechanism can be implemented, but it must be adapted to the objectives of the organization since each controlling has a different purpose and related to the organisation strategy. A combination of formal and informal control, as well as various control mechanism must be applied with a tremendous commitment from the leaders of the organization.

The Limitations of Research and Further Research

Several limitations of this research are as follows, first, this research is interpretive. In an effort to interpreting all revealed by informant demand quite a long time and always have to notice the real context of the case, in the process of interpretation there is possibility occurrence of subjectivity element from other researcher who participated in process, even though it was through the member checks. Second, in the process of presentation, this research uses story telling approach, as others qualitative research, there is a possibility that the reader can not understand

clearly, especially when the reader has paradigm apart from qualitative. Third, the activities of informants both students and lecturers make the interview process is often delayed and repeated, as well as the process of interpretation of the transcripts of student informants become difficulty, since they used "slang", sometimes is difficult to understand, in the process the researcher received assistance from other parties.

Further research may add creative aspect which is closely related to innovation, in this case management control is related to the creativity that can create an inovations which important thing to do. He urgency of this research is to find the relationship between creativity and control of management, to be develop into a management control model that encourages creativity in creating innovation. Until this time the research of management control reach only on how the management control affect innovation.

Innovation does not only appear in the entrepreneurship characteristic institution, but in all higher level of education who are fully aware that innovation is one of the strategies. Research on management control creates innovation, also can be performed on the non entrepreneurship characteristic university (conventional university). The last is the aspect of leadership as management control mechanism can still be examine more deeply. This will provide a substantial contribution, the leadership will be one of the factors in the management control sector.

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