INTERACTIVE CONTROL: STRATEGY OF MANAGEMENT CONTROL DURING THE PROCESS OF COACHING STUDENTS' BUSINESS

Oscarius Yudhi Ari Wijaya[1], Wirawan ED Radianto[2]

[1]Academy of Secretary and Management Indonesia (ASMI), Surabaya
[2]Ciputra University, Surabaya
INDONESIA
Emails: [1] artaprima@gmail.com, [2] wirawan@ciputra.ac.id

ABSTRACT

Entrepreneurship education with project-based learning method needs intensive supervision, since this method allows the students to initiate a real business as their project. Therefore, a control system to ensure that the students are able to run their business is highly required. This research attempts to explore how the interactive control system can become a supervision strategy for the students. This research uses qualitative approach. Research findings show that interactive control system implemented in entrepreneurship education not only can influence students' behavior to complete their business project as expected by their facilitator, but also can motivate the students to improve their performance.

Keywords: Interactive Control, Entrepreneurship Education, Entrepreneur, Management Control

INTRODUCTION

A myth about entrepreneur was inborn is a significant constraint to improve entrepreneurship. This myth is of course not true, since Ir. Ciputra has emphasized that entrepreneur can be trained through 3L; *lahir* (talent), *lingkungan* (environment), and *latihan* (practice) (Tanan, 2008). *Talent* means that an entrepreneur was born talented since the birth parents are entrepreneurs. *Environment* means that although an entrepreneur was not born from entrepreneur parents, he or she was raised in an entrepreneurial environment that makes him or her are used to the soul and spirit of entrepreneurship. For those who were not born as entrepreneur or raised in an entrepreneurial environment, *practice* is then the key to create an integrated educational system. Through practices, students can be trained to become an entrepreneur.

Entrepreneurial spirit has taken many forms, such as creativity, innovation, hardworking, and many more. This spirit should underlie the entrepreneur education in higher education. Students must be given treatment that leads to improve them in having an entrepreneurial spirit. Several teaching methods have been developed to bring up and nurture the spirit of entrepreneurship, such as problem-based learning, case study-based learning, experimental-based learning, project-based learning, and others. Often by certain circles, those methods are called active learning that is centered on the student rather than lecturer or facilitator.

Ciputra University (UC) is the first university in Indonesia that has a vision to produce entrepreneurs by using Project Based Learning (PBL). PBL approach conducted in UC allows the students to have a real business project that must be initiated when they study there. How PBL runs properly in accordance with what is expected by the UC has become a very interesting and important issue to discuss.

A mechanism that can be applied is to implement a management control. Management control is a system used to ensure that each individual behaves as expected by the organization (Simons, 1995; Merchant & Stede, 2007). Radianto (2015) in his research discovers that control informant is one of the powerful control mechanisms applied in higher educational institution. Communication is one of effective control mechanisms. This study aims to investigate how effective is coaching as control mechanism in improving students' business.

LITERATURE REVIEW

A research with qualitative approach is not intended to confirm theory, nor is guided by any particular theory (Kuswarno, 2013). Theory is more used as a reflection of what is being covered in the field research. Similarly, this current research is not guided by any particular theory. In this section, the researcher reviews some literature of management control researches that have been conducted in higher educational institution.

Several researchers have conducted researches on management control in higher educational institution. They discover that there are positive impacts as resulted from the implementation of management control, which are encouraging teaching effectiveness, decreasing teaching staff turnover, and improving the research performance of higher educational institutions (Hallinger, 2010; Grant, 1998; Campbell et al., 2010; Overell, 2004; Schulz & Tanguay, 2006; Turk, 2007; Terpstra & Honoree, 2009). Other researchers reveal that management control is able to improve service of higher educational institutions for their stakeholders, decrease professors' dissatisfaction, and motivate structural leaders (Terpstra & Honoree, 2009; Irs, 2012; Terpstra & Honoree, 2008). Through management control, it is also revealed that this system positively contributes to the teaching performance in higher educational institutions (Lindsay et al., 2009; Turk, 2007; Terpstra & Honoree, 2009).

Literary study shows that related researches are able to highlight the significant role of management control for the continuity of education in higher educational institutions. However, few researches have been conducted on researching the roles of management control for entrepreneurship education. Moreover, there has not been a single research conducted on focusing how interactive control becomes a tool of management control. Therefore, this current research fills the gap resulted in the context of how coaching can become an effective tool of management control for entrepreneurship education.

RESEARCH METHODS

This research aims to deeply investigate how interactive control becomes mechanism of management control for entrepreneurship education. Therefore, this research used exploration method under case study strategy. Approach used by this research was qualitative approach to allow the researcher deeply and subjectively dug and reported what had happened in the research setting.

The data were gained by conducting purposive sampling method, who was facilitators that have coached students' business for more than four semesters. In-depth interview was used in this research to describe the informants' opinions and experiences. To validate the data, the researchers used documentation and observation as triangulation method.

FINDINGS AND DISCUSSION

This research was conducted in 15 weeks. There were nine business groups coached by several facilitators. Students' businesses varied, starting from culinary to fashion. Based on the researchers' observation, four out of nine groups showed improvement, while the rest fives had not shown significant improvement, so the facilitators decided to use personal approach to make the students able to improve their performance. One of the preferred control mechanism approaches is interactive control system. Interactive control system is a control mechanism done through interactive discussion process (Simons, 1995). Radianto (2015, 2014) in his research reveals that interactive mechanism is an effective method in controlling and motivating an individual.

Interaction process built by the facilitators was started by conducting personal approach with several business groups on the first meeting. When the situation was melted, the facilitators investigated the students' businesses to see how far their performance in doing and running the business was. Until recently, students who are under the facilitators' coaching are multi-disciplinary sophomore students of semester four. According to the facilitators' experiences, personal approach is a very significant approach to dig deeper on finding out the problems in each group. The successful implementation of personal highly influences the next relationship phase between facilitators and students.

Later, the facilitators agreed to give more time to the students. The coaching time allotted for the students were available during and after lecturing hours. Students could make appointment with their facilitators. Students were given opportunities to have a discussion, not only through face-to-face meeting, but also through social media, email, text messages, and phone calls. In fact, the consultation was not limited to certain facilitator only, but the students were free to do consultation with any facilitator that they chose. All facilitators when giving consultation agreed two obligations. Firstly, the facilitators are obliged to give appreciation on students' efforts and to listen to their students. Secondly, the facilitators, during consultation session, should be able to encourage the students to share their experiences, individually and within group.

Personal Approach "Good Initial Communication"

One of the processes to make students talk about their problems is the presence of proactive facilitators who want to meet the students. In this research, this process was conducted through many ways, one of which is to provide interesting yet firm teaching. In certain respects, facilitators gave explanation with real examples from business world to make students really understood very well about what is happening in real business world. Jokes were also given to make students relax during the session. However, facilitators were still strict to the rules they believe and implement, including implementing firm scold. The impact of this process is that the students really appreciate the facilitators and respect them.

Next, facilitators greeted the students warmly, which was meant to 'tear down' boundary walls between facilitators and students. This method is proven effective, as shown by students' willingness to share related information about their business project, even asked for guidance outside lecturing hours, once they believed their facilitators.

Spirit shown by the facilitators was also a "tool" that is very effective since it was very contagious to the students, and later was contagious to other groups. The impact is that the process of consultation and discussion went very well.

When facilitators were close to students, they would indirectly show empathy to the students, which took form in many ways. Often the facilitators asked students not only about their business development, but also about their family, closest person, and other things. The experiences of facilitators show that other aspects outside business can affect students in doing their business. Family aspect is often to be the most important aspect in students' business.

The last thing the facilitators did is how the facilitators appreciated the students. Punishment concept was turned into appreciation, and for the fifteen weeks of the entrepreneurship program, no one or no group was given sanction by the facilitators. One of the appreciations the facilitators showed to the students is when the facilitators wanted to purchase and reorder their product. Students felt appreciated and more encouraged to run their business, although they did not offer their product to their facilitators ever since their facilitators made purchase at them. This shows that the students believe their product is good enough yet they still feel hesitate to directly offer the product to facilitators.

Appreciation is very important aspect to be given to the students since the real appreciation is to build communication. By communication, all problems faced by the students during their business project could be solved and students' performance was improved.

Interactive Control: Effective Method to Control Students' Business Project

Interactive control system emphasizes more on the control process by communication through many ways, such as discussion and dialogue. The things discussed are heading in the direction of improvement, so that new ideas, concepts and insights and eventually may form new university strategies (Bruining et al., 2004; Ismail, 2013). This concept of *interactive control system* has no structural level, yet more on the concept of organizational learning so that this control system is able to accommodate the paradigm of university management in collegialism way.

Kimura and Mourdoukourtas (2000) state that this system allows individuals to interact with each other, in order to jointly acquire and provide new information, including changes in the business environment and information technology. This system can serve as tool to develop opportunity seeking and learning, in order to become an organic control system that supports increased communication processes in organizations (Henri, 2006). What is interesting about the concept of interactive control is that it allows leaders to lead the innovation process, thus this system plays significant role in innovation and creativity process (Davila et al., 2009; Wongkaew, 2013; Hoque & Chia, 2012). Hence, the system is able to control strategies to face of the uncertainty.

Function of this control is to help organization to focus on the strategy and learning process, to make able to encourage the rise of new strategy and initiative (Ismail, 2013). *Interactive control* is a formal system implemented by top manager to regularly involve individuals and personnel in making decisions of a company (Simons, 1987; Simons, 1994; Simons, 1995).

In the context of this entrepreneurship education, interactive control is a process of intense discussion between facilitators and students. This process occurred both by design or just happened. Through interaction and discussion, facilitators actually conducted a control role. When the students and facilitators interactively communicated with each other, then the students indirectly followed what was asked by facilitators. Students were be affected by facilitators and they behaved accordingly, as expected by facilitators which are representatives of UC.

Interactive control is very effective since this process can make students feel appreciated. It means that during a discussion process, there is an alignment between students and facilitators, who are their lecturers. Since the students felt appreciated, they accepted facilitators' opinions. Discussion in interaction control process raised new, creative and innovative ideas, and this is actually the strength of interactive control, as can be seen during the coaching process of nine business groups in this research.

The advantage gained from interactive control process is that all students business turnover are increased. One business group joined the INACRAFT international exhibition, the other one successfully penetrated several stores, another one changed the packaging, and the rests improved their business capacity since the order increased. There was only one business group that decided to totally change their business project, since one of the members decided to quit

the project. After long and deep discussion, this individual realized that his passion was not in that kind of business. Fortunately, he was willing to start his new business from the beginning.

CONCLUSION

This research aims to investigate the ways interactive control support the coaching process of students' business project. The findings show that the control process with interactive control system is able to control students, and specifically able to affect the students to behave as expected by facilitators. Even more, the mechanism of interactive communication is able to motivate students to create creative ideas and concepts. Through interactive control, students do not feel that facilitators control them. The keys to the effective interactive mechanism are personal approach by facilitator, empathy shown by facilitators, and the way facilitators respect students.

This research recommends future studies as follow. Several other control system mechanism such as boundary control, diagnostic control, and belief control can be used for future research. Future research in term of methodology also interesting to be studied such as the influence of coaching process on performance based on statistical study. This research is a part of big research therefore we plan to study more to find the effective model of management control to control student business project.

REFERENCES

Anthony, R.N. and Govindarajan, V. (2007). *Management Control System* 12th, New York: McGraw-Hill

Anthony, R.N. and Young, D.W. (2003). *Management Control in Nonprotif Organization* 7th, New York: McGraw-Hill

Birnberg, J.G. (1998). Some Reflections on The Evelution of Organizational Control. *Behavioral Research in Accounting*, suppl, pp. 27-46

Bruining, H., Bonnet, M., Wright, M. (2004). Management control systems and strategy change in buyouts. *Management Accounting Research* , Vol. 15 , pp: 155-177

Campbell, A., Lindsay, D.H., Garner, D.E., Tan, K.B. (2010) "The Impact of Merit Pay on Researh Outcomes For Accounting Professors" *Contemporary Issues in Education Research,* vol. 3, no. 4, pp:55-62

Davila, A., Foster, G., Li, M. (2009). Reasons for management control systems adoption: Insights from product development systems choice by early-stage entrepreneurial companies. *Accounting, Organizations and Society*, vol. 34, pp. 322-347

Davila,T. (2000). An empirical study on the drivers of management control systems' design in new product development. *Accounting, Organizations and Society*, Vol. 25, pp: 383-409

Flamholtz, E. G., Das, T.K., & Tsui, A. (1985). Toward an integrative framework of organizational control. *Accounting, Organizations & Society*, vol. 10, pp. 35-50

Grant, H. (1998) "Academic contests?: Merit pay in Canadian universities", *Relations*

Industrielles, Fall, vol. 53 no. 4, pp: 647-667

Hallinger, P. (2010) "Using Faculty Evaluation to Improve Teaching Quality: A longitudinal case study of higher education in Southeast Asia", *Education Assessment Evaluation Accounting,* Vol. 22, pp: 253-274

Hoque, Z., Chia., M. (2012). Competitive forces and the levers of control framework in a manufacturing setting A tale of a multinational subsidiary. *Qualitative Research in Accounting & Management.* Vol. 9 No. 2, pp. 123-145

Horngren, C., Sundem, G. and Stratton, W. (2005). *Introduction to Management Accounting*, New Jersey, Pearson.

Irs, R., (2012),"Pay-for-performance in Estonian general educational schools: the situation for further development", *Baltic Journal of Management*, Vol. 7 Iss: 3 pp. 302 - 332

Ismail, T. (2013). Formatting Strategy and Management Control System : Evidence from Indonesia. *International Journal of Business and Social Science,* Vol. 4 No. 1, pp. 196-205

Kimura dan Mourdoukourtas, (2000). Effective Integration of Management Control Systems for Competing in Global Industries. *European Business Review*. Vol. 12, number. 1, pp. 41-45

Kuswarno, E. (2013). *Fenomenologi: Metode Penelitian Komunikasi: Konsepsi, Pedoman, dan Contoh Penelitiannya*. Penerbit Widya Padjajaran

Lindsay, D.H., Campbell, A., Tan, K.B., (2009) "The Impact of Merit Pay on Teaching Outcomes", *Research in Higher Education Journal,* vol. 2, pp:1-10

Marginson, D.E.W. (2002). Management control systems and their effects on strategy formation at middle-management levels: evidence from a U.K. organization. *Strategic Management Journal*, 23(11). pp. 1019-1031.

Merchant, Stedee. (2007). *Management Control Systems: Performance Measurement, Evaluation, and Incentives*. 2nd edition. Prentice Hall.

Overell, S. (2004) "Academic Reward in The Firing Line". *Personnel Today,* November, pp: 20-21

Radianto, W. (2012). Peran Management Control System dalam Pendidikan Entrepreneurship. Proceeding Seminar Nasional Universitas Pendidikan Indonesia Bandung

Radianto, W. (2014). Interactive Control System, Kinerja, dan Inovasi: Studi Kasus pada sebuah Program Studi Akuntansi di Surabaya. Proceeding Seminar Nasional Universitas Maranatha Bandung

Schulz, E.R., Tanguay, D.M., (2006) "Merit Pay in a Public Higher Education Institution: Questions of Impact and Attitudes". *Public Personnel Management,* Spring, Vol. 35, no. 1, pp: 71-88

Simons, R. (1995). *Levers of Control*, Boston: Harvard Business School Press

Tanan, Antonius. (2008). *Quantum Leap Bagaimana Entrepreneurship dapat mengubah masa depan anda dan masa depan bangsa.* Penerbit Elexmedia Komputindo

Terpstra, D.E., Honoree, A. L. (2008) "Faculty Perceptions of Problems with Merit Pay Plans in Institutions of Higher Education", *Journal of Business and Management,* vol. 14, no. 1, pp: 44-59

Terpstra, D.E., Honoree, A. L. (2009) "Merit Pay Plans in Higher Education Institutions: Characteristics and Effects", *Public Personnel Management,* vol. 38, no. 4, pp: 55-77

The George Lucas Educational Foundation .(2005).*Instructional Module Project Based Learning.* Diambil pada tanggal 29 Oktober 2009 dari http://www.edutopia.org/modules/PBL/whatpbl.php

Turk, K. (2007) "Performance Appraisal and the Compensation of Academic Staff in the University of Tartu", *Baltic Journal of Management,* vol. 3, no. 1, pp: 40-54

Wongkaew, W. (2013). Management Accounting and Control Systems-Unnecessary Evils to Innovation?. Chulalongkorn Business Review. Vol. 34(3). Pp: 1-21.