

Management Control System Changes and The Effect to Financial Performance

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Abstract: *The business environment that is more complex, turbulent and globalization oriented demands the organization to be a 'smart' one. The decision of organization's strategic, tactical, and operating objectives really direct the going concern entity unit business. The long term strategy measured and objective that reflecting from the mission, will implement well if the management control could set it appropriately and influence company's performance. The function of the management control system is to ensure that the company's objective that has been decided by the top management based on the mission and vision of the company can be implemented well by all of the organization members on the entire organization structure (Sidharta, 2011).*

The objective of this research was to analyze the changing process of management control system precede the ownership changing. The frame work of this research was institutional theory. That theory was the primary theory used to study management accounting. PT Semen Gresik had been chosen as the object with an interpretive research paradigm and a case study phenomenology research method.

This research resulted that (1) the changing in management control system process was caused by the change in company management (2) the long term plan was made by high accuracy and rationality, and (3) the changing in management control system effected significantly to the enhancement of company performance.

Keyword: *management control system, phenomenology qualitative research, institutional theory, change*

1. Introduction

Accounting researches in particular management accounting has been related to privatization (financial and or managerial) done by developing countries (Ogden, 1993; Wright, Thomson, Bobby 1993; Jones, 1992, 1985; Espeldan dan Hirsch, 1990). Performances after privatization (Uddin dan Hopper, 2003; Weiss, 1995; Karatas, 1995) are to be linked with the contextual factors (Redda, 2007).

The changing influence of ownership and role of management accounting, also debate about performances after privatization have been problems of the privatized companies (Potts, 1995). Post privatization research related to the internal reality is the changing ownership which creates better

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management control practically and technically, the practical changing in a company that is the impact of the changing of management control and organization limitation (W) have not been done yet. Though, management control has an essential role function since it is the only tool used by management to higher the productivity (V) and to ensure that the organization's objectives are reached (A). The role of management control system implicitly can be explained in management accounting definition stated by The Institute of Management Accountants:

“A value-adding continuous improvement process of planning, designing, measuring and operating both non-financial information systems and financial information systems that guides management action, motivates behavior, and supports and creates the cultural values necessary to achieve an organization's strategic, tactical and operating objectives”.

The relation between the theories above with the management control system is the management control system field positioned on the tactical and operating objectives, while the organization's strategic is as the responsibility of top management which is the main issue in strategic management. The creation of adding value can be gained by the synergy of strategy management and the management control system. The main thing of the synergy is the conviction of the implementation of objectives on every level so that the goal congruence can be fulfilled. The goal congruence concept is basically the objectives of the management control system.

The complexity of business environment, turbulence and global oriented demand an organization to be flexible. Organization's strategic direction, tactical, and operating objectives has a very important role to keep the company going concern as a business unit. Long-term strategy of a company will be implemented well if the management control can guide and will affect to the company's performance.

In considering those factors and the theory that management control has the important role in pursuing the company objectives, so that a researcher can figure out whether post privatization is indicating that result. Why should be management control system? Because the function is to ensure that company's objective can be done well by all the organization level. It means that company's objectives have the same objectives as the management control system. And this indicates the goal congruence can be reached.

The external and internal environment illustrated clearly by the business environment recently.

The changing process began in the beginning of 1990s (o). Otley argues that the traditional definition by Anthony is no longer acceptable and obstructs the management the management accounting development. Some other management control system literatures have worker-oriented control system objectives (M). The focus of this definition is the obvious participation from in decision making process. With the assumption that the workers have been accustomed with the system, they will be more motivated and the productivity will be increased. This is because of the reward and appreciation given for them by giving the arguments.

In business organization, the management control system plays an important role, which providing the instruments that make the company keep surviving in the uncertain environment. Otley argues that the uncertain climate has always force the management to be fast in the decision making. All of the workers are to be employed and involved in some rights and responsibilities. This situation shows that all size of firms which ever experienced the ownership changing will understand that management control system hold the important role in organization.

When the limitation of management control is to be linked, every level of management, according to Anthony, is occupied by responsibilities. The middle management has the role of management control whereas this level ensures that the implementation of the organization strategy has been done effectively and efficiently. Lower management is to ensure the management process has been done specifically. While the top manager has strategic planning, to formulate and decide the organization's objectives and long term strategy in fulfilling the organization's objectives.

Every organization has goals which are growth and going concern by making use or managing the resources available. To support it, a system should be applied to direct so that the organization activities have the same goal congruence, it is management control. Management control system according to Marciariello (1984):

“Management control is the process of ensuring that the human, physical and technological resources are allocated so as to achieve the overall purpose of an organization. Efforts of a multitude of organizational sub units so as to steer the overall organization and its managers forward its objectives and goals. An MCS consists of a structure and a process.”

From that statement, we may conclude that management control is a process that undertakes the resources to be under controlled. Management control system will drive the goal congruence among

the sub unit entity and the managers towards the goals and targets.

PT Semen Gresik Tbk has been experienced three times changing of public ownership in 1991, onto PT Cemex in 1998 and the Blue Valley in 2006. More on, in March 2010 PT Rajawali as the ownership of Blue Valley sold the ownership share to public, so the ownership proportion is 51% as government/ state and 49% as public. It is interesting to be investigated further about the changing process inside the organization related to the changing ownership of PT Semen Gresik (Persero) Tbk.

Within the changing of the ownership to either the local investor or the foreign investor, the writer wants to explore whether there is any changing in the management control system and how extent the changing is. Libby and Waterhouse, (1996); Waweru Hoque, Uliana,(2004) stated that the ownership changing will affect to the management control system such as planning process and budgeting, product costing and pricing, internal report and decision making, cost control and waste reducing also performance measurement and evaluation. The changing techniques that have been mentioned is the research object in Semen Gresik (Persero) Ltd.

The use of the techniques above, have not been used mostly on the pra privatization for the State Business Corporation. The functions still in small portion used by State Business Corporation (Sidharta, 2001). For example, there are only 20% managers of State business Corporation who arrange the budget, in reverse there are 80% foreign managers who use the accounting information data as the base of the budgeting arrangement (Sidharta, 2011).

The object of the research is the practice of management control system while privatization happened with the focus on the management control process at Semen Gresik (Persero) Ltd.

The aim of the research is to exploit, analyze and understand the process practice of management control system of Semen Gresik Ltd. on Blue Valley era.

1.1. Management Control System Techniques and Institutional Theory

This research uses the institutional theory as the theory framework. The research based on the institutional theory is defined as (Zucker,1987):

“institutional theory focuses on the deeper and more resilient aspects of social structure. It considers the processes by which structures, including schemes; rules, norms, and routines, become established as authoritative guidelines for social behavior. Different components of institutional theory explain how these elements are created, diffused, adopted, and adapted over space and time; and how they fall into decline and disuse”.

The focus of this research based on the institutional theory in the organization, for instance how the management manage the control changing on the changing environment and strategy.

The research about management control system in 1980 – 1990 was dominated by the survey research who portrait the company business strategy and the aspects influence the management control system.

The research related to the strategy up to the middle of 1990s usually been done using a contingency theory that states the low numbers of researches about management control system. Even the research in that era is uncompleted and sometimes conflicting.

Until the middle 1990s the basic theory using contingency theory, where the focus in this research is the matching of the business strategy and the other aspects of management control system and the contextual variables and the effectiveness of the organization. Slagmunder (1997) in the research using the grounded theory approach found that the unlinked strategy is because of the lack attention on the evaluation process. Based on this reasons, the writer use institutional theory as the framework theory in the management control system changing.

2. Theoretical Framework and Hypothesis Development

2.1. Management Control System Contemporary Approach

Management control system is a tool to implement the strategy that function as motivate the organization members to reach the organization goals (Anthony and Govindarajan, 2007; Chow, Shields and Wu, 1999). Management control system is the process that links the strategy planning and operational control (Otley, Broadbent & Berry, 1995). Management control system purposes to provide the information that is useful in the decision making, planning, and evaluation (Widener 2007; Merchant & Otley; 2007).

Management control system according to Hongren, Foster and Datar (2003): The gain and the use of the information is to help coordinate the planning making process and the decision making through organization and to guide the worker behavior.

Anthony and Govindarajan (2007) in the development have involved the organization behavior in the main focus. This shows that behavior aspect is an important topic to be discussed because the factor inside the organization helps to enhance the goal congruence.

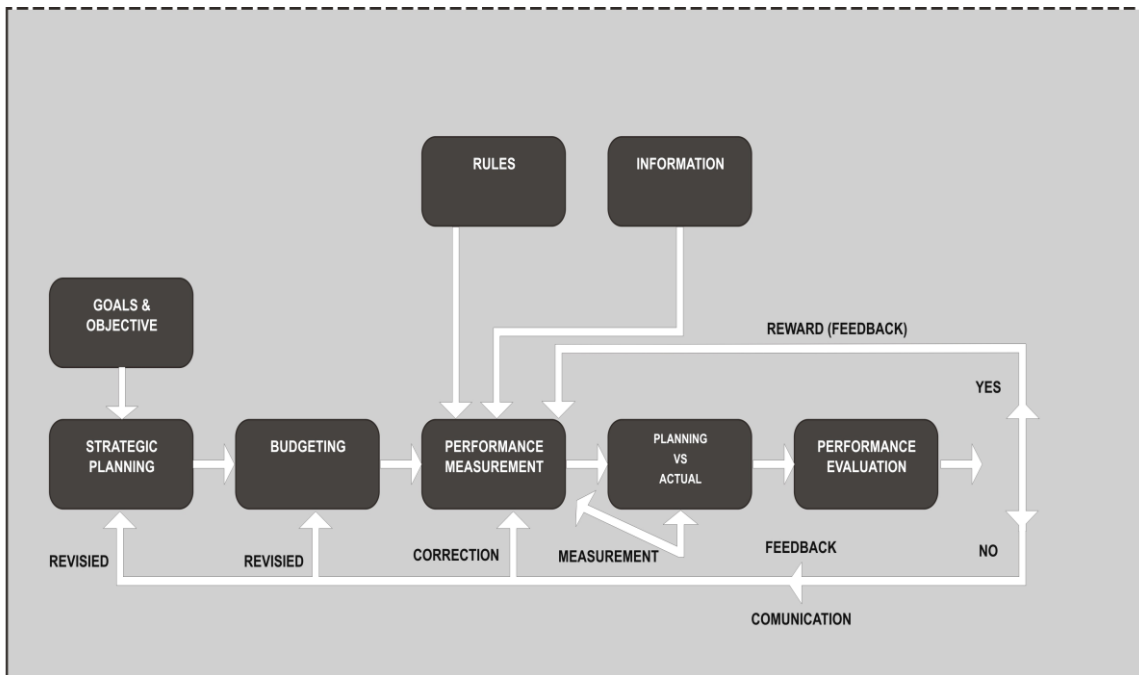
2.2. Management Control System Theoretical Approach

In order to fulfill the organization's goals, management has two approaches: first, management control environment approach; second, management control process approach.

Some informal factors can influence the organization in order to pursue the goal. The most important factor is the organization culture. Every management control has to know that something formal has to be in the same track and to be considered in creating a system. The leadership style also has influences in doing the control significantly.

The second approach is management control process. The approach can be seen on the illustration below:

Figure 1. Management Control Process Theoretical Approach



Management control process starts from the identification of goals and strategy of the company and ended up in the company's performance appraisal. General corporate purposes usually are how to increase corporate profits without ignoring the stakeholders (stakeholders). The goal is then followed up with a selection of corporate strategy. Corporate strategy put greater attention to the question

where to compete rather than how to compete in a particular industry. "How" is the power of business unit strategy. At company level the issue is: the definition of business which the company will participate in and deployment of resources among businesses that. Enterprise-level strategies can be classified into one of three categories, namely: a single industry, related diversification, and unrelated businesses.

A strategic plan will implement the objectives and organizational strategy. All information provided is used for planning. Strategic planning is the process of deciding on major programs to be conducted of an organization in order to implement the strategy and assess the amount of resources to be allocated for each long-term program several years to come. The output of the planning process shaped the strategy document called a strategic plan (strategic plan).

Strategic planning and then incorporated into the annual budget, which was centered on the count of income and expenditure planned by the company. The budget is an important part in the organization that is used for short-term effective planning and control organization. The budget usually has a period of one year and contains the statement of receipts and expenditures in monetary units. According to Anthony and Govindarajan (2003), the budget has the following characteristics:

1. The budget estimates that the potential benefits of corporate units.
2. Expressed in monetary units, although the monetary amount may be supported by a number of non-monetary (e.g, units sold or production).
3. Usually covers a year's time.
4. Is a management agreement, which the manager agrees to be responsible for the achievement of the goals of the budget.
5. Proposed budgets are reviewed and approved by higher authorities of the budget makers
6. Once approved, the budget can only be changed under certain conditions.
7. Periodically the actual financial performance compared to budget and the difference is analyzed and explained.

There are four uses of the budget:

1. To adjust the strategic planning,
2. Help coordinate the activities of some parts of the organization,

3. Assign responsibility to managers, to authorize the amount that they can use, and to inform the expected results, and

4. Achieve cooperation which is the basis for evaluating the actual performance of managers.

Where the responsibility center budget has should also be made by each responsibility center. They run the operations assigned to them and the results are then assessed and reported. The actual results were then compared to those listed in the budget for determine whether satisfactory performance or not. If satisfactory will receive feedback in the form of praise and other rewards, whereas when there is no feedback that is corrective and motivational. Performance measurement is a management control process after the budget. Assessment of financial performance based on the variation between actual data and budget data are then developed further and detail to find the cause of the emergence of these variants. Analytical frameworks used in the analysis of variance include:

1. Identify the key factors that affect profits.
2. Using the key factor is to classify all variants advantage.
3. Focus on the benefits to be derived from each factor.
4. Using a factor in solving the problem by assuming every other factor constant.
5. Solve the problem of the most fundamental factor.
6. Stop the process if the added factor that cannot be justified according to the original purpose.

In the management control system, a formal standard that is used in the evaluation report actual activity is divided into three types namely: budget, historical standards, and external standards.

The next step after the performance measurement is the assessment of performance. The purpose of performance appraisal is the implementation strategy. Performance appraisals are widely used today because it is comprehensive is the balanced scorecard. The primary role of management control is to help implement the chosen strategy. In an industry where the environment is rapidly changing, information management control can also provide tools for managers to think about new strategies, this so-called interactive control. Interactive control is not part of a separate but integrated with management control. Interactive controls for creating learning organization company durability. Organizational learning is the ability of an organization's employees to learn to adapt to environmental changes that occur.

3. Research Method

Research method in this study is qualitative research methods according to Myers (2009) in Qualitative research in business and management. According to Myers (2009: 23), the first qualitative study based on the philosophy assumption, research methods, techniques of data collection, data analysis approaches, and research writing.

3.1. Research Focus

The focus of this study is the change of management control system that is arose due to the institutionalization of Blue Valley as a strategic partner. Institutionalization in this era, besides comes from a strategic partner, it comes from the government. Through this research, it is expected that the reality of organizational change management of Semen Gresik Corporation can extracted, analyzed and understood. Besides, this study also tries to explore the institutional pressures that occur and how the company faces these pressures.

3.2. Research Object

The object of this research is Semen Gresik Ltd located on Jl. Veteran, Gresik, East Java. The reason as a research site because it is based literature review and preliminary field observations (interview) for 3 months. Furthermore, the company is considered suitable as the object of the study because of the company background. The researcher sees the company has a long run doing privatization program and has twice do a strategic partner change where it is a strong indication of the existence of in the system of management control on the company.

The selection of research objects systematically is based on several criteria, namely: research objective, access to the company, company size, ownership composition, business enterprise, and long privatization. The problems that may arise in this research is the data collection, therefore it must be selected a companies that want to cooperate and provide data. In accordance with the research questions, the location of this research is Semen Gresik Ltd on the basis that: Semen Gresik Ltd has experienced three times partial changes of ownership in 1991, to Cemex Ltd in 1998 and to Blue Valley in 2006. Then in March 2010 to Rajawali Ltd as the owner of Blue Valley sell their shares to

the public, so that the composition of ownership at present is 51% government and 49% public. The interesting thing to investigate further is the process of change that existed within the organization related to the change of ownership of Semen Gresik Ltd.

Moreover, Semen Gresik Ltd in the implementation of privatization, is a form of institutionalization of the World Bank, IMF and ADB to the government of Republic of Indonesia in order to obtain a loan facility during the 1998 crisis. This institutionalization process then existed in State-Owned Corporation as the effects of privatization. In the case of Semen Gresik Ltd, process of institutionalization will be obvious in the era of CEMEX's strategic partner during years 1998-2006 and the era of Blue Valley in the range year 2006-2010. Why it is said to be real? Because the compensation provided in accordance with the CSPA is to receive rations of vice president and deputy chief commissioner in the management of Semen Gresik Ltd whom its power is the same with the main director and commissioner. Any decision-making of chief executive and chief commissioner must receive approval from his deputy (CSPA 1998: 24-25).

3.3. Philosophy Assumptions

Each study should be based on the philosophy assumption used as a foundation for further steps in accordance with the above research design. Philosophical assumption used in this study is interpretive. This interpretive is an approach in a different research using common and well-established approach, namely positivist or empirical approach. In accordance with above definition, this interpretive approach is begun with a paradigm where reality is constructed as a form of social construction. Therefore this approach is often called as a constructionist approach. The point is, the reality or the fact is something created by man in his mind space, sharpened by the process of social interaction. Thus, according to this approach, we do not know the term "absolute truth", but "relative truth". Indeed, subjectivity is very major in this approach. That is why; this approach is widely used in the social sciences research, especially the research that is related to policy research. One of this approaches is appreciative inquiry.

3.4. Research Methods

Phenomenology is a method used in this study, because this research is a case study; so, this research can also be called a phenomenology case study research. The definition of case study

research is: intensive testing, using various sources of evidence against a single entity that is limited by space and time. In general, case study is associated with a location. The case can be an organization, a group of people such as working groups or social groups, community, events, processes, and issues (Daymon and Holloway, 2002), that visible and try to dig what was hidden behind the phenomenon. Phenomenology case study attempts to understand the phenomena through the people involved in it. Unlike the positivist case study research, which defines the quality in the form of validity and reliability, a phenomenological case study research defines the quality in make-sense terms in a story and the overall argument.

3.5. Data Collection and Validation Techniques

Participants in this study are people who have knowledge and experience that are relevant to the research topic, have sufficient time and willing to be interviewed. Also, they are expected to do interviews to the lowest level of the organization to know the process of implementation of system change of management control that is associated with top management and lower management. So that, the participants in this study were the managers of the top management level to operational management.

Furthermore, based on triangulation techniques, it is needed to compare and to cross check the consistency of the information (Patton, 1990) with the aim to ensure that the data obtained is valid. This is done by comparing the observations with interviews; figure out the interview result with the documents and other literature review. To enhance the quality of the data, it is also needed to conduct an interview with State-Owned Corporate officials, experts, and some employees of Semen Gresik Ltd.

The sources of data used in the case study are: documentation, archival records, interviews, direct observation, participation-observation, physical artifacts. The forms of documents are: (1) letters, memos and other communications, (2) agenda, notices, minutes of meetings and other written reports, (3) administrative documents such as proposals, progress reports and other internal records, (4) evaluation, (5) clipping articles from newspapers or mass media. For the case study, the most important thing of the document is to strengthen and add more evidence of the data. The document will provide specific data that will be done a further study if it generates a contradiction. Besides, the

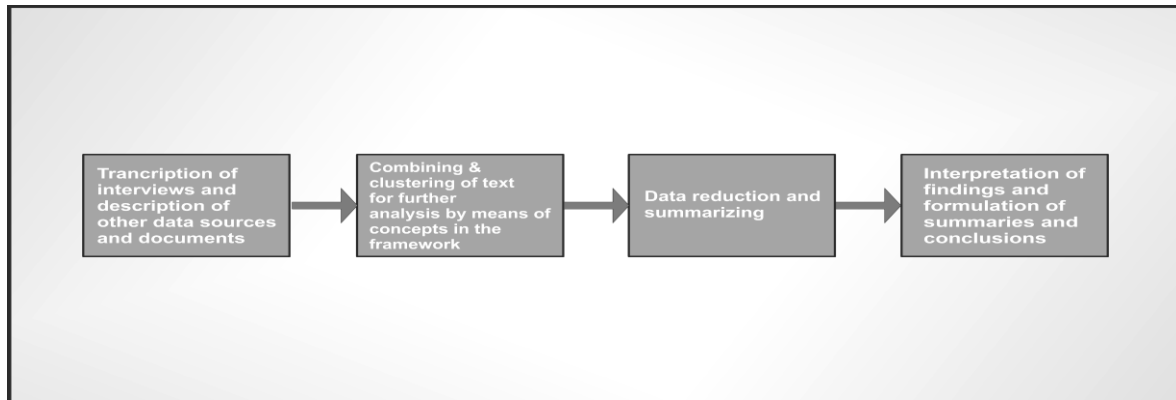
documents can also function as a source of follow-up questions.

According to Myers (2009), in the case study, even in in-depth case study is normally not required-participant observation or fieldwork. Generally, empirical evidence in business and management case studies come from interviews or documents. On the contrary, the data of ethnographic research is based on the data derived from fieldwork.

3.6. Data Analysis

Narrative analysis is a technique used in this study. Data analysis can consider an ongoing process, in contrast to event study research. Qualitative data analysis is the search for general statements about the relationship between groups of data; the basic form of the theoretical concepts development. In this study, the overall process of data collection, analysis and formulation of conclusions are generated in the form of an iterative nature. Data analysis was based on "the ladder of analytical abstraction" or level abstraction analyst developed by Carney (1990) in Miles and Huberman, (1994) which consists of the following stages:

Figure 2. Data analysis



4. Result

4.1. Management Control System Changing Blue Valley Era (July 27th 2006 – March 2010)

In this era there was a shift pattern of management of SOEs to private corporations and companies began to lean to the orientation of the business activities or performance. In addition, the corporation which originally focused into the local market and then become the focus of the global market. All that is done by members of the organization must be based on performance. As a professional company, Blue Valley start step by making the company's long term plan. Change

management means also changing the organizational culture, because when analyzed according to the theory of organizational culture (Alvesson, 2002), culture is the core of all aspects of organizational life, how organizational members think, feel, judge, and act directed by the meaning and trust in the organizational culture.

The implementation of management control process has been changed since the declaration of strategic vision of 2020. Strategic vision has a significant role in an organization. A company vision as an organization goal has to be set in a certain duration, such as 2020 vision or 2030 vision. PT Semen Gresik set a strategic vision at 2010 to what called 2030 vision. The 2030 vision of PT Semen Gresik is “to be a leading cement company in south east asia”. This vision is coming from vision “to be an internationalized cement company that could accelerate the value of stakeholder”.

A clear strategic vision in the form of achievement in form and year might assist middle manager in running their function, that is management control system as its main role is strategic implementation. Based on that strategic vision, a long term company planning can be set to be designed as a short term company planning.

The absence of strategic vision has an impact on the implementation of company’s planning (short term or long term) and create information assymmetric in organization strategy. This will create a difference in understanding among managers in different level and goal congruence as the goal of MCS will not be achieved. This will be worsened if the strategy is not based on long term planning and company’s vision and resulted in working condition which has no criteria and transparent evaluation. According to Clenhall (2005), strategic accounting management is the key to understand efective design and implementation of MCS.

Company’s Long term goal is made by analyzing external factors such as industry environment which consists of economic analysis, socioculture, global, technology, politics/legal, and demography. Analyzing intenal factors will cover fungsional management such as marketing management, finance, operational, human resource, research and development, information system and company’s culture. Based on those analysis, opportunity and thread analysis are made also strength and wekaness which comes to company’s goal. This is the first time for PT Semen Gresik to create and implement company’s activities based on long term planning

In addition to short-term clarity of another positive impact with its CPR is the first, made an organizational structure that better reflects the organization's needs based on company objectives. Second, there are divisions of group (corporate) in each department whose job is to think about the direction of development and integration of the corporation (including a subsidiary of PT. Semen Padang and PT. Semen Tonasa) that help accelerate implementation Holding. Third, there is additional new committee as a complement to the previous committee in supporting the enterprise commissioner. Fourth, the four elements of the operational strategy and implementation strategies in focus all the potential liability, namely: revenue management, cost management, capacity management, and increasing competitive advantage. Revenue Management, as measured by the amount of revenue and operating income, cost management is measured by the ratio of cost of revenues (cast) and the ratio of operating expenses, management capacity was measured with a design capacity and production volume and the average utilization rate, while Increasing competitive advantage with superior strategy implementation the right. Fifth, the use of the balanced scorecard as an instrument of the company's performance appraisal.

In general, for the main strategies used to improve the performance of the company started late 2006 the company carrying out the preparation process of corporate restructuring and capital restructuring. The process begins with the study of corporate restructuring in an effort to improve the effectiveness and efficiency of business processes through approach "industry best practice" seta attention to the environmental conditions of each strategic business unit.

Achievement of the strategy is then translated by each section in accordance with the classification of work. Production section doing some implementation e.g .with regard to raw materials, the company conducts search cracked-source raw materials at competitive prices while meeting quality standards. For auxiliary materials using materials that are byproducts of the domestic industry, such as: fly ash, synthetic gypsum, copper slag and so on. Decrease in the cost of packaging with a cheaper source of and joint procurement. Also carried out innovations in packaging bags of cement, cement bags e.g. two-ply 90 gsm replace cement bags, three-ply 70 gsm. In the field of energy, emphasis is made with reduced calorie cost of coal while minimizing fuel oil for combustion processes. Conduct review of the coal contract also decrease the cost of electricity by setting the

pattern of operations by optimizing operations beyond the peak load time. This will increase machine utilization thereby increasing the production of cement.

In the field of marketing, the company implemented based on the distribution and sales synergies geographically to get the optimal price with a profit margin. Synergy is concerned: the supply of a nearby factory that produces the load distribution efficiency increased utility packing plant capacity, the allocation of export from a nearby factory with export markets. The company also determines the appropriate mode of transport to reduce multiple handling. Besides increasing the speed of delivery to consumers, improved brand image and loyalty to the strategy below the line and the mass media, and accelerate response to customer complaints and conduct a customer meeting.

For the field of human resources, the company undertook the development of HR competencies, imposing a market-based remuneration system making it competitive in its industry. Planning a career path has also been created so that employees become clear about their career, also carry out assessments (assessment and) employees in the development and staffing. Education and training programs continue to be implemented in order to improve the competence of employees.

In the field of research and development, conduct company research and development activities in a sustainable product-oriented to guarantee product quality, efficiency and customer satisfaction. The company also conducts research and development for the utilization of alternative raw materials as a substitute raw material used and has the ISO accredited laboratory. Company Increases charcoal medium and low calorie, and to plan long-term coal demand and the planned new factories and power plants as well as modifying production equipment to adjust the availability of fuel. In the field of packaging, enhance the company's one-ply woven replace the use of Kraft paper laminated and locally.

Clarity measures the clarity of purpose is the impact of the company, thus able to make systematic and measurable policies. Operational form of the strategy in 2006 produced a strategic direction: a target reduction of production and operating costs, energy costs, distribution costs and marketing through program synergy among the members of SGG, as well as the integration and restructuring. In 2007 the strategic directions include: improving operating margins, lower costs of fuel, electricity and transport, reduce maintenance costs, maximizing capacity utilization and

optimization. In 2008 the strategic direction of the formation of a functional form of the holding as a first step the formation of a holding company, is being implemented in 2009 corporate restructuring, develop human capital master plan, strengthen information and communication technology, complete the refinement and finalization of the board's code of conduct manual. The company also arrange long-term plan in 2030 as a follow-up to the annual General Shareholders' Meeting July 26, 2009 and as an instance of SG's vision 2030.

Other programs are conducted to maintain market share by building a packing plant is located in Dumai and shoves and Tuban plant production capacity. For the packing plant construction SOE Minister said:

"... .. for this distribution is done through a slow ground for field winding so as to make the price of cement is high ".

Of exposure to the above we can see the importance of corporate planning, namely as a signpost for all members of the organization in carrying out its activities based on company vision. Based on the same vision of PT Semen Gresik set of critical issues-based strategies to achieve corporate objectives. The issue begins with the determination of management focus as the basis for determination of the critical issues in order to achieve sustainable growth. In addition the company to make changes in its organizational structure by adding new divisions to support the company's goal achievement. The important thing is to change the organizational structure of the recognition and awareness of the subsidiary company that they can grow to be better under the corporate banner of PT. Semen Gresik.

The company's long-term policy directions contained in the concept of triple bottom line is an indication for the growth of the company in the future. Sustainable financial growth (sustainable economic), the growth of social responsibility (sustainable social), and the growth of a sustainable social responsibility (sustainable environment). The entire program was geared to achieving the company's vision.

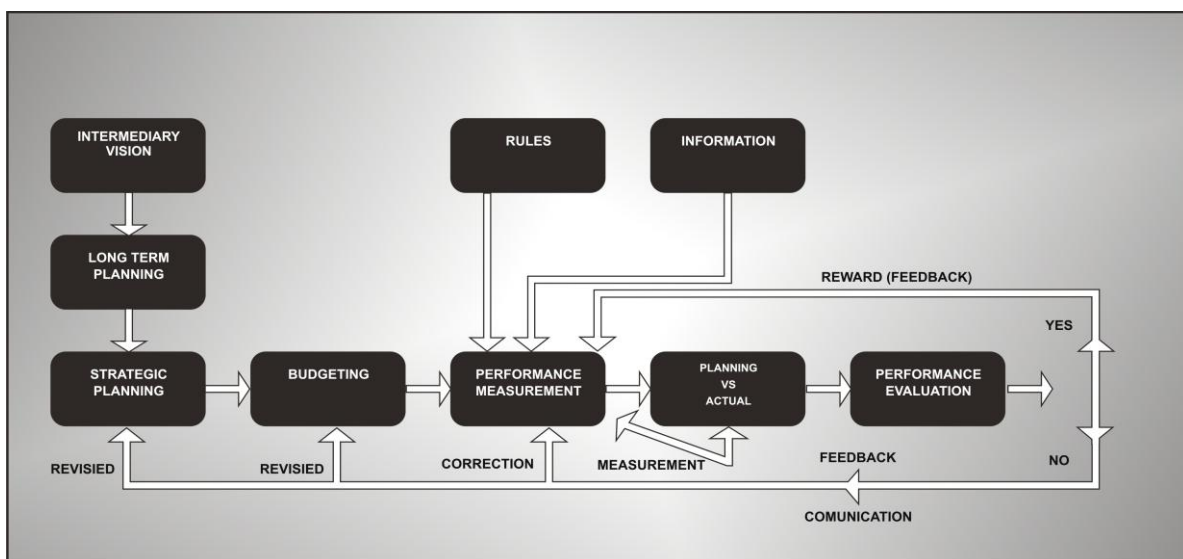
Continuous improvement is done the company has been able to produce a performance improvement company. In 2006 the company recorded a net income of Rp 8.728 trillion, which means an increase of 15.9% compared with the previous year.

Good planning will have an impact on corporate financial performance. This is evident in the company's performance in 2007 responded very well by the shareholders so that the company's stock share price reached a position premium. To enhance liquidity and trading frequency stock because the stock prices of almost Rp. 40.000, - carried out a stock split with a ratio of 1:10 with a nominal value of shares changed from Rp. 1000, - to Rp. 100/stock. On December 30, 2009 stock price with this code SMGR closed at Rp. 7550, - rose sharply when compared with the beginning of 2009 to the position of Rp. 4175, -

In the field of supervision, the commissioner is assisted by the existing committees, monthly monitoring and evaluation mechanisms operational performance of the company through monthly meetings attended by the commissioners and directors. Monitoring is done to ensure that the company targets can be achieved. Along with that, also conducted an evaluation of the implementation of the investment, to fit the strategic direction of the commissioner. For this purpose, each month the board of directors makes the operational performance report which will be discussed in the performance evaluation meeting. In addition to monthly meetings, commissioners and directors can do a special meeting if there are important issues to be discussed.

Reality of management control process in the era of the Blue Valley can be described as follows:

Figure 3. Management Control Process Model PT. Semen Gresik (Persero) Tbk Era Blue Valley Holdings PTE Ltd.



Clear and measurable statements for a certain period is often referred to as the strategic vision

(strategic vision). Strategic vision that has a very important role in the organization because it is a clear form of the company's efforts in achieving the vision. The company's vision which is the ideal organization stages its achievement should be made for a certain period, such as vision 2020 or vision 2030. PT SG set a strategic vision in 2010, called the vision 2030. Vision 2030 PT Semen Gresik is "Being a leading company in Southeast Asia cement". This vision is derived from the vision of Gresik cement that is: "a company is leading international cement and can provide added value to its stakeholders (stakeholders)".

This is the main reason why the research is then only focus on planning for new PT SG has a concrete plan in 2010. Based on this, the new company can make a standard measure to other techniques (product cost and costing, internal reporting and decision making, cost control and waste minimization, performance measurement and evaluation).

5. Conclusion, Implication, and Limitation

The changes of management control process make a affects on the high performance of the company where in 2006 the original company profit is Rp. 1,295,520,421,000, - jumped 300% in 2009 to Rp. 3,226,487,957,000, -. If the ROA in 2006 is 17.26% then in 2009 becomes to 25.68% higher than the industry average of 20%. So is the company's efficiency, if EBITDA in 2006 is about 25.60%, then in 2009 becomes 33, 17%. This affects the selling price of the shares of PT. Semen Gresik owned by Blue Valley, if purchase 24.9% share with the code SMGR of Cemex, the Mexican cement producer in 2006, Rajawali only spent U.S. \$ 337 million or around Rp 2.9 trillion, then the time of sale this SMGR share, Rajawali reach Rp 10.3 trillion. A fantastic numbers only in the period of approximately 4 years, the Rajawali group can get a profit of Rp 7.4 trillion

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