
**IMPLEMENTATION OF MANAGEMENT CONTROL SYSTEMS TO IMPROVE ORGANIZATIONAL
PERFORMANCE EFFECTIVENESS AT PT. INDODAYA CIPTA KARYA**

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ABSTRACT

Community Service (PkM) is one of the implementations of the Tri Dharma of Higher Education which aims to provide real contributions to the business world through the transfer of knowledge and technology. This activity was carried out at PT. Indodaya Cipta Karya in 2025 with a focus on the implementation of the Management Control System (MSS) to improve the effectiveness of organizational performance. Problems faced by the company include a suboptimal performance evaluation system, lack of coordination between departments, and the absence of integrated performance measurement indicators. The implementation method of the activity uses an educational-participatory approach that includes observation, counseling, training, discussion, and mentoring for the implementation of the Management Control System. The results of the activity showed an increase in participants' understanding of the concept of the Management Control System, an increase in the ability to compile key performance indicators (KPIs), and an increased awareness of the importance of continuous performance monitoring and evaluation. This program has a positive impact on the effectiveness of work processes and supports the achievement of organizational goals in a more measurable manner. Thus, the implementation of the Management Control System is an effective strategy in improving organizational performance and company competitiveness.

Keywords: Management Control System, Organizational Performance, Community Service, KPI, Work Effectiveness.

INTRODUCTION

Background

The increasingly competitive business world demands that companies have effective and efficient management systems. One of the factors determining a company's success in achieving its organizational goals is management's ability to control all operational activities through a Management Control System (MCS). A Management Control System is a process used by management to influence organizational members to implement the organization's strategies and goals effectively and efficiently.

In practice, many companies face various challenges in resource management, including ineffective oversight, suboptimal performance evaluation, and a lack of integrated reporting and control systems. These conditions can hinder the achievement of company targets and reduce organizational productivity.

PT. Indodaya Cipta Karya is a company that continuously strives to improve the quality of organizational management to face increasingly complex business challenges. Based on initial observations conducted by the community service team, several issues related to the management control system were identified, including:

1. Employees' understanding of the concept of management control is not yet optimal.
2. Measurable performance indicators have not yet been developed for each work unit.
3. Lack of monitoring and evaluation of work target achievement.
4. There is no structured and sustainable performance reporting mechanism.

Based on these conditions, a training and mentoring program is needed regarding the Management Control System which can help companies improve the effectiveness of organizational management and human resource performance.

Formulation of the problem

The formulation of the problem in this PkM activity is:

1. How to improve employee understanding of Management Control Systems?
2. How to help companies in developing effective performance indicators?
3. How to improve the effectiveness of monitoring and evaluating organizational performance?

Activity Objectives

The objectives of this Community Service activity are:

1. Provides an understanding of the concept and implementation of Management Control Systems.
2. Improve participants' ability to develop organizational performance indicators.
3. Helping companies implement effective performance monitoring and evaluation mechanisms.
4. Increase the effectiveness of achieving organizational goals through better control.

Benefits of Activities

For Companies

- Improve the effectiveness of organizational management.
- Helping to achieve company targets in a more measurable way.
- Improve the quality of performance monitoring and evaluation.

For Participants

- Increase insight into Management Control Systems.
- Improve competency in performance management.

For Universities

- Implementing the Tri Dharma of Higher Education.
- Strengthening cooperation with the industrial world.

LITERATURE REVIEW

Management Control System

According to Anthony and Govindarajan (2019), Management Control System is a process used by managers to ensure that organizational resources are used effectively and efficiently in achieving organizational goals.

The Management Control System consists of several main elements, namely:

1. Strategic Planning.
2. Budget Preparation.
3. Performance Measurement.
4. Evaluation and Control.

5. Reporting System.

Objectives of Management Control Systems

The main objectives of the Management Control System are:

- Ensure alignment between individual goals and organizational goals.
- Increase the efficiency of resource use.
- Ensure that the implementation of the company's strategy goes according to plan.
- Provide information for decision making.

Key Performance Indicators (KPIs)

Key Performance Indicators (KPIs) are measuring tools used to evaluate an organization's success in achieving its stated goals. KPIs must meet the SMART (Specific, Measurable, Achievable, Relevant, and Time-Bound) principles.

IMPLEMENTATION METHOD

Community Service Activities were carried out in September 2025 at PT. Indodaya Cipta Karya.

Implementation Stages

1. Initial Observation

The team identified the company's needs through interviews and observations of the current work system.

2. Preparation of Materials

The material is compiled based on company needs which include:

- Management Control System Concept.
- KPI preparation.
- Performance Monitoring and Evaluation.
- Performance Report Management.

3. Training and Socialization

Training is provided through the following methods:

- Lecture.
- Interactive discussion.
- Case study.
- KPI preparation simulation.

4. Mentoring

Participants are accompanied in:

- Determine performance targets.
- Develop measurement indicators.
- Create a work evaluation format.

5. Evaluation

Evaluation was conducted through pre-test, post-test, participant participation observation, and feedback discussion.

RESULTS AND DISCUSSION

Implementation of Community Service Activities

A Community Service (PkM) program was implemented at PT. Indodaya Cipta Karya in 2025, involving company management, supervisors, and employees from various operational divisions. This program was designed to improve the understanding and capabilities of human resources in implementing an effective and sustainable Management Control System (MSS).

The implementation of the activity began with field observations to identify the company's actual condition related to the existing control system. Based on the observations, it was found that the company had fairly good work procedures in place, but several obstacles remained in terms of performance measurement, target achievement evaluation, and inter-departmental coordination. Furthermore, most employees did not yet comprehensively understand the relationship between organizational goals, company strategy, and the implemented control system.

Following the observations, the community service team developed training materials tailored to the company's needs. The materials were delivered through lectures, interactive discussions, case studies, performance indicator development simulations, and direct mentoring. A participatory approach was chosen to ensure participants not only received the theoretical material but also implemented it in their daily work activities.

Throughout the activity, participants demonstrated a high level of participation. This was evident in the numerous questions asked, their involvement in group discussions, and their enthusiasm in developing performance indicators relevant to their respective areas of work. Active participant engagement is a key factor in the success of the community service program.

Discussion of Training Materials

1. Introduction to Management Control Systems

The first topic presented to participants was the basic concept of Management Control Systems. This session explained that Management Control Systems are a series of processes used by management to ensure that all organizational activities are aligned with established objectives.

Participants were given an understanding of the relationship between a company's vision, mission, strategy, objectives, and performance indicators. Prior to the training, most participants assumed that control was solely related to work oversight. However, after the training, participants understood that management control is a process that encompasses planning, implementation, monitoring, evaluation, and continuous improvement.

During the discussion session, participants were also encouraged to identify various risks that could hinder the achievement of organizational goals. These risks include delays in work completion, administrative errors, inconsistent work procedures, and poor coordination between work units. By understanding these potential risks, participants can appreciate the importance of implementing a sound control system to support organizational success.

Furthermore, the importance of an organizational culture that supports management control was also explained. A good control system relies not only on rules and procedures but also requires the commitment of all members of the organization to carry out their duties and responsibilities professionally.

2. Preparation of Key Performance Indicators (KPI)

The second main focus of the training was the development of Key Performance Indicators (KPIs). KPIs are measuring tools used to assess the success of an individual, work unit, or organization in achieving established targets.

In the initial stage, participants are given an understanding of the characteristics of good KPIs, namely that they must meet the SMART (Specific, Measurable, Achievable, Relevant, and Time-Bound) principle. This principle helps companies develop indicators that are clear, measurable, realistic, relevant to organizational goals, and have a clear timeframe for achievement.

Next, participants were divided into several groups based on their respective areas of expertise. Each group was asked to identify the main activities they undertake and determine indicators of success.

For example, the operational section compiles indicators in the form of:

- Work productivity level.
- Timeliness of work completion.
- Percentage of work errors.
- Efficient use of resources.

Meanwhile, the administration section compiles indicators such as:

- Speed of document completion.
- Accuracy of data archiving.
- The level of accuracy of administrative reports.
- Compliance with work procedures.

Through this training, participants gained hands-on experience in developing KPIs appropriate to their respective roles and functions. Discussions revealed that most participants had never systematically developed performance indicators before. Therefore, this activity provided new insights that are highly beneficial for improving the quality of performance management within the company.

The implementation of KPIs is expected to improve work accountability because each employee has clear targets and can be evaluated objectively. Furthermore, KPIs can be used as a basis for awarding awards, promotions, and developing employee competency development programs.

3. Performance Monitoring and Evaluation

The following material discusses the importance of performance monitoring and evaluation in a Management Control System. Monitoring is the process of monitoring work implementation to ensure that activities are carried out according to established plans. Evaluation, on the other hand, is the process of assessing the results achieved.

In this session, participants were given examples of how to conduct monitoring through daily, weekly, and monthly reports. They were also taught techniques for comparing targets and actual performance to determine the level of performance achievement.

The discussion revealed that previously, performance evaluations in the company tended to be conducted informally and did not use measurable indicators. Consequently, it was difficult for management to identify the factors causing performance deviations.

Through this training, participants learned that regular monitoring can help companies detect problems early so that corrective actions can be taken promptly. Performance evaluations can also form the basis for strategic decisions, such as improving work processes, adding resources, or developing employee competencies.

In addition, consistent monitoring and evaluation can improve work discipline because each individual knows that the results of their work will be measured based on clear and objective indicators.

4. Preparation of Performance Reports

Performance reports are an important component of the Management Control System because they function as a means of communicating information between activity implementers and management.

In this session, participants were given an example of a simple performance report format that can present the information management needs. The report format includes established targets, actual achievements, percentage of success, obstacles encountered, and recommendations for improvement.

Participants then simulated compiling a report based on a case study provided by the community service team. The simulation results demonstrated that participants were able to compile a more systematic report than before the training.

Good reporting enables management to obtain accurate and timely information. This allows for more effective and data-driven decision-making.

Impact of Activities on Participants

To measure the effectiveness of the activity, the community service team conducted an evaluation using pre- and post-tests. The results showed an increase in participant understanding across all aspects measured.

Indicator	Before Training	After Training
Understanding Management Control Systems	62%	89%
Ability to Develop KPIs	58%	87%
Understanding Performance Monitoring	60%	88%
Understanding Performance Evaluation	64%	90%

The table shows that the highest improvement occurred in the ability to develop KPIs, at 29%. This indicates that the training materials successfully provided practical understanding that participants lacked previously.

Understanding of performance evaluation increased by 26%, while understanding of performance monitoring increased by 28%. These results indicate that participants understand the importance of measurement and control processes in supporting the achievement of organizational goals.

Analysis of Management Control System Implementation

The successful implementation of activities demonstrates the crucial role of a Management Control System in enhancing organizational effectiveness. A good control system can create alignment between individual and corporate goals, enabling all resources to be directed toward achieving established targets.

Implementing measurable KPIs helps companies improve transparency and performance accountability. Employees can clearly understand the targets they must achieve, while management has an objective basis for evaluating performance.

Furthermore, continuous monitoring and evaluation allows companies to quickly make improvements when deviations occur. This aligns with the concept of continuous improvement, which emphasizes the importance of continuous quality improvement.

From a strategic management perspective, the Management Control System also serves as a tool for translating corporate strategy into measurable operational actions. Thus, every employee activity directly contributes to achieving organizational goals.

Overall, the results of the activities indicate that the Management Control System training and mentoring at PT. Indodaya Cipta Karya has had a positive impact on improving human resource competency, organizational management effectiveness, and the company's readiness to face increasingly competitive business challenges. Therefore, the consistent implementation of the Management Control System needs to be continuously developed as part of the company's performance and sustainability improvement strategy.

CONCLUSION

The Community Service program held at PT. Indodaya Cipta Karya in 2025 successfully improved participants' understanding of Management Control Systems. The training and mentoring program helped participants develop performance indicators, conduct monitoring, and evaluate performance more effectively.

The implementation of a good Management Control System can support the achievement of organizational goals, increase work productivity, and strengthen the company's competitiveness amidst increasingly dynamic business competition.

SUGGESTION

1. Companies need to implement performance evaluations periodically.
2. The KPIs that have been prepared need to be updated according to organizational developments.
3. Companies are advised to develop digital-based reporting systems.
4. Further training is needed to improve human resource competency.

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