

## Analysis Of Implementation Of Management Control System To Increase Competitiveness In Chicken Livestock Business

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### Abstract

Management control is a process by which managers influence other organizational members in implementing organizational strategy. Management control will focus on implementing strategy. The implementation of strategies in chicken farming, especially in broilers, is very necessary, because in its implementation there must be challenges and obstacles that arise from internally related to human resources and challenges also arise from the external, namely competitiveness, which is one of the ways to maintain the continuity of its business. The purpose of this study was to determine the application of management control systems and strategies to improve the competitiveness of case studies at Akbar Rizki Poultry Farms, especially broilers. The method used is descriptive qualitative method. The data collection techniques used were interviews, observation, and documentation to the chicken farm business owners. The results showed that the planning carried out by the chicken farm entrepreneur went well and the implementation was effective and efficient as well as an evaluation of the management control system so that it could compete and exist with other entrepreneurs.

## INTRODUCTION

Management control is a must in a decentralized organization. This understanding holds that the management control system must be in accordance with the company's strategy. This shows that the first strategy was developed through a formal and rational process, also this strategy then determines the motives of the management system in the company. Anthony & Govindarajan (2011) Management control is a process in which managers influence other members of the organization in implementing organizational strategies. In a control system there must be activities that must always be considered, namely planning, coordinating, communicating, evaluating, and deciding.

Every party that establishes a company is a party business that aims to make a profit. Where profit is the main goal of a company. Every company has different challenges and obstacles to carry out company activities, these obstacles can arise from within the company related to human resources or from external factors such as competitiveness, where these obstacles are a permanent factor in order to maintain the company's continuity.

Akbar Rizki Poultry Farm is one of the businesses engaged in broiler farming, established since 2017, with a total of 10 chicken coops spread across various regions. Akbar Rizki Poultry Farm is one of the stud farms that chicken traders are familiar with, because Akbar Rizki Poultry has been around for 5 years. As time goes by, Akbar Rizki Poultry is always consistent in providing the best results for his chicken harvest, so he can compete with foreign farms who

are competitors for Akbar Riski Poultry. This is a challenge for the management of Akbar Riski Poultry to continue to improve the quality and quality of the chicken harvest in order to increase competitiveness.

Based on the description above, we as authors are interested in conducting research to analyze and find out what efforts have been made by the management of Akbar Riski Poultry as one of the management control efforts in increasing competitiveness in one of the branches of Akbar Riski Poultry farm in Sukoharjo, which is located in Dk. Ngesong RT 03 / RW 08, Kamal, Bulu, Sukoharjo.

## **LITERATURE REVIEW**

### **Management Control System**

Anthony & Govindarajan (2011:25) Management control is a process in which managers influence other members of the organization in implementing organizational strategies. In a control system there must be activities that must always be considered, namely planning, coordinating, communicating, evaluating, and deciding.

Mulyadi (2016:129) argues that a good management control system practiced in a company will create a systematic work process and in accordance with the rules commonly used in the organization, so that it will create a control environment that helps each other in every part of the company.

According to Maciariello and Kibry, management control system is also defined as a set of interrelated communications that enable the management of information for purposes and assist managers in coordinating parts and achieving organizational goals on an ongoing basis (Supriyono, 2000).

According to Anthony & Govindarajan (2011:3) there are elements of the control system and the four elements, namely:

1. A detector or sensor is a device that assesses what is actually happening in the procedure being controlled.
2. The assessor is a device that ensures the significance of the actual event by comparing it to some standards or expectations of what actually happened.
3. An effector is a device (often referred to as “feedback”) that changes behavior if the assessor indicates the need to do so.
4. A communication network is a device that transmits information between trackers and raters as well as between raters and effectors.

The elements in the management control system are as follows : (Sumarsan, 2013)

1. The expertise of employees is in accordance with their responsibilities.
2. Segregation of duties.
3. A system of granting authority, objectives, and common techniques and inspections to exercise control over an asset, payables, receipts, and expenses.
4. Control over the use of important assets, documents and forms.
5. Physical examiner of assets with records of assets and debts, or those that actually exist, and take corrective steps if any discrepancies are found.

According to Anthony & Govindarajan (2012) the management control system process includes several activities, namely:

1. Strategic planning

Strategic planning is an initial step in the management control cycle. In a company that uses an annual calendar, planning is generally done in the spring or summer that

precedes the fiscal year. At that time a decision that took into account all changes in strategy that had occurred since the last strategic plan was made. The strategic planning process is the decision-making stage regarding the programs that will be implemented by a company in order to implement the strategy and estimate the amount of resources that will be allocated to each program that will run to achieve organizational goals.

## 2. Budgeting

The budget preparation process is a budget preparation process which is basically a form of negotiation between managers and each responsibility center with their superiors. The final product of these negotiations is an agreed statement of anticipated costs for the coming year, or planned profits as stated in the budget. The program that has been approved in the previous step, it is the starting point in preparing a budget. This budget is prepared to provide assurance that the plans that have been made can be carried out at a calculated cost. On the one hand, the budget serves as a tool for planning, and on the other as a tool for effective short-term control in an organization. In this section, the program is planned in detail and expressed in one monetary terms for a certain year.

## 3. Implementation

In the current year, managers realize a program or part of the program that is their responsibility and report what has happened as a responsibility. The report will show budgeted program information and actual information. A measure of a financial and non-financial performance. This process is the stage of running the program and budget and comparing the actual data with the budget.

## 4. Job evaluation

The evaluation process is a comparison between the actual load and what actually happened in that situation. If the situation that is assumed in the budget process changes, then there is a difference between the budgeted amount and the actual amount. If a situation changes, then this change is also taken into account. Ultimately, this study leads to constructive criticism for managers. The resulting report is accounting and non-accounting information, this will be used as a basis for data control that will analyze existing deviations so that they can explain corrective actions to return to the company's goal acquisition strategy. The evaluation is carried out by comparing the realization of the budget with a predetermined budget. If there is a deviation, the cause must be studied and a way out for the future must be found.

## Competitiveness

Competitiveness can be defined as the ability of a company, industry, region, country, or even between regions that produces relatively higher and sustainable income and employment factors to face international competition. Thus, in the context of a district/city as an organization, competitiveness is the ability of a district/city to advance the social-economic capabilities of its territory, namely to improve the welfare of the people in its territory. Competitiveness is a concept of comparison between the ability and performance of companies, sub-sectors or countries to sell or supply goods and services provided in a market. The competitiveness of a country can be achieved from the accumulation of strategic competitiveness of each company, the procedure for value added creation is within the scope of the company (Kuncoro, 2007).

According to Porter (2008) defines competitiveness as an ability or advantage that is used to compete in certain markets. This competitiveness is realized through continuous development in all of these in the organization, especially in the production sector. If an

organization carries out continuous development, it will be able to improve performance. According to Michael A. Porter, there are 3 strategies needed to determine the competitiveness of a company, including : (Porter, 2008)

a. Low Cost Strategy ( Cost Leadership )

The low cost strategy emphasizes on how to produce goods or services that are standard or the same in all aspects with the lowest cost per unit. These products (goods or services) are mostly directed by consumers who are relatively easily affected by price shifts ( price sensitive ) or use price as a decision-making factor. Viewed from the customer perspective, this kind of strategy is very appropriate for the needs of customers who are classified as low-involvement behavior, when consumers do not really care about brand differences, relatively do not need product differences, and if the number of consumers is large, they have significant negotiating power.

b. Strategy ( Differentiation )

A product differentiation strategy will encourage companies or entrepreneurs to be able to create their own uniqueness in a target market. The uniqueness of the product (goods or service) that is put forward will allow a company to attract enormous interest from its potential consumers. Ways of product differentiation vary widely from market to market, but are related to the nature and physical attributes of a product or the experience of satisfaction (real or psychological) that consumers get from the product. In terms of ease of preservation, additional features, flexibility, convenience as well as in various other things that are difficult for competitors to imitate are few examples of differentiation. So this type of strategy is generally shown to potential consumers who relatively do not prioritize price in their decision making.

c. Focus Strategy ( Focus )

The focus strategy is used to establish an advantage to compete in a very narrow or small market segment. This kind of strategy is directed at serving the needs of consumers who are relatively unaffected by price. In its most important application in companies with medium and large scale. In this focus strategy, it is combined with one of the other two generic strategies, namely a low cost strategy or a strategy to differentiate the characteristics of the product.

## **METHOD**

This research uses descriptive qualitative method. According to Bogdan & Taylor (1992) defines qualitative research as a research process that produces descriptive data in the form of speech, writing, and behavior from the people being observed. Qualitative research is research that uses observation methods, interviews (interviews), content analysis, and other data collection methods to present the responses and behavior of the observed subjects (Setyosari, 2012). Meanwhile, according to Arifin (2012) qualitative research is a research process that is carried out naturally according to conditions that occur in the field without any engineering and the type of data collected is descriptive data. Meanwhile, according to McMillan & Schumacher (2003) qualitative research is an approach which is also known as an investigative or investigative approach because researchers collect data by meeting face-to-face and interacting with people at the research site in the case study of the Akbar Rizki Poultury Farm.

Sources of data in this qualitative research are in the form of spoken and written words that are observed by researchers, and objects that are observed in detail so that the meaning implied in the document or object can be captured (Moleong, 2007). Methods in qualitative

research study the participant's point of view with interactive and flexible strategies. This research method is given to understand social events from the participant's point of view. Thus, the notion of qualitative research is research that is used to examine the condition of natural objects where the researcher is a data collection tool (Sugiyono, 2012).

### **Data collection**

To obtain data as a result of research, researchers used data collection techniques. An interview is a conversation between two parties, namely the interviewer who gives the question and the resource person who provides the answer to the question. Observation is a data collection technique carried out by researchers in recording related information that they observe directly during research. Documentation is a technique of collecting data obtained from evidence and records held in chicken farming businesses, especially broilers (Agustinova, 2015). This data collection technique is used to obtain data on records, summaries, documents, and the application of management control systems. Interviews, observations, and documentation in this study were conducted directly with the owners of chicken farms in May.

### **Data source**

This study uses primary data sources and secondary data obtained directly from the subject under study, namely the Akbar Riski Poultry Farm located in Sukoharjo. Primary data is data in the form of words spoken directly and behavior carried out by subjects who can be responsible, namely research subjects related to the variables studied. In this study, primary data were obtained from interviews and observations. Meanwhile, secondary data is data obtained from documents (in the form of evidence, notes, meeting minutes), photos, films, video recordings, objects that can reproduce the primary data (Siyoto & Sodik, 2015).

### **Research subject**

The subject of this research is the target that will be visited by researchers in conducting research, namely the owner of a chicken farm located in Sukoharjo (Ekapriyatna, 2016).

### **Data analysis**

#### **1. Data collection**

##### **a. Interview**

The first thing we did in this study was to collect data through interviews with chicken farm business owners, especially broilers as follows:

Researcher : Assalamu'alaikum Wr. Wb. Sorry to disturb your time, sir, introduce us from IAIN Salatiga students who will conduct research on this chicken farm, sir, please take the time to ask questions to the father as the owner of this chicken farm business, sir.

Business owner : Waalaikumsalam Wr. Wb. Alright, I'll help answer the questions as best I can.

Researcher : What is the history of the early establishment of this chicken farm, sir?

Business owner : The history of its establishment because basically I like the animal world, so I tried to make my hobby so that it could be a source of income. I am looking for some business references in the livestock sector, from various inputs and relations suggest that I try a business in the poultry sector, especially chicken fattening. At first I tried in the field of joper (jowo super) but it was not successful and finally I tried in the field of studs, the results were quite good and survived until now.

Researcher : In your opinion, are there any obstacles or challenges in the chicken farming business?

**Business owner:** Barriers or challenges in every business must exist. My biggest obstacle is capital, indeed from the beginning I had absolutely no capital and suppliers of feed seeds and everyone had to find their own.

**Researcher :** Is there a strategy that can be taken by livestock management to overcome these obstacles?

**Business owners:** To overcome this by looking for loan capital at the bank and looking for lines to order seeds and feed.

**Researcher:** What strategies are used so that the product can compete in the market?

**Business owner :** The strategy so that the product can sell well in the market, what I did was try to market and offer it to several chicken slaughterhouses in the Sukoharjo area. Follow the acceptance price determined by the slaughter and don't forget to make good quality chicken harvests so that the slaughter will accept our harvest.

**Researcher :** Ok sir, thank you for your time. Wassalamu'alaikum Wr. Wb.

b. Observation

Researchers went directly to the chicken farm and saw firsthand the condition of the chickens there. From the observations we made, there broilers are given good quality feed seeds so that the chickens become fat and can be attracted by chicken slaughterers.

c. Document

The owner shows a document containing the history of the establishment of a chicken farming business, especially for broilers. Meanwhile, we obtained other documents that became the reference for this research from several other research sources which were obtained from scientific journals and published theses.

d. Data processing

This data processing is carried out after all the data has been collected. Researchers made observations about the answers from interviews or from observations made by researchers. This data processing is carried out to improve words and sentences, provide information and discard information that is not so important.

e. Data Presentation

An activity in making reports on research results so that the data that has been collected can be understood and analyzed in accordance with what has been researched. The presentation of this data is in the form of descriptions and summaries of the results of interviews, observations, and documents produced after collecting, processing, and reviewing data with the relevant theories.

f. Generalization and Conclusion

Drawing conclusions from the analysis of research that is made must be in accordance with the underlying theory of the research being carried out called generalization. After that the researchers made conclusions from the results of the study.

## RESULTS AND DISCUSSION

### Results

Everyone in running a business must have such a thing as competitiveness. Competitiveness is a concept of comparison between the ability and performance of companies, sub-sectors or countries to sell or supply goods and services provided in a market (Kuncoro, 2007). In increasing competitiveness, it is necessary to have a system that can design strategies to increase competitiveness, namely the Management Control System.

The role of the management control system carried out at Akbar Rizki Poultry Farm in forming a strategy is as follows (Mahulette et al., 2020):

#### 1. Doing Planning

Business owners in managing a business, the most important thing is to calculate the amount of capital that will be issued so that this business continues to run well, effectively and efficiently. The capital is the cost of feed, making cages for chickens, drug costs, and the number of broilers to be reared. The large amount of capital makes the owner to find their own capital by borrowing from the bank and looking for a route to order seeds and feed. The owner also raises capital to set up this farm business to keep it going.

#### 2. Yield Quality

This chicken farm always tries to provide good quality chicken harvests so that the slaughterers will accept their harvests. The chickens are cared for and nurtured until the chickens become fat and healthy. This can be proven by the number of customers who subscribe to buy these chicken products.

#### 3. Providing the Right Price in the Market

The owner of the farm business provides a price according to the received price determined by the slaughter of the chicken. Likewise, by following the price according to the number of chickens available. This is done in order to maintain business continuity on chicken farms.

#### 4. Doing Marketing Strategy

The owner of the farm business implements a strategy so that the product can be sold in the market, namely the first thing to do is try to market and offer it to several chicken slaughters in the Sukoharjo area, especially. After that, it can be sold to SMEs or restaurants that cook food made from chicken.

#### 5. Deliver Management Performance

Business owners always try to advise and remind their employees to always work according to their respective duties that have been taught. This can be proven by the effectiveness of employee performance on chicken farms, especially broilers.

The success of a chicken farming business in competing or its existence is the efficiency of the performance of both skills and management in raising chickens. Likewise, the refreshment of the cage towards a semi-modern and even modern cage with a closed cage system. Management on chicken farms carries out a management control so that all management functions run well, effectively, and efficiently so that planning is carried out according to targets. This success is a benchmark for management on chicken farms in building a system so that they can continue to exist and compete with other entrepreneurs.

### **Discussion**

Chicken farming is a business that is always needed by consumers because many people consume chicken meat so that chicken becomes a daily staple. With this, chicken farm entrepreneurs will not lose so much in finding consumers because everyone will definitely buy chicken to eat. The location of this chicken farm is in the Sukoharjo Region. In chicken farms, the management control implemented so far by the business owners is running well. This is evidenced by the owner's leadership style to always teach employees to work well. The employees have their respective skills and responsibilities in accordance with their duties and the procedures applied. Employees have been trained to take care of chickens from feeding to giving vaccines so as to produce good quality chickens (Kaunang et al., 2021).

Management in chicken farms always makes a plan to maintain its continuity. The planning carried out by business owners that can run smoothly until now has been carefully planned. Initial capital that must be prioritized in planning to develop its business. Management on livestock has been done since the beginning of the business establishment, so management on farms is very good at planning for the progress of Akbar Rizki's Poultry Farm in the many competitors out there. Management control of every company or business is important to achieve a goal. As in this chicken farm which has carried out good management control. For Akbar Rizki Poultry Farm, a management control as a control for the implementation of management in running a livestock business so that it continues to compete and exist in order to attract various chicken cuts and buyers on the farm. Apart from being a control, management control is also a responsibility center that can calculate the costs incurred by the company. A responsibility center will be efficient and effective if the chicken farm is carried out properly and correctly (Ekapriyatna, 2016).

Management control carried out by Akbar Rizki Poultry Farm runs very well, starting from each system to elements of management control that can be carried out efficiently and effectively. Efficient in carrying out management control at the right time and effectiveness in carrying out management control on target with the expected results of the farm. Management control in the chicken farming business, namely at the Akbar Rizki Poultry Farm, is carried out in order to find very rapid development and continue in a stable condition or even get maximum profit. This chicken farming business has been developing for five years so that until now it is still competing and exists with other farms which until now have been established by many entrepreneurs (Mahulette et al., 2020).

With the long standing of this chicken farm, it makes business owners to choose suppliers of quality feed seeds so as to produce good chicken harvests. Until now Akbar Rizki Poultry Farm is still operating or running well. Many are interested in buying or ordering at Akbar Rizki Poultry Farm because it provides quality products. Chicken farming business, namely Akbar Rizki Poultry Farm, is the main attraction for chicken slaughter in supplying everyone's needs. All of this proves that a management control carried out by Akbar Rizki Poultry Farm is running well and correctly. This chicken farm business can compete with various other competitors in bringing in retailers for resale (Ekapriyatna, 2016).

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### **CONCLUSION AND SUGGESTION**

After going through research conducted with the title of management control system analysis in an effort to increase competitiveness at Akbar Rizki Poultry Farm. The planning carried out by the Akbar Rizki Poultry Farm can run smoothly and very well, followed by a management control system in which each system and its elements can be carried out effectively and efficiently and there is control for the implementation of management in running a livestock business so that it can continue to compete and exist. The efforts made by Akbar Rizki Poultry Farm in an effort to increase competitiveness are as follows:

1. Implementation of a good control system at the Akbar Rizki Poultry Farm.



2. Carry out various strategies to increase competitiveness at the Akbar Rizki Poultry Farm, as follows:
  - a. Doing planning
  - b. Improving crop quality
  - c. Provide a price according to the market
  - d. Carry out marketing strategy
  - e. Provide management performance

Suggestions that can be submitted in order to increase competitiveness in the business of Akbar Rizki Poultry Farm:

1. Always improve the quality of the chicken harvest so that it can continue to be accepted in the market.
2. Always improve performance and skills or management in chicken rearing.
3. Making improvements to other factors that can support the management control system so that it runs well in increasing competitiveness which must be considered by Akbar Rizki Poultry Farm.
4. The results of the research can be used for development as a science, especially to overcome competitiveness by a company so that it becomes an evaluation and provides solutions to problems similar to the results of this research.

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