

Management Control System for Company X

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ABSTRACT

In this globalization era, the competition between businesses are getting unimaginable tighter. Customer nowadays demand more and more – they want better, faster, and cheaper products. For these reasons, many businesses suffers in regards to losing sales and brand awareness. As one of the leading market researcher, Company X is also facing the same problem. Their customers demand market research results that are both valid and reliable. This demand is hard to fulfil by Company X because there are many factors that affect the quality of market research results. The purpose of this dissertation is to come up with a set of management control system that can be implemented by Company X to improve the quality of their market research results. Qualitative research method will be used by the writer by conducting interview with Company X's manager and employee to find out the current management control system that is present in the company. The findings of this research gives a better control for Company X to make sure high quality market research results.

Keywords: Market Research, Supplier, Employee, Control, Quality

ABSTRAK

Di era globalisasi ini, persaingan antar bisnis semakin tak terbayangkan. Pelanggan saat ini menuntut lebih dan lebih - mereka menginginkan produk yang lebih baik, lebih cepat, dan lebih murah. Untuk alasan ini, banyak bisnis menderita dalam hal kehilangan penjualan dan kesadaran merek. Sebagai salah satu peneliti pasar terkemuka, Perusahaan X pasar yang benar dan dapat diandalkan. Permintaan ini sulit dipenuhi oleh Perusahaan X karena ada banyak faktor yang mempengaruhi kualitas hasil riset pasar. Tujuan dari disertasi ini adalah untuk menghasilkan seperangkat sistem pengendalian manajemen yang dapat diimplementasikan oleh Perusahaan X untuk meningkatkan kualitas hasil riset pasar mereka. Metode penelitian kualitatif akan digunakan oleh penulis dengan melakukan wawancara dengan manajer dan karyawan Perusahaan X untuk mengetahui sistem kontrol manajemen saat ini yang dipakai di perusahaan. Temuan penelitian ini memberikan kontrol yang lebih baik untuk Perusahaan X untuk memastikan hasil riset pasar berkualitas tinggi.

Kata Kunci: Riset Pasar, Supplier, Karyawan, Kontrol, Kualitas

INTRODUCTION

In the recent years, the market research industry has suffered a slow industry growth. This is because many new competitors are entering the market as they are incentivized by a high-profit margin that the business brings. However, despite the seemingly attractive industry to be invested in, it is actually very difficult to run and successfully manage market research agency. One of the reasons is getting high-quality result of market survey is very difficult – this will surely affect the end product to be presented to the customer (Mora, 2011). Most of the time, the result that is obtained through market survey, questionnaire, and group discussion is not always dependable. This low result accuracy makes

current big companies reluctant to use the service of market research as they think it is no use if what they are getting is none other than fiction numbers (Moyal, 2017). Furthermore, these low-quality results are not solely contributed by low survey quality which is coming from an external factor. Sometimes, it is also caused by an internal factor in the process of collecting, documenting, analysing, and presenting the result that has been obtained through the market survey.

The longevity of a market researcher lies on whether the research conducted can make the client successful or not – if it is successful, a good relationship and loyalty bond could be forged. However, if it fails, the brand image of the company can be easily destroyed. This kind of situations

related to ensuring a high-quality result creates a challenging situation for a market researcher to run their business smoothly.

As one of the leading market researcher, Company X is also facing the same quality problem. Knowing that the degree of rivalry in the industry is very high, Company X decides to use third-party suppliers to conduct their local market research as it can save cost by a quite significant amount. However, the use of third-party suppliers can actually compromise the quality of research results that are produced by Company X. The reason is because Company X now has a lesser control and supervision towards the research activity. Therefore, Company X cannot actually monitor whether the method used by the supplier is already correct or not.

This becomes a huge problem for Company X as if they cannot guarantee the quality of their market research results, the brand reputation of the company may be damaged as they can no longer be reliable and dependable.

The aim of this research is to identify the most suitable management control system that can be adopted by Company X to improve the market research results' quality in the Netherlands. In this research, there are generally 5 topics that will be covered. First, the industry where Company X operates. Here, the key criteria for a market researcher to be successful will be explored. Second, the current regulation of the company to manage internal party. The way Company X manages their company internally will be explored – such as hiring, monitoring, and controlling employee. Third, the current regulation of the company to manage external party. Here, the way Company X manages their third-party supplier will be explored – such as selecting, hiring, and monitoring hired suppliers. Fourth, the method used by Company X to improve the data collected by the suppliers. Last, the best management control system that can be adopted by Company X will be explored. This is to find the most effective and efficient control system to improve the research results' quality.

LITERATURE REVIEW

For the purpose of analyzing the current control system of Company X and to give the company a set of recommendations of management control system, the writer uses 4 (four) research frameworks.

Management Control System Instruments

Management control system is a tool/system that is used to ensure that employee/suppliers behave and take decisions consistent with the organisation's objectives and strategies (Merchant, 2011). Generally speaking, there are 3 (three) main causes of the need for implementing management control – consisting of lack of direction, motivational problem, and personal limitation.

To anticipate and tackle the 3 main problems that usually occur in an organisation, there will be 4 management control instruments that will be used in this research, namely- action control, personnel control, result control, and cultural control. This management control

instrument will be used to solve both internal and external problems.

Firstly is result control (Merchant, 2011). This is a very important tool to influence the end result of the employees/suppliers' work performance. The reason is because employee/supplier behaviour will be influenced by giving either reward for doing good or punishment for doing the job poorly. This will inform employees/suppliers what goals are important and it will make them motivated to achieve the goal as they will be rewarded. There are 4 (four) common tools of result control which include pay-for-performance, recognition, job promotion, and job security. This control starts by defining the correct and right performance dimension. Then, it measures the performance of the supplier/employee. Following that, the manager/the higher-ups sets performance target to a particular performance dimension – and give reward/punishment to employee/supplier who can achieve or cannot achieve the agreed target.

Secondly is action control (Merchant, 2011). This control is regarded as the most direct control system as it includes specific action to ensure that employee/supplier behave accordingly to the organisation's best interest. There are 4 (four) examples of action control which include behavioral constraint, pre-action reviews, action accountability, and redundancy.

Thirdly is personnel control (Merchant, 2011). This control builds on employees/suppliers' tendencies to regulate and motivate themselves without the need of external force. There are 3 benefits of the implementation of personnel control. First, it can help clarify organisation's expectation. This will surely help employee/supplier to comprehend what kind of thing that the organisation actually wish to accomplish. Second, it makes sure that the hired employee/supplier is the right person to do the job – having the right capability, ability, and knowledge to perform the task/job on a high satisfaction level. Last, it may help to increase the chance that each employee will perform self-monitoring. This is because the right employee will have the conscience that can guide them regarding what is right and they will have a self-satisfaction when they are doing a good job and helps the organisation to succeed. There are 3 (three) main methods used in personnel control which include selection and placement of employee/supplier, training, and job design and provision.

Lastly is cultural control (Merchant, 2011). This control is designed in a way to encourage the employee to engage in a mutual monitoring – act as a “group pressure” to any employee whose action is deviating from the group's norms and values. This control can perform very well if the bond between employees is stronger. These organisation cultures are derived from a shared tradition, belief, norms, and values. Most of the time, the organization's culture will stay fixed overtime whereas strategies often change in a high frequency to adapt to the external influencing factors. There are 4 methods that are usually used in cultural control which include codes of conduct, group-based reward, employee rotation, and tone-at-top.

Six Sigma and Quality Management

The writer will adopt theoretical framework from Six Sigma – a proven business management tools that help to improve the quality by minimising and possibly removing error/deviation. This tool was firstly introduced by Motorola in 1986 – but was popularised by Jack Welch as he implements it for General Electric (ManagementStudyGuide.com). This tool is highly effective and efficient to improve the overall quality of a product/service as it identifies and finally removes the disturbance that hampers the organisation to achieve their desired goal/objective. For this dissertation, the writer will utilise DMADV tool which is the abbreviation of Define, Measure, Analyse, Design, and Verify. This tool starts by defining the goal of the control system, then measure performance dimensions that are high in influence to quality. Then, analyse whether the performance dimension is really corresponded and has positive relationship towards quality. Following analyses of performance dimensions, a design of control system will be performed to improve the overall quality (by utilising performance dimension). Last, it verifies whether the control system is already effective or not to improve the overall quality.

ISO Guidelines on Project Management

The writer will also utilise the guideline from ISO 21500:2012 on Project Management (Zandhuis, 2013). In the guideline, there are 5 process groups which consist of initiating, planning, implementing, controlling, and closing. In total, there are 39 separate processes which then divided into 10 (ten) project management themes, referred to subject groups. The 10 subject group consist of- integration, stakeholder, scope, resource, time, cost, risk, quality, procurement, and communication. However, as the purpose of this dissertation is to design a control system that could enhance the product/service quality of Company X, the writer will only use a subject group that is relevant to the study – which are resource, time, and procurement. The description of the breakdown of subject group into process group will be as follows-

Table 1: Process Group of Project Management

Subject group	Process groups			
	Initiating	Planning	Implementing	Controlling
Resource	Establish project team	1. Estimate resources 2. Define project organization	Develop project team	1. Control resources 2. Manage project team
Time		1. Sequence activities 2. Estimate activities 3. Develop schedule		Control schedule
Procurement		Plan procurement	Select supplier	Administer procurement

Adapted from Zandhuis, 2013

ISO Guidelines on Quality Management

The writer will use the guidance from ISO 9000:2015 and ISO 9001:2015 which discuss the quality management system (ASQ). This guidance is of international standard on quality management and assurance which is developed by numerous scholar across the world to help businesses make

note of quality system elements that can be implemented to improve/maintain the overall quality system.

There are 7 (seven) quality elements that exist, namely- customer focus, leadership, engagement of people, process approach, improvement, evidence-based decision-making, and relationship management. Each of the element contains a deeper element called sub-element that describes activities that may be performed to improve the overall quality system. The sub-elements for each quality element will be explained as follows. First is the customer focus. This element consist of understand client’s need, try to meet client’s requirement, and always strive to exceed their expectation. Second is leadership. This element consist of equip and empower employee, set challenging goal, establish trust, and recognize employee contribution. Third is engagement of people. This element consist of make people accountable, evaluate individual performance, and enable knowledge sharing. Fourth is process approach. This element consist of deploy resources effectively, identify linkage between activities, and prioritize improvement activities. Fifth is relationship management. This element consist of recognize supplier’s successes, collaborate on improvement activities, share expertise, resources and info, and select supplier to create value. Sixth is evidence-based decision making. This element consist of use of appropriate method to analyze data, make decision based on analysis, and ensure accurate and reliable data. Last is improvement. This element consist of empower people to make improvement, measure improvement consistently, celebrate improvement, and improve organization’s performance.

The writer intends to use this theoretical framework as a media to combine all of the recommendation of management control systems that have been recommended by the writer for Company X.

RESEARCH METHOD

In the purpose of gathering crucial data to answer and to come up with the possible management control system that can be adopted by Company X, the writer decided to conduct the research qualitatively. This is because through qualitative research, the writer can conduct face-to-face interview with Company X’ manager as well as Company X’ employee to find out the current control systems that are used and owned by Company X to manage their employee (internal) and supplier (external). There are 2 (two) research method used by the writer- primary and secondary.

The first one is primary research. The data for this research will be obtained through an interview with Company X’ managing director as well as Company X’ employee. An interview with the managing director will allow the writer to gain first-hand information on how currently Company X control their employee, supplier, and market research data that they obtained from their supplier.

The second one is secondary research. The data for this research will be conducted through online research. This will be highly useful as the writer can gain infinite knowledge from various sources on how to better control an employee/supplier by getting an in-depth information

regarding their cultural background. Besides, secondary research will allow the writer to find a proven management tool that can be used by Company X to improve their management system to allow a more integrated process within the work procedure.

Furthermore, the writer has also designed a list of research questions. This will serve as a guideline for the writer as to the aspects of the problems that will be solved in this research. There are 5 (five) main questions, including-

- 1. In what industry does Company X is operating in?**
 - i. What products/services that are being offered by Company X?
 - ii. What does it take for Company X to obtain the brand perception of “trusted and dependable”?
 - iii. How does Company X obtain the necessary information/raw data for their products/services?
- 2. How does Company X regulate internal parties in the Netherlands?**
 - i. Is there any key requirement/pre-determined standard when recruiting employee in the Netherlands?
 - ii. What channels utilized by Company X is using to find an employee in the Netherlands?
 - iii. Is there any kind of training given to the employee before they started working?
 - iv. What are the tasks/responsibility of Company X employee?
 - v. How does Company X monitor the performance of their employee to make sure that they are performing as expected?
- 3. How does Company X regulate external parties in the Netherlands?**
 - i. Is there any key requirement/pre-determined standard when recruiting supplier in the Netherlands?
 - ii. What channels are Company X is using to obtain supplier in the Netherlands?
 - iii. Is there any contract/agreement on how the supplier will conduct the market research?
 - iv. Is there any training be conducted by Company X to teach supplier on how to properly conduct market research?
 - v. What are the tasks/responsibility of Company X supplier?
 - vi. How does Company X monitor their supplier when they are collecting information/raw data in the Netherlands?
- 4. How does Company X regulate the data obtained from their supplier in the Netherlands?**
 - i. How does Company X evaluate the authenticity and validity of the data?

- ii. Is there any standard operating procedure (SOP) to process the data obtained from supplier?
- iii. Is there any filter/software/algorithm used by Company X to remove unqualified data?

- 5. What are the best possible management control systems that Company X can adopt to overcome their current problem?**

RESULTS AND DISCUSSION

Based on the research conducted, the writer has successfully identified possible causes to quality problem that is currently faced by Company X. The findings of possible quality problem causes as well as the recommendation will be divided into 2 (two) parts- internal and external. For every mentioned problem finding, a recommendation will be directly discussed. Furthermore, the advantage of the implementation of the suggested recommendation will also be discussed.

The writer will first discuss about the internal condition that occurs in the company. These internal problems are believed to also contribute to the deteriorating market research results' quality that are produced by Company X. Mostly, internal problems are strongly related with activities that occur within the company itself, such as hiring, supervising, monitoring, and controlling employee. There are 3 crucial internal problems that the writer found.

First internal problem is because the current job assignment to employees for a new project is highly informal and therefore unclear (Hioe, 2017). This is mostly contributed due to nature of the task that is mostly being shared by a lot of employee within the company itself. This creates a problem of defining the “actual” responsible person in case of an error/problem occurs within the work itself as is being shared.

To tackle this problem, the use of personnel control is recommended. In order to explain how the suggested control system works, the writer will utilize the ISO guidelines on project management. Here, the whole process of job assignment will be divided into 4 parts- initiating process group, planning process group, implementing process group, and controlling process group. The explanation of each of the process group will be as follows. In the initiating process group, Company X' manager create a list of requirement needed for the project- design skill, analytical skill, and experience. Then, the manager come up with a list of employee names that will be established as a “project team”. After initiating process group comes the planning process group. Here, the manager first reassess the requirement that has been set against the current project team, if its proven to be lacking, manager may add/change the personnel inside the project team to make it more qualified.

After that, manager must define the project/team organization. This is a highly crucial and critical step that will determine the success of the project. Things that must be done: defining project leader, supervisor, division manager, and assigning task to each of the project members.

Furthermore, a clear reporting line within the project/team organization must be established to guide employees in case something is not working as it was planned previously. Following the planning process group comes the implementing process group. Here, the manager will act as a “external supervisor” of the project – to oversee and to help putting the plan into work to make it smoother. In addition, the manager is encouraged to take note of things that worked out well/wrong. Last is the controlling process group. In this part, the manager make use of the “note” of things that worked out well/wrong and use it to determine actions that need to be done. If the team is lacking of manpower, manager can decide to add more employee. When adding new employee, job assignment must be noted in detail to keep track of everything.

The application of this control system would make it easier for Company X to track and monitor as well as trace the work of their employee. Therefore, in the case of something to be found error/wrong, Company X can directly know the responsible person. This is highly beneficial for Company X as it prevents employee to behave carelessly – and demand them to always be cautious in every action that they take.

Second internal problem is related to work performance evaluation. Currently, Company X does not possess any formal/structured way to evaluate the work performance of employee (Christanto, 2017). Although employees’ work are constantly being monitored by the manager, there no evaluation being made. This no evaluation would cause employee to lose work motivation to improve themselves further. Besides, as there are no punishments/rewards being given to employees in relation to their work performance, it would results to stagnant development of the employees. Last, without evaluation being made, employee would be “lost” of in what things they should improve – as employee does not know what is truly expected of them.

To overcome this imminent problem, the writer recommend Company X to implement result control using the help of Six Sigma – DMADV tools. This control starts by defining the objective of the control system – which in this case is to improve the overall product/service quality that is produced by Company X. After defining the objective of the control system, critical-to-quality performance dimensions must be measured and selected. This performance dimension will be used to evaluate employee performance. There are 8 (eight) performance dimensions that are suggested by the writer. This consist of report’s clarity of wording, logic of analysis and recommendation, report structure (easiness to be understood and followed), correctness of report (no wrong input of number), report design, customer satisfaction, study structure design, and project proposal acceptance. After measuring and selecting critical-to-quality performance dimension, an analysis must be done to verify whether the selected performance dimensions are valid and critical to improve the quality of market research results or not.

Following the analysis, control system will then be designed. There are 2 steps need to be taken. First is setting performance target to the 8 (eight) selected performance

dimensions – and also give score or evaluation for each of the dimension. Second is giving reward/punishment to employee who succeed/failed to reach the agreed target. Last, after designing the control system, the manager must constantly verify the control system effectiveness. If its proven to be ineffective, the manager is encouraged to make further revision to the selected performance dimension.

By defining the right performance dimension to be measured, setting a target to be achieved by the employee, and providing reward for an employee who does a good job and providing punishment for employee who does a job poorly, Company X can significantly increase the motivation of their employee. This is because now the employees have a clear idea what is expected from them and how should they do their job. Besides, the implementation of this result control does not give a strict order to the employees regarding what action should they take, instead this result control clarify the things that should be achieved by them – in the end this will result in empowering employee to take action and decision that they think may result in an outcome that is desired by the organization. As result control does not dictate what action should be taken by the employee, it gives high degree of flexibility that can reduce stress of the employee as well as give employee a sense of being trusted.

Another benefit of giving employee high flexibility is that the organisation give the employee the chance to nurture their creativity level as employee are given a freedom to choose/act/take decision that will result in the outcome that is desired by the entire organisation. Last but not least, while the manager of the company evaluate the results of the employee, the manager can directly give feedback/suggestion/advice to the employee to make them perform better – this will create a clear direction for the employee regarding on what areas (skill/capability) should be improved and enhanced.

Third internal problem is related to training for new employees that work at Company X (An, 2017). This is because currently Company X uses a training method called “apprenticeship” – which is done by placing a new employee under the guidance/supervision of senior employee who are more experienced. The effectiveness of this training method highly depends on the capability of the senior employee – whether they are a good teacher or not. Besides, the manager does not clearly specify the materials that are highly critical to be taught to new employees. Combined, this creates a highly unclear and unstructured training that would result in new employee lacking of necessary knowledge and skill to perform excellently.

To manage and overcome this problem, there are 2 (two) things that can be done. First is by enhancing trainer’s capability. The manager must improve the senior employee’s capability in terms of teaching skill and knowledge as this highly important for new employees to be able to work as expected. This can be done by giving the trainer a tutorial/guidance on how to teach new employees effectively and efficiently. As the manager has worked in market research industry long enough, he/she must already know the best way to teach market research skill to new employee.

Second way to ensure excellent training process is by clarifying critical training material. The manager must specify clearly what training material should be given to new employees – to make sure that every employee receive sufficient material and knowledge to perform market research activity. There are 3 (three) examples of training material- designing a research proposal (study structure and flow, sample collection and criteria, outcome of the research), summarizing and analyzing complex raw market research results, and main report creation (graph, color, content, consistency, flow of report). These training materials will then be printed and used as a guidelines for trainer. This guideline acts as a “fail-safe” in case the trainer forget something important.

There are 2 (two) advantages in applying this control system. First, the senior employee will now possess the right knowledge and skill to teach the new employee. This is because they are previously taught on how to efficiently and effectively teach new employee regarding on what is important to be taught and the best way to make sure the new employee understand the material given. As a result, the new employees will now obtain sufficient knowledge and skill that is needed to be possessed to enable them contribute maximally to Company X’ business operation in related to market research and reporting.

Second, the application of this control system would make trainer know exactly of what to be taught to the new employees. This system is strongly suggested by the writer as current training system does not make sure that the training knows of what should be taught. By doing this, Company X creates a formal standard operating procedure of the material that should be taught to the new employees – ensuring all of the new employees possess the right knowledge and skill to perform a market research task on a satisfactory level. Besides, by knowing of what should be taught, this will enable the senior employee to prepare themselves beforehand before directly teaching the new employee. Preparation in advance will enhance the knowledge of the trainer on how to better transfer the knowledge and skill for the new employee.

After discussing the internal problem that occurs in the company, now the writer will discuss his finding on the external problem that exist at Company X. These external problems are believed to be the core cause to the deteriorating market research results’ quality that are produced by Company X. Mostly, external problems are strongly related with activities that occur outside of Company X, such as hiring, supervising, monitoring, and controlling third-party supplier. There are 3 crucial external problems that the writer found.

First external problem is related to recruitment channel of supplier. According to our interviewee, currently Company X does not have any urge to find any other suppliers for their study (Leonita, 2017). The reason is because they already have a long-time business partner that can conduct a study for Company X. In addition, they also believed that the supplier’s quality is quite okay that comes with a very reasonable price. However, if they really need it, they mostly find supplier through their personal

connection/networking. Besides personal connection, sometimes Company X also use external websites such as ESOMAR to find a local market agency that can be used for their study. However, currently their ESOMAR subscription is not a business/corporate one, but rather an individual account. Thus, when searching for an agency, a name of a person will come out instead of the organisation that hire the person. This highly compromise the authenticity and credibility of the hird supplier. Other than ESOMAR, Company X also use Greenbook websites as a source to find a local market researcher. The writer argues that currently Company X is highly complacent towards their current supplier. This is because they are no longer in urge to find other supplier and their supplier channel is too limited. This limited recruitment channel strongly held Company X back to find another supplier with better quality as it is not questionable that the more limited option that Company X have, the less chance Company X will encounter a high-quality supplier.

To anticipate hiring unqualified supplier, Company X must broaden their recruitment channel. There are 4 (four) things that the writer suggest. First is by updating the company’s LinkedIn website by adding the current work in progress, a list of clients, and also the client’s review regarding Company X service. This will first build an awareness among the companies that work in market research industry. After that, Company X should search/join on LinkedIn group of market research in the Netherlands to find multiple lists of suppliers. Second is by upgrading Company X’ member subscription for ESOMAR. Currently their subscription for ESOMAR is the individual account – which is the most basic subscription where Company X will only find a list of individual who do market research, not a market research company. By upgrading their ESOMAR account, Company X can gain significantly higher number. Thid is by using Google searches- although this method is not recommended, it can give Company X a broader and wider range of market research supplier that can be included as a consideration. Fourth is by joining market research event – visiting market research agency booth directly. This will grant Company X multiple lists of supplier directly. These recommendations, if implemented properly can give Company X a highly broad and wide market research agency in the Netherlands.

Having multiple recruitment channels for market research supplier will allow Company X to find the best out of the best supplier that really match the requirement from Company X. The reason is because Company X will have more choices among the supplier list to be selected. Furthermore, having a lot of supplier list can also serve as a backup plan in case the current supplier can no longer do the market research for Company X. The long-term benefit for this is that now Company X will be able to employ the best market researcher in the Netherlands– which in the end result in high results reliability and validity. If the market research results are of high quality, Company X can gain the brand perception of “dependable and trustable” and they will be recognised by other company – easier for them to get new clients.

Second external problem is related to the current supplier selection method. Company X does not have a clear way and structured process to recruit third-party suppliers. There are also no pre-determined requirement/criteria that can help Company X select and filter their suppliers better. All of this problems would lead to Company X in hiring unqualified and unexperienced third-party supplier that in the end may bring untrusted and unreliable market research results.

To help Company X prevent hiring unqualified and unexperienced supplier, the writer recommend Company X to implement personnel control using the help of ISO guideline on project management. Here, the supplier selection method will be divided into 3 (three) processes which are planning process group, implementing process group, and controlling process group. The explanation of each process group will be as follows. In the planning process group, there are 2 steps that must be planned- supplier screening process and supplier interview and selection process. First is the screening process. Here the manager must address the steps that they took after they got a RFQ from their client. Then, the manager must think thoroughly the reason he chooses to work with their long-time supplier – key criteria in which the decision is based on. After that, the manager must think whether an improvement of the current supplier is needed or not – in case supplier is not performing well. If yes, proceed to the next step which is evaluation of current supplier list based on the selected key criteria and apply special requirement or adjustment for a particular project. In the end, approximately 3-5 suppliers will be left out.

Second step is supplier interview and selection. During the interview, manager may ask questions related to suppliers' client, specialty, competitive advantage, core research strength, suppliers' representative, and their flexibility to adapt. After that, conduct background check to see if the supplier is being honest or not. Next, in the implementing process group, the manager combine both the result from the interview and random background check to select and hire the best possible supplier. In this part, the supplier will conduct the market research as it was proposed by Company X. During the process of data gathering, the manager must take note of things that went smoothly/wrong. Last, in controlling process group, the manager give a feedback for supplier to encourage them to improve themselves. This feedback will be based on the note of things that worked out smoothly/wrong. Besides, the representative measures the current condition of the research activity – and should there is an unforeseeable error, an adjustment/agreement with the supplier will be reconsidered.

By applying this, Company X can now have a clear step when they want to hire supplier from the beginning step of supplier screening until interview and background check to finally eliminate and select supplier. This control system is highly beneficial for Company X' overall performance because they must be able to find the best supplier that can do their market research.

Third external problem is related to supplier's performance evaluation. Company X currently does not have

a strong tool to monitor the work of their supplier when doing a local market survey. The only thing that Company X do is that they request their supplier to send a photo when they are doing a survey i.e photos of a wheel, tyres, or visited local stores. The method used is highly insufficient as it relies only whether the supplier is being truthful or not. There are many chances where the supplier could just fabricate the photos – this would lead to a bad market research results that is not credible.

In order to overcome this problem, the writer recommend the use of 2 (two) management control system instruments which are result control and action control. First, for the action control, the writer will utilize the theoretical framework of Six Sigma – DMADV tool. This starts by defining the objective of the control system – which in this case is to increase the data quality of market research that is gathered by the supplier. Next step is to measure critical-to-quality performance dimension. There are 6 (six) suggested performance dimensions which are report's data delivery timeliness, sample criteria matched, total sample requested, sample distribution, incidence rate, validity and credibility of research data.

Following the previous step is to analyse the selected performance dimension. This is to make sure whether the selected performance dimensions are valid and critical to improve the quality of market research results or not. After making sure that the selected performance dimensions are critical-to-quality, the manager must design the control system. There are 2 steps need to be taken. First is setting performance target to the 6 (six) selected performance dimensions – and also give score or evaluation for each of the dimension. Additionally, give reward/punishment to employee who succeed/failed to reach the agreed target. Last is to verify the control system effectiveness. This will be done by monitoring the performance of the control system. If the designed control system is ineffective, the manager must make further revision to the selected performance dimension.

Second recommendation is to use action control. This is done by doing pre-action review to supplier by creating a clear reporting line and assign Company X' representative with a solid reporting line. In case of something wrong, the supplier is demanded to report it to Company X' representative for further evaluation/change of plan. Furthermore, to have better supervision and control of supplier's activity, the writer recommend the use of GPS tracking system. This GPS tracking system will be planted on the vehicle of the responsible person. This will allow Company X to have full control and supervision of the supplier's activity. Besides, the writer also recommend Company X to request the supplier to take a photo with newspaper background. For example, if the supplier is conducting research about tire industry/market, they can take a photo of the tire/local store with a newspaper background to indicate the timestamp.

There are 2 (two) advantages in applying this control system. First, by defining clear expectation for the supplier, it can serve as a guideline for supplier. They now fully understand what is expected from them – this will also give them a motivation to improve themselves in order to fulfil the

criteria that have been set by Company X. In addition to that, by rewarding supplier who manages to fulfil all of the requirement from Company X, it will drive the motivation of the supplier to achieve the target goal. Second, Company X can now control and evaluate the action plan that will be executed by supplier. This will enable Company X to prevent action that may sabotage the validity/credibility of the research process.

CONCLUSION

Company X's deteriorating market research results' quality is caused by internal and external problem. Internal problem mainly related with activity that occurs within the company such as selecting, hiring, controlling, supervising, and monitoring the work performance of employees. Here, Company X is found to have unclear and unstructured way to control their employee that in the end result in employees lack of skill/motivation to perform their task. While external problem mainly related with activity that occurs with outside organization such as hiring and controlling third-party suppliers. Here, Company X is also found to not have proper way to recruit and control their suppliers – resulting in hired suppliers to collect invalid and unreliable market research results. For both internal and external problems, several recommendations have been suggested to the company to improve the quality of their market research results using the adopted framework of 4 MCS instruments and ISO guidelines.

The creation of this report is also subject to certain limitation – mainly related with time. Besides time, there is also limitation on data gathering due to limited access of the writer that in the end would not allow the writer to found a more detailed information on how Company X regulate their internal and external parties. Furthermore, this report is strictly applicable to be used for Company X that is based in the Netherlands. This is because the writer only obtain information/data from Company X' manager and employees which are located in the Netherlands. Last but not least, the writer recommended further research on the implementation of the control system suggested to identify the effectiveness of the control measures and to come up with possible and feasible alternatives that may help to improve the overall Company X' market research results in the Netherlands.

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