Coordination Dysfunction in an Integrated System of Budgeting Process at
ACT Organizations

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Abstract
The process of coordination is an essential requirement within an organization to balance the specific activities or different so that everything is directed to a particular purpose. This study aims to evaluate the process of coordination and barriers in coordination of budgeting in an organization, as a result of the implementation of an Enterprise Resource Planning (ERP) integrated system. The subject of this research is PT Activation Communication Terpadu (ACT), which is a company with business units in the field of brand activation services especially event organizing. The approach used in this research is qualitative, using explorative type. On the other hand, the method of data collection in this research is observation and literature study. This research uses organization theory approach that is coordination mechanism and resource dependence theory which is used to evaluate the result of data analysis. The results of this study indicate that the coordination process through integrated information system has big obstacles because it must pass many approvals from several parties, while the number of uncertainties caused the event leader to make repeated coordination. This has an impact on the flow of events that affect the business process. The conclusion of this research is coordination mechanism based on integrated information system is not always appropriately applied in all organizational management.

Keywords: Coordination, Organizational Communication, Management, System Information, Resource dependence Theory

Introduction
Coordination is a very essential process within an organization. Just as in a company, working relationships often involve coordination processes for mutual mobilization,
harmonization, alignment, and balancing of specific or different activities so that they are directed to a particular purpose. In other words, the process of coordination aims to involve all the resources that exist in the work environment in order to achieve the expected target. Coordinate failure may lead to inhibition of objective mechanization processes within the organization. One way that companies can do to survive is to utilize information technology. The use of information systems in accordance with the needs of the company can improve the effectiveness and efficiency of performance because the information available and needed can be managed optimally to support various activities of the company, thus the profitability and value of the company is expected to increase.

Information systems that can assist companies in improving the effectiveness and efficiency of corporate coordination is Enterprise Resource Planning (ERP). Enterprise Resource Planning (ERP) is an information system that integrates information available within a company from various aspects of existing resources (fund, human, time, material, capacity, etc.) (Utami, Susil, & Riyadi, 2016) This system will support the integration of any information that comes from each division within a company to become a reference in decision making. Seeing the importance of the ERP system, the more competitive developers launch and market their ERP products. Examples of popular ERP products are: SAP, Oracle, JD Edwards, Microsoft Dynamics, Open Bravo, etc.

One of the organizations in Indonesia that has implemented ERP system is PT. Integrated Communication Activation (ACT) which is an event organizer with a special business on brand activation which is also part of Kompas Gramedia Group, one of the largest media companies group in Indonesia. Initially applied because at that time the company made management improvements, in order to facilitate the information system and control mechanism. ERP used PT Integrated Communication Activation (ACT) is SAP R/3. Implementation of ERP in PT ACT is expected to improve the company's management system.

The implementation of this integrated management system also applies to the budget planning system in the company's event project. As a result, all employees are not limited to financial staff only, are required to follow the budgeting mechanism as determined by the system. This mechanism involves the approval process of multiple door layers including super intendent, assistant manager, manager, and then will be processed by the procurement section to get the decision in the form of output that is ready to be executed.

Constraints that occur when conducting operations, or event organizing that is one of the core business of this company becomes very complicated because every process of budget submission until the approval process must be through many agreements because of the integrated system. Such coordination creates obstacles in the implementation of an event, which requires a more tactical budget approval process due to the many uncertainties that arise in the field. Illustration, if a project officer (the leader of an event execution process) is filing a budgeting process, then he must coordinate
through the system through a number of agreements, to end up in procurement. If the return to the field found changes / incompatibilities requests from the client then it means that the project officer must repeat the original coordination process for each new cost charge that must be submitted.

The existence of gaps in the budgeting coordination process in the middle of integrated information system in PT Integrated Communication Activation (ACT) organization, becomes interesting to be evaluated so that in this case the author intends to analyze the problem of "Coordination Dysfunction in Integrated System Budgeting Process on ACT Organization".

**Problem Formulation:**

Based on the background of the above problem, the author intends to know and analyze the implementation of Enterprise Resource Planning (ERP) system in PT Integrated Communication Activation (ACT), in the perspective of organization theory and communication management formulated in the following questions:

- How is the coordination done in the event financial planning process until the implementation of the event conducted by PT ACT through the SAP system?
- What are the coordination barriers in the preparation process for the implementation of the event conducted by PT ACT through the SAP system?

**Literature Review**

**System of Information**

The definition of information systems according to Leitch and Davis is a system within an organization that brings daily transaction processing needs, supports operations, is managerial and strategic activities of an organization and provides certain outside parties with required reporting reports (Jogiyanto, 2000). On the other hand, information systems are defined as a set of interconnected components, collecting, processing, storing, and distributing information to support decision making and oversight within an organization (Laudon & Jane, 2010).

Based on some understanding of the information system above can be concluded that the information system is a system created by humans that used an organization to collect, process, store and distribute information for decision makers within an organization.

**Enterprise Resource Planning**

According to O’Brien and Marakas “ERP is the technological backbone of e-business, an enterprisewide transaction framework with links into sales order processing, inventory management and control, production and distribution planning, and finance” (O’Brien & Marakas, 2007) Meanwhile, according to (Wallace & Kremzar, 2001):
“Enterprise Resource Planning is a direct outgrowth and extension of Manufacturing Resource Planning and, as such, includes all of MRP II’s capabilities. ERP is more powerful in that it: a) applies a single set of resource planning tools across the entire enterprise, b) provides real-time integration of sales, operating, and financial data, and c) connects resource planning approaches the extended supply chain of customers and suppliers.”

O’Leary (2001) in (Hossain, Patrick, & Rashid, 2002) says, "ERP systems are computer-based systems designed to process an organization’s transactions and facilitate integrated and real-time planning, production, and customer response." some understanding of ERP above can be concluded that ERP is a system designed to integrate all internal and external activities of company which enable accessing data in real time (real time).

**Implementation of ERP System in Company**

There are several alternative ways of implementing an ERP system, including:

a. Installing ERP applications directly and thoroughly. The company replaced the old system with the ERP system. This way of course also contains risks, such as the readiness of the company with a new system. Whether the resources in it are ready to operate the ERP system or not. Often the implementation process will run slowly because the process is not done gradually per section first.

b. Doing a franchise strategy, this way is done by implementing several different ERP systems on each business unit in the company. All these systems are also interconnected with common modules that are like a financial module. Implementation usually focus on one unit used as pilot project. This reduces the risk of failure while testing the ERP system in that unit if it works. If the result is satisfactory, then the ERP system can be implemented to another unit gradually based on the pilot project reference.

**SAP**

SAP (System, Application and Product Data Processing) is the first company to develop software for ERP system and also a market leader in ERP software sales today (Pratidana & Setyawan, 2017). SAP has been used to complete 50 percent of business transactions in the world. In 2007, SAP had 33,000 subscribers and attempted to grow threefold in 2010 (Sam, 2013). With many advantages offered by SAP, there are many big companies in Indonesia that adopt this system, one of them is Kompas Gramedia group which has many branch of business unit such as PT Integrated Communication Activation (ACT).

**Theoretical Approach**

a. Coordination Mechanism
Hatch in her book "Organization Theory" mentions there are many additional mechanisms that must be designed to fill the gap between the coordination provided by the hierarchy and what the division of labor demands (Hatch, 2013). Rules and procedures, schedules, and lateral communication are the most common in this mechanism. Rules and procedures determine how decisions should be made and how the work process should be done. They contribute to coordination by ensuring that desired activities are carried out in an acceptable manner. The schedule specifies the time period in which the activity should be completed. Schedules can also be used to communicate individual tasks. The vertical communication associated with the hierarchy and the previously described is part of the social structure, but we must also consider lateral communication.

In the case of PT ACT, it can be evaluated that the applicable coordinate communication model adopts a lateral communication model. When lateral communication is identified, it can be seen that organizational coordination is patterned through repetition, so that we can recognize it in the form of connecting roles, committees, task forces, projects, and management groups.

b. Resource Dependence Theory
 Resource Dependence Theory sees that the ability to overcome the uncertainty makes the company become divided into a certain hierarchy that is then formalized in a corporate organizational structure (Hillman, Withers, & Collins2, 2009). Internal business processes that take place within the ACT organization create a variety of coordinating channels that are not always hierarchical to overcome uncertainty within the organization. In other words, power according to this theory is distributed as an opportunity to overcome uncertainty. This power hierarchy selection process will then legitimize the authority with greater opportunity to overcome the uncertainty and delegitimize others as it does in the ACT budgeting mechanism.

Research Methodology
 a. Types of research: This research uses descriptive approach with qualitative method. Nazir (2005: 54) argues that descriptive method is a method in researching a group of people, an object, a condition, a system of thought, or a class of events in the present.
 b. Research focus: The focus of the research is to help provide guidance and limits on the conduct of the research. The focus of research is to direct research on the object that is not too broad so that researchers do not deviate from the formulation of the problem and can achieve the goals set. Based on this research is focused on the implementation of Enterprise Resource Planning (ERP) system at PT Domusindo Perdana.
 c. Data source: This study uses primary data sources and secondary data. Primary data is obtained from the part of PT Integrated Communication Activation (ACT)
project officer, and user directly using Enterprise Resource Planning (ERP) system, ie Marketing, Finance, Accounting, Panel Preparation, Procurement, Master Data, and Material Store. The researcher decided to dig the data from the project officer section because the section is having problem in budget coordination mechanism in PT Integrated Communication Activity (ACT) ERP system, so it is very understand about ERP system implementation process. Researchers collect data from each user because in addition to the IT, the user who directly feel the problems that occur in the ERP system. Secondary data obtained from company profile owned by PT. Integrated Communication Activation (ACT).

d. The qualitative analysis processes used in this study are known as spiral analysis and are spelled out in the following four steps (Creswell, 2007: 150-155). 3.4.1 Managing Data The first round in the spiral, the researcher manages the required data and converts the data into appropriate text. This data comes from interviews with project officers, interviews with users, and reports of PT. Integrated Communication Activation (ACT).

Company Overview

Referring to the information on the official website of PT. Integrated Communication Activity (ACT) (Kompas, 2014), this company is a brand activation agency part of Kompas Gramedia Group, The Biggest media company in Indonesia. They provide an integrated marketing approach services, with focus to build the stage for all of your activation performance. One of the main business units provided by PT. Integrated Communication Activation (ACT) is an event organizer that includes various types of events; automotive, music, launch product etc.

Established since 2014 till present, ACT's portfolio has its own and manage Indonesia's most influential media brands. When it comes to niche and targeted audience, they provide the practical knowledge and insights to help their clients leverage these affluent, influential readers and create meaningful engagement. L'oreal, Ajinomoto, Mitsubishi, ASTRA, Pertamina, Ikatan Banking Indonesia, BRI, Mazda, Carrefour, McDonald’s, Yamaha, Kalbe - Prenagen, Tupperware, Frisian Flag, Lux, and many more . The main purpose of their company is to create an experience that rock out and spread the echo of the client's automotive event. Louder the noise and create the best music show experience with them.

Through integrated print, digital and social media strategy, ACT has the platform to listen, connect and engage to their clients. Besides, under the name of Kompas Gramedia group, PT ACT has a trusted industry-leading creative platform, media and PR agencies. From inspiring ideas to thoughtful execution, they have in-house team of digital experts, creative specialists who work alongside their media sales force will provide our advertisers agency- style service to enable the clients are better anyone else.
Result

Coordination Dysfunction in Budgeting System

One of the most common service activities undertaken in business processes by PT Integrated Communication Activation (ACT) is holding an event requested by the client. In this case, every implementation of the event will be led by an event leader of the ACT internal team with the following flow:

![Diagram showing the process of ERP system implementation at PT. Aktivasi Communication Terpadu (ACT)]

Figure 1 Process of ERP system implementation at PT. Aktivasi Communication Terpadu (ACT)

By the time the head of the event has received a brief from the client, it must coordinate through the Enterprise Resource Planning (ERP) system to apply for budgeting of goods and services to organize the event from the company. In this process, he must coordinate through the system through a number of positions ie superintendents, assistant managers, and recognized by the manager, until the decision must end in procurement to process the demand for goods / services that are ready to be executed by the event chairman in the field. If a return to the field is found a change / incompatibility request from the client, it means that the project officer must repeat the process of coordination as before on any new cost charges that must be filed.

In Figure 1 shows that the application of this system has a very precise process flow to avoid errors that occur in the field. Integrated information system is expected to be a solution to the business process problems of PT. Integrated Communication Activation (ACT). With this system, information on the whole process underway can be monitored by the management, so that each division can coordinate through this system.

As an illustration that full responsibility for the success of organizing the event is on the project leader. In the chart also the author describes the information obtained from
one of the former employees who had been the project leader that the implementation of the business process has a major obstacle that directly impact on the implementation of the event. This happens if there are things that are not in accordance with the plan or if there are revisions, reductions and additions of quantity, as well as unexpected changes from customers that cannot be predicted at the time of the preemption, then the business process and the system must be repeated from the beginning.

Obstacles are also obtained if the event is on a day off or outside of work hours, it will hamper the approval process by several parties who have finished working hours in the office as well as procurement, finance, or manager or other leaders. If that happens then the running process is that the project leader must contact one by one so they open the system and approve the changes. Organizing events is a key business of ACT and services are products whose quality is determined by experience or portfolio and customer trust.

The adverse impacts caused by the unavailability of sudden needs or changes that occur are ACT will lose customer trust and increase unsatisfactory portfolio. ACT is now one of the divisions that froze its business and all ACT employees join the other divisions. The fall of the ACT business is believed by several sources, one of which is caused by a business process that is not in accordance with the needs so that bad coordination and communication made both internally and externally with the customer.

Discussion

A sophisticated integrated system such as Enterprise Resource Planning (ERP) is probably the perfect solution to enable a company to coordinate with all of its employees, especially for a large company that requires complex coordination processes. In this case the top level management does not need to perform manual checks one by one because all can be monitored. But the question is whether this means it can also be applied in all business processes without having to distinguish the type of product?

In the case of a service business that serves event organizers such as PT Integrated Communication Activation (ACT) may be less precise. The business process of implementing the event requires a coordination process that does not go through many stages of approval for decision-making as applied by the ERP method. In fact, business executives tend to find a lot of uncertainty during execution, so ideally it requires a fast decision-making process and does not take too long coordination. So if described, the more relevant coordination model for the business process of the event is as follows:
Conclusion

A good coordination process and maximized communication in the company with core business services products are important variables and have a significant influence on business development and customer needs fulfillment process. A good system in the right business and supported by qualified human resources with the right organisasi structure is the key to the achievement of company vision with core business services.

References


