Innovation and Competitiveness: A Case Study in the Accounting Department of an Entrepreneurial-Based University

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Abstract

Innovation is the most important and the most strategic aspects both for profit and non-profit companies. Innovation is an essential requirement to improve organization’s competitiveness and performance. This research is aiming to deeply explore the process of how innovation emerges in an organization so that the organization able to improve its competitiveness. This research uses an interpretative paradigm with qualitative methodology of a single case study. A single case study approach is used in the research to better explore how innovation processes emerge. The study was done in a year, with seven months of data collection. The data were obtained from a semi-structured interview methodology conducted to six full-time lecturers. Furthermore, the research was based on Miles and Huberman’s methodology to perform the data analysis. The study found that innovation can improve competitiveness. The study found three key aspects during the emergence of innovation, which are benchmarking, knowledge stock, and information. The process of innovation emerges via an interactive and intensive discussion. Interactive control system, as part of the management control, holds an important role in the process of innovation emergence. The study is as one of the references for the department of social science to create innovation.

Keywords: innovation, competitiveness, management control, university.

Introduction

The government’s commitment to improve the quality of universities in Indonesia continues to increase; proven by the fact that shows five Indonesian’s universities are listed among the world’s education entry (Fizriyani, 2016). A lot of efforts were made by the government to improve the university qualities, including closing universities that are lacking of performances, merging several universities to improve their quality, encouraging some universities to get the AIPT accreditation, providing research funding for universities, and many more (Putera, 2016; Widianto, 2016). Aligning with the efforts to increase university qualities, universities also increase their competitiveness to show that they are better than other universities. It seems that universities in Indonesia has developed into an “industry” with full of competition happening in between (Radianto, 2015). In addition, the competition does not only happen between the local universities, but also between the local and international universities that are starting to open
classes or university branches in Indonesia in various forms. With a large population and a low globalization barrier, it is easy for students from Indonesia to study abroad, including Singapore, Malaysia, Australia, Thailand, and New Zealand, or to attend the international universities that operates in Indonesia.

The department group (study program) of a university is a “strategic business unit” that will directly deal with the other department from other universities. Thus, the role of universities’ faculty department is very important. The department of accounting in Ciputra University is among the newest accounting department compared to other universities. The emergence of department of accounting in Surabaya creates a change in university competitiveness in Surabaya, as well as in East Java, and even in Indonesia. Michael Porter states that an essential aspect that should be well considered in business is the presence of newcomers. Newcomers will change the competition landscape in an industry. The emergence of accounting department in Ciputra University will create bigger options for future students whom are considering taking the accounting major, especially in Surabaya. Thus, the accounting department in Ciputra University should come up with a unique strategy to gain future student’s attention and attract them to apply to the university. One of the strategies is by creating innovations. Each year, the accounting department in Ciputra University has managed to increase the number of students via the innovation strategy. At first, many prospective students and parents are not able to understand programs from the accounting department at Ciputra University. In addition, some competitors have sneered at the department’s decision to teach accounting and entrepreneurship together. According to other universities, accounting and entrepreneurship are two different areas that cannot be put, or even be taught together. However, several steps of innovation have enable the accounting department in Ciputra University to convince the stakeholders that accounting is able to synergize with the entrepreneurship program, and even add positive values for the accounting department graduates. Recently, the data shows that all alumni from the accounting department have successfully become an entrepreneur, able to continue their family business well, and work as professionals. No graduates are found to be unemployed, and it only took two months or less for alumni to be professionals!

With this understanding in hand, this study aims to deeply investigate the process of innovation that was done by the accounting department of Ciputra University. The systematic writing is divided into several important parts. The next section is a review of literature regarding innovation strategy, followed by the research methodology. After the research methodology is presented, the discussion continues by describing the importance of innovation process for the accounting department, the result of the innovation process, and the process of how innovation emerges in the department. In the end, this study concludes that there are three important aspects from the process of innovation, which are benchmarking, knowledge stock, and information. Future research suggestions are presented in the last section of this study report.

**Literature Review**

According to Anthony (2016), innovation is a combination of different ideas that bring an impact to the environment. Of the many definitions, Anthony’s definition is the simplest, yet the most meaningful one. An idea is called as innovation if it has different elements compared to other products or services, and the differences bring effects to a community or a person or an organization. The impact could come in several forms, such as an increase of organization’s performance, or an increase of employee welfare in a company. Furthermore, Ries (2015) stated that innovation is needed for every organization to form a radical success. Through
innovation, an organization will be able to compete and even to be the market leader in its industry. Ries also stated that it is time for business starters (start-up business) to focus on creating innovation because their products or services will be quickly accepted in the market through innovation process.

Innovation becomes an important aspect that need to be mastered by an entrepreneur as they may lose many if they do not have the ability to innovate. In the business arena, a loss of opportunity will bring a huge loss for the entrepreneur. Innovation is also an essential strategy for business starters, as various innovations or the products/services and the marketing aspects will be the differentiator from the other competitors or previous businesses (Nugroho, 2015; Guillebeau, 2012; Widjaja & Winarta, 2014). Some studies regarding innovation suggest that the ability to innovate is a skill that all entrepreneurs must master. Thus, entrepreneurship education should teach innovation strategies appropriately.

**Innovation in Universities**
Change (2016) stated that universities should start to make a change. Nowadays, universities should create innovations in order to keep up with their performance. Several universities are trying to innovate and succeed, but not a few fails to innovate. Radianto (2016) stated that innovation is highly needed by every organization at any time, regardless the presences of competitors’ existence. Nevertheless, innovation in the education area (not on the teaching method aspects) does not seem to be an urgent thing for the department or study programs. This study found that the management control system itself is able to create innovations that would ultimately enhance the competitiveness of a department. Sutanto et al. (2017) found that a private university in Yogyakarta used innovation as its main business strategy. The research comes up with factors that will be used as a valuable innovation and strategy design to enhance the university competitiveness. In total, eight new innovations are found: price/cost, faculty, lecturer, service, brand and image, facilities, curriculum, promotion, and location. In addition, they identified 39 indicators that become the competitive factors. They use the market development strategy, product development strategy, and market penetration strategy.

Simamora (2016) found that the unique capability of universities gives more contribution to influence a corporate strategy, which then affects the performance of universities. The result of the study gives new understanding that university performances in Kopertis Region III area can be improved through the expanding the universities unique capabilities. In addition, the unique capabilities will enhance the universities ability to respond to the environment as an opportunity to affects university corporate strategies.

Zhuang et al. (2017) conducted a case study at six state universities and one private university in Hong Kong to understand how e-learning was set as a new innovation strategy in the universities. The study found that the innovation was bringing improving the universities’ teaching-learning quality, which further benefits on the efficiency and the effectiveness of the university. This finding shows that new innovation positively affects the competitiveness in most universities. Another case study by Lasakova et al. (2017) aims to investigate the emergence of innovation in ten universities in Europe. The study found that some cultural characteristics, such as openness and freedom, and the management's awareness to create innovation are the starting point where innovation starts to emerge. They inferred that universities are facing some challenges in regards of creating innovating and realizing the need to innovate. The research also found several barriers during the process of innovation; one of them is when lecturers do not feel ready to implement the innovation program. Aithal and Pinto (2016), whom had
failed to innovate a computer study program in India, decided to conduct a research to understand how innovation in computer program was made in Srinavas University. They found several innovations were made to improve the quality of the students, including creating a specialized curriculum, allowing students to do a dual-degree in India and abroad, allowing students to study overseas, creating well-planned academic calendar, making leadership program that are available for every students, making innovative teaching programs for students, and conducting competitions about information and technology.

These researches show how important innovation is in universities area. Universities will be able to compete if they are able to come up with new innovation. Thus, this research will explore about how a department in a private university undergo a process of innovation that creates an impact in the department’s performance.

Research Method
This research aims to deeply explore the process of how innovation emerges in the accounting department of Ciputra University. The research was able to gain a deep and comprehensive data if the researchers did a research on a particular case, thus the research use a single-case study strategy in the accounting department of University Ciputra. There are several reasons on choosing the accounting department in Ciputra University as the source of the case study: the department was relatively new as it was just established in 2003, however it has come up with new innovation to compete with other long-standing accounting department. The department also has a unique characteristic of having entrepreneurial environment that is influenced by the University’s culture, which becomes the first university in Indonesia that implements entrepreneurship education. In the context of data collection, the researchers have a working relationship with the university so that the researchers are able to obtain the data in depth.

The research was based on an intrinsic case study with an explorative design. This approach was taken based on consideration that the researchers are able to better understand the case of innovation process that emerge and that bring impacts on competitiveness. Through this particular type of case study, thus this research will gain a focus on the relationship and on the innovation process.

The data were collected via a semi-structured interview and participation observation. The researchers did not only collect the data from observation and interviews, but also from the historical documentation from the accounting department since the department began to stand. This approach becomes one of the strength of a case study where it can integrate several resources to come up with an answer for the research question. The case study was able to generate a rich of context and information from several sources to come up with comprehensive findings (Creswell, 1998).

Results and Discussion
Why Innovate?
The accounting department of Ciputra University chooses innovation as one of their strategies due to some reasons. Their first goal is to be a different and unique department so that prospective students can easily recognize the department, has the competitiveness to become one of the choices for prospective students, and to enhance their business sustainability. These goals align with Anthony’s (2012) concept of innovation, which briefly defines innovation as a combination of different ideas that creates an impact to the environment.
The result of the study found that there are several innovations approach done by the accounting department, including curriculum innovation, teaching methodology innovation, and administration system. Curriculum innovation occurs in the courses offered by the accounting department. The accounting department combines accounting and entrepreneurship courses as part of the curriculum. In total, there are about 27% of entrepreneurship courses in the accounting department. The entrepreneurship courses spread from the first semester to the seventh semester. Moreover, there are additional entrepreneurship courses that need to be taken in in each semester. The purpose of these additional courses is to ensure that student from the accounting department will be able to complete their business project as well as planned. Based on the student interview, the result shows that students are able to run their own business, have their own income, and gain real-life experience in business while they are studying in the accounting department. The positive impact of combining accounting and entrepreneurship courses is also shown by the alumni’s ability to be a successful entrepreneur and to continue their family’s business.

Teaching methodology innovation. The accounting department chooses to apply the student-centered learning strategy by implementing project-based learning or experiences-based learning methodologies. These methodologies were chosen to shape student’s characters and skills to become an entrepreneur specialize in the accounting area. The process of teaching methodology innovation led to a teaching methodology called Accounting Active Learning (AAL). The accounting department requires all lecturers to implement the AAL methodology in every course. Therefore, before the semester starts, the head of department always conduct a meeting to prepare the implementation of AAL that will be used in the upcoming semester.

The other form of innovation happens in the administration system. This innovation aims to enhance the affectivity and the efficiency of managing department’s data. The innovation leads to streamlining data and shows an improvement the department’s decision-making process. Not only does it improve the decision-making process, but it also improves the ability to acquire latest data for external parties of the department, for example for internal audit and for university accreditation process. The innovation is based on the knowledge management concept, where each individual in an organization is able to acquire knowledge to improve the individual’s quality of work.

Innovation in managing the students is called mentoring. The mentoring program is created to enhance student’s achievement and, at the same time, increase student’s retention skill. The mentoring program involves senior student to act as the mentors and the junior students as the mentee. In addition, the program successfully creates a data about student’s attendance, which can be transformed as a portfolio that contains the list of students that ever attended the accounting department of Ciputra University. The department also held a special mentoring program that aim to identify student’s profile, whether a student will be a professional or entrepreneur, by asking students to undergo a special test. Students who are identified as professionals will pursue different path than students who are identified as entrepreneurs. For example, students on the professional path must have an internship program, while students on the entrepreneur path must take the advanced start-up business course.

These innovation programs are present due to several reasons that will be described in the next section. In addition, the innovation process has received full support from the Dean of management and business faculty, whom proclaim that each year student’s study program should have some innovation aspects. It is also
in accordance to Ciputra University’s characteristics that stress the importance of entrepreneurship.

**Department Innovation: An Unending Process**

This section will discuss about the process of how innovation emerge in curriculum, teaching methodology, administration system, and mentoring program.

The curriculum innovation emerged since the department was first established. First, the accounting department team did an analysis about the strengths that Ciputra University have. The team conducted a focus group discussion and see that the strength of the department is in the entrepreneurship area. Afterwards, the team did a benchmarking in several advanced universities and held several consultations with accounting and entrepreneurial experts. The team created a list of internal strengths then compared it to the competitor’s strength. The results are combined with the consultation results from the experts. Then, the team found that the curriculum could be the start of an innovation process to create a new department, which is the accounting department.

At first, the AAL was developed to overcome the challenge of teaching accounting courses to students. Many students in the accounting major found it hard to understand the accounting courses. Thus, the accounting department team examined the reasons behind students’ difficulties in understanding the accounting courses. From the examination, the team found out the core problem, which shows that most courses were delivered in a monotone way of teaching (on way teaching). To overcome the problem, the team searched for various teaching methodologies that can be implemented in accounting courses. The team also did in-depth discussions to find an interesting way to deliver the accounting subjects. During the process of finding the best teaching methodology, it turns out that some lecturers were having different background and perspectives, thus the team combines the strengths of each lecturers to create a new teaching methodology that will be implemented in the curriculum. As an example, there is a lecturer who previously taught at a primary school. Teaching the primary students requires the lecturer to be creative in delivering lessons, thus the lecturer creativities are adopted in the teaching methodology. By combining lecturers’ opinions and backgrounds, the team come up with an active learning approach and created the Accounting Active Learning (AAL) methodology. Through this method, students are immersed in their study and experience the fun in the learning process. Hence, this learning process allows students to sink in and understand the accounting and other finance-related lesson concretely. The innovation process went through an iteration process; it receives feedbacks and involves various groups of people, it continues to develop through the process of making assessment rubrics based on the related courses.

The innovation process is based on the need to create an accurate data and to access the data in a fast manor; the process is triggered during the accreditation preparation time. The innovation is also created during the preparation of creating a systematic data. Thus, when a shift of leaders happened, the upcoming leaders are able to directly access the data from the earlier periods. The emergence of administrative system is also applied to the students’ data to enable Academic Supervisor to retrieve lists of new students. The data was taken and grouped by the mentor, the academic supervisor and the name of the student; it aims to map the student’s interest, talent, and pre-knowledge, and will be served as a database to search for candidates that can join a contest, to be a teacher assistant, to follow community service programs, to take part in marketing, and to fulfill other needs. The innovation process arose because in the past it is difficult and time-consuming to access students’ data; it was not well-organized and located in different places.
Furthermore, the head of the department whom come from an accounting system background designed a new administration system that had never been done before.

In the mentoring program, innovation was created to overcome problems that often arise, such as to acquire student data and to make sure that students are able to graduate on time. In addition, mentoring was made to map students’ interests in campus activities. The department has a need to create a student mapping to know which students are able to attend contest, to provide extra assistance, and to understand student’s goal (either as a professional or an entrepreneur).

From the four cases that lead to the emergence of innovation, the researchers come up with visualization to describe the process of innovation, as follows:

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Issue
  Benchmarking
    +
  Knowledge stock
    in-depth discussion
  Information
    +
  Innovation
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Innovations arise through an intense interaction between team members. Even if an innovation arises from one individual, the process of implementing the innovation cannot be done alone. Benchmarking is the most common way to come up with ideas, while knowledge stock plays an important role to encourage innovation (Gruber & MacMilan, 2008; Shane, 2000; Corbett, 2005). Knowledge stock can arise from one’s experiences, one’s knowledge about certain issue, or one’s past, and one’s educational background (Shane, 2000). Creativity arises from one’s experience or as a result of the in-depth discussion. Afterwards, the combination between benchmarking, knowledge stock, and information need to be discussed thoroughly. Regular and well-organized discussion will allow more innovations to emerge.

**Conclusions**

In accordance to the research purpose, which aim to explore deeply about how the emergence of innovation process enable to improve competitiveness level, this research found several steps of innovation process. The innovation process starts from the need to overcome issues in the department. Then, a combination of benchmarking, knowledge stock, and information should be done through an interactive discussion to come up with new ideas to solve the problem. The ideas will serve as a framework to create innovations. This study found three key factors of the innovation process, which are the importance of benchmarking, the importance of having knowledge stock, and the importance of having broad understanding and knowledge to gain information. The emerging innovation may increase the annual student’s intake. This shows that the innovation process was creating a positive impact to the university.

Future research needs to conduct studies on other department with different characteristics, such as the department based on exact knowledge (Information technology, and others) to better understand the process of innovation. Technological-based departments may have different innovation process than the social science departments.
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