ABSTRACT

The purpose of this research is to evaluate that the reengineering of some factors in management control system could increase the organization effectiveness in PT. PAL Indonesia. The research focuses in two aspects, these are (1) reengineering process and (2) some factors in management control system and the effectiveness of an organization. However, management control system factors are too comprehensive, then this research focuses only on few infrastructure elements such as organization structure, responsibility centers and delegation of authority, information systems, reward systems, and some process elements like environmental analysis, strategic and program formulation, budgetting, reporting, and measurement. This research is only focuses attention on corporate level instead on divisions level.

This research was conducted using exploratory case study method of Yin. This method used in research because it investigates phenomena on context in which the boundaries between phenomena and context is not so clear and the researcher is unable to control the event, so need a lot of evidences. Using this method, the researcher could directly tracked on evidences-resource like documents, archives, and reports from someone involved, and observation. Furthermore, researcher has to formulate, firstly, on propositions that are derivated from theoretical chronologies design. The purpose was to compare such propositions with empirical chronologies resulted from research processes. By comparing such chronologies, researcher is able to evaluate the empirical events.

The results of the research are:
1. There is a conformity between reengineering processes with research proposition.
2. It could be considered that reengineering (restructuring) processes have been done correctly based on the theoretical point of view.
3. There is a change in size and measurement way of organization effectiveness than before, that is by using the measurement of balanced scorecards method.
4. Within the process of change there are transitional position.
5. The research position is not finish yet, because of the following reasons:
   a. There are many supporting functions still on corporate that should be transferred to business unit or Badan Usaha Mandiri (BUM).
   b. Full authority has not been given to all BUM.
   c. Management Information System as a one of MCS’s element has not been changed.
   d. Human resources composition have not been ideally achieved.