

Culture control, capability and performance: evidence from creative industries in Indonesia

Culture control,
capability and
performance

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Abstract

Purpose – The purpose of this paper is to investigate the relationship between culture control, capability and creative industries' performance. Capability which is used in this study is organizational creativity and innovation.

Design/methodology/approach – This study uses the owner and the manager of creative industries as samples. Total amount of the questionnaires which are used in this data are 270. Data for this study is primary data in respondents' perceptions which are collected via mail to all respondents. AMOS 16 program used as an aid tool to solve any problems that may emerge in structural equation modeling.

Findings – The result from hypotheses testing showed that cultural control positively influenced the capabilities of an organization, creativity facilitated the innovation formation. Finally organizational creativity and innovation influenced the small and medium-sized enterprises' (SME's) performance.

Research limitations/implications – This study has a drawback that inherently attached with the chosen method. This study tests the relationship among variables that have a large amount of samples at a given point of time.

Practical implications – The result from this study is expected to be a reference in management in using its control that will influence the firm's capability and furthermore it will influence the SME's performance to maintain its competitive advantage.

Originality/value – How MCS influence the creativity is still limited. This study investigated innovation not only as an outcome variable, but also as part of consequences of organizational creativity.

Keywords Innovation, Creativity, Cultural control, SME's performance

Paper type Research paper

1. Introduction

Global competition has special characteristic: the influence of high uncertainty in business environment to company's capability and performance (Henri, 2006). Keeping its survival effort in unstable condition, a company is demanded to have high capability. A company should stay alive in every kinds of competition and reach its competitive advantage (Henri, 2006). Creativity and innovation should be acknowledged as a company's core capability (Cefis and Marsili, 2006; Matolcsy and Wyatt, 2008).

Creativity is closely related with the development of new useful ideas, while innovation is the successful development of new ideas. Therefore, creativity will be the beginning phase of an innovation (West and Farr, 1990). Product innovation has been admitted as the development and life of an organization (Cefis and Marsili, 2006; Matolcsy and Wyatt, 2008). There has been an improvement in accounting research that studies the relationship between management control system (MCS) and innovation (Merchant and Van der stede, 2007). MCS is a process in which a manager needs to ensure their achieved resources will be used effectively and efficiently in reaching its organizational purpose (Chapman, 1998; Anthony and Govindarajan, 2004;



Davila, 2005). The empirical research of accounting management concludes that MCS provide contribution to product innovation (Burns and Stalker, 1961; Amabile, 1998). On the other hand, some researchers deny it (Burns and Stalker, 1961; Amabile, 1998). Although there are many studies performed in management accounting literature that investigate MCS' contribution in improving organizational creativity (Simons, 1991, 1995; Davila *et al.*, 2009), yet the knowledge of how MCS influences creativity is still limited, thus we need additional studies to investigate it (Davila *et al.*, 2009). There are two reasons of these ambiguities: first, the absence of MCS frame which is based on cultural as antecedent variable of innovation; second, the observed subject has not considered entrepreneurship-based business organization (Bisbe and Otley, 2004).

The use of MCS in low innovative organizations (conservative) is different from this in high innovative ones (entrepreneurial) (Bisbe and Otley, 2004). Conservative company needs to focus in efficiency; meanwhile entrepreneurial firm is marked by its ongoing effort in searching for opportunity to produce a creative organization (organizational creativity). Organizational creativity is an imperfectly imitated capability. Concept and operation of cultural control which have been discussed in management accounting literature are still ambiguous. Previous studies had conceptualized cultural control that still overlapped with other forms of control such as: group control (Abernethy and Brownell, 1997), clan control (Ouchi, 1980; Govindarajan and Fisher, 1990), social control (Merchant, 1985; Rockness and Shields, 1988), personal control (Wiersma, 2009), professional control (Orlikowsky, 1991; Abernethy and Stoelwinder, 1995), ideological control (Ditillo, 2004; Collier 2005) and informal control (Cravens *et al.*, 2004).

Creative industries whose main elements are creativity, skillfulness and talent have potency to improve welfare through intellectual creation offering. Creative industries will be able to improve Indonesian's economy. Creative industry consists of direct availability of creative product for customer. It also consists of creative value in other sectors that are not directly involved with the customers. Indonesian's creative products face some difficulty such as: a short product cycle, high competition and easiness to be imitated. Most of small and medium-sized enterprises (SME) industries in Indonesia have cultural-based industry form (Meutia, 2012). This paper fulfills the need to study the relationship between cultural control, capability and creative industries' performance. Capability which is used in this study is organizational creativity and innovation. This study expands the previous results by testing innovation not only as an outcome variable, but also as part of organizational creativity consequences (Bisbe and Otley, 2004; Davila *et al.*, 2009).

The paper organizes as follow: Section 2 will describe literature review and hypotheses development. Section 3 will present research method. Section 4 will present result and discussion from this study while Section 5 will elaborate the conclusion, implication and limitation.

2. Literature review and hypotheses development

2.1 The relationship between cultural control, creativity and innovation

Cultural control is part of MCS that becomes the most important element in controlling organizational behavior and attitude (Jaworski *et al.*, 1993; Merchant and Van der Stede, 2007). In this study, cultural control is comprehended as a ritual accumulation of an organizational legend, tale and norms of social interaction (Meyer and Rowan, 1977). Cultural control is defined as widely dispersed values, beliefs and guide of behavior

norms in an organization (Jaworski *et al.*, 1993). Cultural control is not limited in informal control system domains (Merchant and Van der Stede, 2007), as a matter of fact it covers all elements in formal and informal control system. Cultural control is realized in written form (behavior, ethic code and mission) and unwritten one (management philosophy such as ideology, values) (Merchant and Van der Stede, 2007). In this study, cultural control is defined as a set of written and unwritten value becoming the rules to form organizational cultural and employee behavior. This kind of definition sets aside the informal surveillance and cultural control characteristics, yet it will add the elements of formal control.

An organization will always adapt itself to follow the technology advancement and customer expectation. Employee and leader had better be ready to transform themselves along with an organization. A successful organization will have a culture that offers supporting relationship for the skillful employee and provides creative solution for impending problems. A creative organization will need an open minded culture to produce new ideas. To build a creative organization, we need an amusing culture, credible relationship and proper system that enable people making use the best quality of their potency.

Some organizational characteristics which will impact on creativity process are organizational culture, resources availability, reward, acknowledgment, strategy, mission, organizational structure and technology (Burkhardt and Brass, 1990; King, 1990; Tushman and Nelson, 1990; Damanpour, 1991; Amabile *et al.*, 1996). Organizational creativity has a strong relationship with MCS (Davila *et al.*, 2009). The use of formal and informal control will be performed in interactive way in order to keep and maintain creativity and inspirational action (Henri, 2006). Senior manager uses interactive control system to build internal pressure, solve existing routine problems, support any opportunity seeking action and encourage the newest strategic initiative (Simons, 1995). Woodman *et al.* (1993) showed that organizational creativity will provide a lower result when it is used as mechanistic structure. Conservative firm will focus on efficiency; meanwhile entrepreneurial firm will keep searching any probable opportunities. Cultural control will encourage creativity in entrepreneurial firm (Miller and Friesen, 1982; Langfield-Smith, 2007).

Innovation will be encouraged when culture and way of thought collide together creating new ideas (Johansson, 2004). Johansson (2004) recommended making a solid team which comprises from many different background and culture, as well introducing new people in a team. Many breakthroughs are made by different young people to learn one certain field. These people see everything in different way of thought.

Some literatures in management accounting have shown positive relationship between the use of MCS and product innovation (Chenhall and Morris, 1995; Simons, 1995; Bonner *et al.*, 2002; Henri, 2006). Simons (1995) has focused his special attention in levers of control that play major role in improving the creative capability of an organization. Previous researches had focused their special attention on levers of control that play major role in improving creative capability and organizational innovation. Specifically, control system used in previous research was interactive control system, (Simons, 1995; Abernethy and Brownell, 1997). Control encourages an ongoing dialogue and argument in an organization that will create a certain environment in which innovation, adaptation and new ideas production will always occur (Henri, 2006). The results of his study also show that interactive control will influence innovation. On the other hand, creativity and innovation as part of management process need control system and proper culture to reach company's

efficiency continually (Amabile *et al.*, 1996). Based on these arguments above, we propose two hypotheses as follow:

H1. Cultural control positively influences organizational creativity.

H2. Cultural control positively influences innovation.

2.2 *The relationship between creativity and innovation*

The author distinguishes creativity and innovation. Creativity in management science is called as invention, and it is closely related with the development of useful ideas. Organizational creativity is an ability to produce valuable ideas, procedures, products and services by individual who has worked together in a socially complex environment (Woodman *et al.*, 1993). Individual and group are the centers of organizational creativity (Amabile *et al.*, 1996). Organizational characteristics influence creativity both in individual and group (Woodman *et al.*, 1993). Certain knowledge that discusses creativity comes from psychological science.

Innovation is a successful development of new ideas, thus creativity is the beginning phase to reach innovation (West and Farr, 1990). Creativity depicts imaginative ideas (Amabile *et al.*, 1996); while innovation needs a successful application (Tidd and Bessant, 2009). Innovation is a process to develop and bring creative ideas into product finishing so as making the product can be used and marketed. Process that depicts the conversion of an invention becomes other business or useful application is defined as exploitation (Roberts, 2007) or conversion ability (Chandy *et al.*, 2006). Therefore, creativity and invention needs an effort to produce new ideas, while exploitation process covers some phases: commercial development application and transformation including the inventive idea for reaching a certain aim, purpose evaluation, research result transfer and evaluation, and the use of technological-based result distribution (Roberts, 2007). Based on these descriptions above, we can propose a hypothesis as follows:

H3. Organizational creativity positively influences innovation.

2.3 *The relationship between creativity, innovation and the performance of SMEs*

Creativity and innovation play major role in competitive advantage through its contribution to their customers such as creating value added and value in use (Souder and Sherman, 1994). New products availability as a result of innovation will be able to grab and defend market share and also increase the profitability (Souder and Sherman, 1994; Amabile *et al.*, 1996). Creativity, innovation and technology are the most important ways for a firm to create new value for its customers and reach competitive advantage, thus creativity and innovation success should be continually performed (Amabile *et al.*, 1996; Gaynor, 1996).

Resource-based view (RBV) makes a concept stating that a firm will be viewed as a bond of many kinds of resource and the resources will be then distributed to the entire firm. The resource differences will always be existed in a firm (Wernefelt, 1984; Amit and Schoemaker, 1993). By following RBV, unique source and capability will lead to continuous competitive advantage creation, providing positive contribution to firm's performance. Innovation and organizational creativity will form useful capabilities. These two things will be imperfectly imitated and irreplaceable.

Without creativity and innovation, a firm will not be long lasting. It is due to unstable needs and demands of customers. A customer will not always consume the same product. A customer will search for other product from other company to satisfy their needs. Therefore, a company needs to encourage creativity and innovation if it wants to keep its survival effort. Creativity and innovation are main triggers of

organizational transformation and strategy renewal by manipulating existed resources to be a certain strategy that creates value (Hitt *et al.*, 2001; Daneels, 2002).

Innovation may become a main component of company's strategy since innovation plays major role in business performance and welfare creation (Lumpkin and Dess, 1996; Hamel, 2000). Innovation is closely related with company's performance both industrial and services industries, and for the entire economy sector (Gupta *et al.*, 2007). The ability to make and launch new product into a market is an encouraging factor to produce successful global strategy (Subramaniam and Venkatraman, 1998). Lee and Sukoco (2007) stated that innovation has positive influence on organizational effectiveness. Empirically, previous results proved that these two capabilities will provide positive contribution to firm's performance (Hult and Ketchen, 2001).

Based on these arguments above, this study proposes hypotheses as follow:

H4. Organizational creativity positively influences SME's performance as creative industry.

H5. Innovation positively influences SME's performance as creative industry.

Figure 1 depicts the empirical model of the relationship between cultural control, organizational creativity, innovation and SME's performance.

3. Method

This study uses owner and manager of creative industries as samples in Indonesia with at least two-year-experience. Data for this study are primary data on respondents' perceptions collected via mail. Survey was performed for two months in 2013. According to Indonesia Presidential Instruction no. 6 in 2009, many fields included in creative industries are advertising, architecture, antique and art market, craft, design, fashion, film and photography, interactive games, music, show art, publishing and printing, computer service and software, radio and television, and research. Creative industries in this study are industries which involve in small to medium-sized enterprises that have net profit between Rp50,000,000 and Rp10,000,000,000 excluded land and building, with annual sales starting from Rp300,000,000 to Rp50,000,000,000 and also employs more than five to 99 people.

Total questionnaires used in this data are 270. This study uses structural equation modeling (SEM) as multivariate analytical tool that enables the author to test the relationship among complex variables and get a full description about the model. SEM is considered as useful statistic tool to all authors in social discipline. SEM has become a main tool for non-experimental study. SEM method is suitable to test the theory that has not been entirely developed. This study uses AMOS 16 program as an aid tool to solve problems in covariance-based SEM.

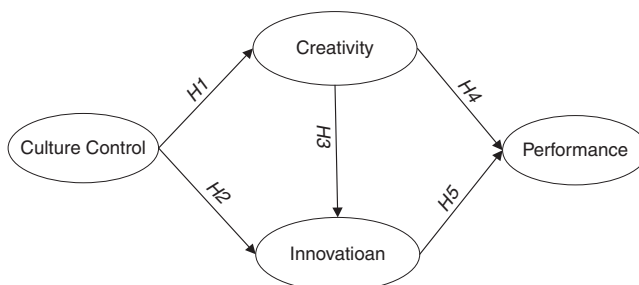


Figure 1. Empirical model

In this study, cultural control is measured by some indicators adapted from Merchant and Van der Stede (2007): communicating the organizational values (cc1), using ethic code of a firm to inform employees about the undesired behavior (cc2), creating an environment that will result in commonness felling in each department (cc3), supporting employee to realize their peer activities (cc4), and making employees realize the organizational values (cc5).

Organizational creativity constructs will be measured by instruments developed by Lee and Choi (2003). It is addressed the entire perception of an organization about producing creative ideas. Respondents explain their company in product development context in five questions: the creation of many new ideas (cr1), favorable environment to produce new useful ideas (cr2), used up time to produce new useful ideas (cr3), thorough consideration to produce new useful ideas (cr4), and proper frequencies to create new useful ideas (cr5).

Innovation construct in this study uses measurement tool taken from Henri (2006): the appreciation to employees if their new ideas are really worked out (in1), the active participation of the entire employee in searching for new ideas and innovation (i2), and no consideration on innovation as something risky (in3). Cultural control, organizational creativity and innovation constructs use seven-point Likert scale, in which 1 identifies really disagree and 7 identifies really agree. Meanwhile performance will be measured by instruments adapted from Wiklund (1999) and Stam and Elfring (2008): sales growth (p1), market share (p2), employment growth (p3), and profit (p4).

4. Result and discussion

4.1 Descriptive statistic

Author distributes 900 questionnaires via mail. There are 457 unreturned questionnaires, 443 returned questionnaires and 173 unused questionnaires since they are not completely answered. Therefore, the usable questionnaires which will be further analyzed are 270 questionnaires. Respondents in this study are owner and manager of SMEs as creative industries. Of returned questionnaires, the respondents that hold a post as SME managers are 48 persons (17.78 percent) and 222 persons as the owner as well as the manager of SME (82.82 percent). The respondents comprise of entrepreneur in creative industries: 16 respondents in advertisement, 11 respondents in architecture, eight respondents in art and antique market, 16 respondents in craft, 14 respondents in design, 65 respondents in fashion, eight respondents in film and photography, 11 respondents in interactive games, 35 respondents in music, eight respondents in show art, 32 respondents in publishing and printing, and 35 respondents in computer and software, and 11 respondents in radio and television broadcasting business.

The average working experience in creative industry is 6.55 years. The average score for cultural control, organizational creativity, innovation and performance are 4.3, 4.2, 4.4 and 4.1 (Table I) which shows the use of cultural control, organizational creativity, social capital and organizational performance in creative industries.

Table I.
Descriptive statistic
for each construct

	Mean score	SD	Min.	Max.
Job-related experience (years)	6.55	2.7	2	10
Cultural control	4.3	0.82	1	7
Organizational creativity	4.2	1.02	1	7
Innovation	4.4	1.15	1	7

4.2 Structural equation model

In confirmatory factor analyzes, exogenous constructs will appear as cultural control construct and modified by removing some indicators which have loading value below 0.5, cc1, cc3 and cc5. In confirmatory factor analysis (CFA) analyzes endogenous constructs, cr1 and cr2 are indicators to measure more than one construct; therefore these five indicators will be removed from the model (Byrne, 2010). Having modified the CFA exogenous and endogenous analyzes, model with indicators will be rerun to produce AMOS output value as explained in Figure 2.

Jarque Bera test (J-B test) is used to test data normality. Data normality is one of standard assumption in statistic test. The reason why we need data normality since this kind of testing procedure is based on normal distribution. J-B test uses skewness and kurtosis. J-B test has χ^2 distribution with df value as two. If the result from J-B test is larger than χ^2 value at $\alpha = 5$ percent, it means that it is not normally distributed. If the result from J-B test is smaller than χ^2 value at $\alpha = 5$ percent, it means that it is normally distributed (Ghozali, 2007). The value of $\chi^2(0.005, 2) = 5.99$, test result from J-B test shows that the entire indicator value is less than 5.99, it means that data are normally distributed (Table II).

Outliers multivariate evaluation and mahalanobis distance calculation will be performed for each variable. Mahalanobis distance calculation shows that the distance of each variable is in multidimensional space. Mahalanobis distance calculation is based on χ^2 value in distribution table at χ^2 at the degree of freedom rate for variables used in this study. In this study there are 12 variables with $p < 0.001$ which is $\chi^2(12, 0.001) = 32.91$. Therefore, data in this study has mahalanobis distance calculation value which is larger than 32.91, is called as multivariate outliers (Byrne, 2010). Of 270 samples analyzed by AMOS program, there is no mahalanobis distance square value that is larger than 32.91, as a result there is no removed respondents.

Multicollinearity is a condition in which there is a high correlation among part or the entire variables in multiplied regression. To detect multicollinearity, it can be seen from value inflation factor (VIF) of free variables on tied variables. Table II shows that there is no VIF value which is larger than ten (Ghozali, 2007), as a result it can be further analyzed.

From AMOS output result, it can be seen that goodness-of-fit shows a good model. The root mean square error of approximation value as 0.051 is suited with the requirements. The adjusted goodness-of-fit index value as 0.927, is suited with the requirements. The Tucker-Lewis index evaluation components at 0.965 and The comparative fit index value as 0.977. As a result, these criteria show fit acceptance (Byrne, 2010).

Data will be assumed as reliable if composite reliability value is more than 0.7. From Table III, it can be seen that each construct of latent variable has composite reliability value larger than 0.7 which signifies that internal consistency among variables has good reliability (Ghozali, 2007). Testing on indicator loading has a purpose to see whether there is correlation between item score or indicators with its construct score. Indicators will be assumed valid if it has correlation value larger than 0.6. Yet, in development phase, correlation value as 0.5 has met the convergent validity (Table II). The average variance extracted value is between 0.654 and 0.753, this coefficient value must be above the cut off value which is recommended as 0.50 (Table III). The composite reliability (CR) is employed to investigate the measurement reliability. CR coefficient value is between 0.912 and 0.942 and Cronbach's α value is between 0.89 and 0.94 above the acceptable degree 0.70 (Hair *et al.*, 2010).

Based on the testing value shown in Table III, cultural control significantly influence creativity, therefore $H1$ is accepted. It is supported by the output result value as

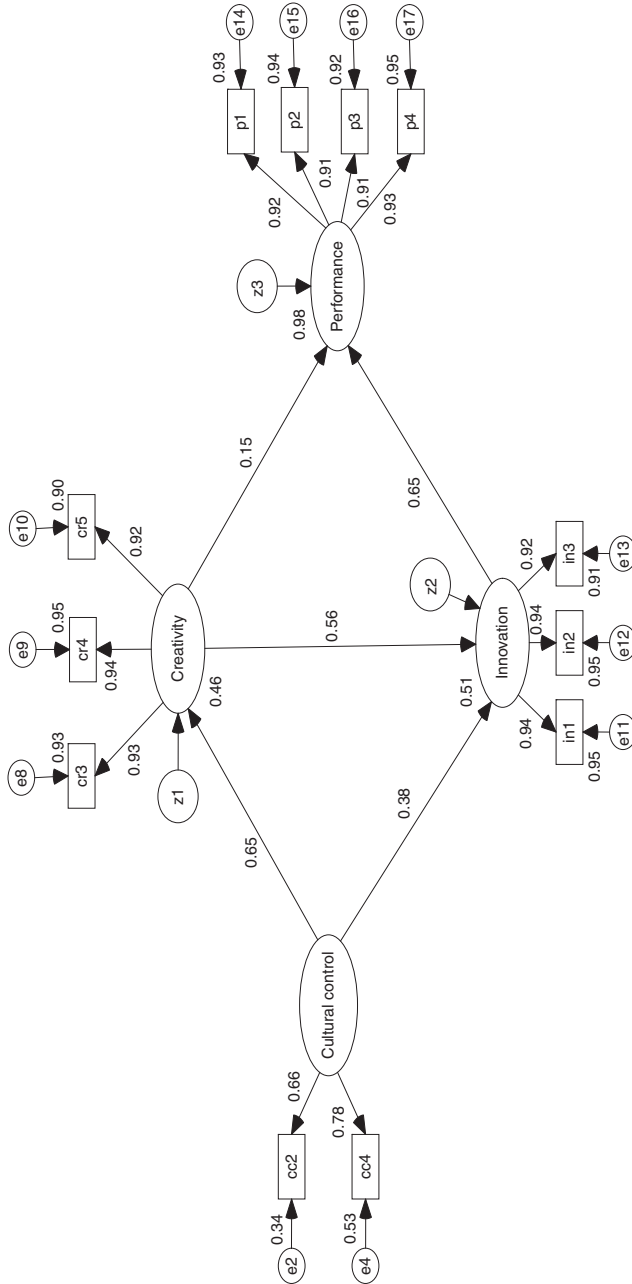


Figure 2.
Output full model

Variable	Skewness	Kurtosis	Factor loading	Value inflation factor (VIF)	Cronbach's α	Jarque Bera (J-B test) value
Cultural control					0.94	
cc2	-0.22	2.95	0.66	1.033		2.21
cc4	-0.11	2.85	0.78	2.148		0.80
Organizational creativity					0.89	
cr3	-0.08	2.861	0.93	1.720		0.51
cr4	-0.15	2.74	0.94	1.289		1.77
cr5	-0.25	2.55	0.92	1.340		5.09
Innovation					0.92	
in1	0.26	2.55	0.94	2.146		5.32
in2	-0.27	2.94	0.94	1.652		3.32
in3	-0.09	2.93	0.92	1.782		0.42
Organizational performance					0.92	
p1	0.01	2.98	0.92	1.654		0.01
p2	0.32	3.18	0.91	2.132		4.97
p3	0.34	3.15	0.91	2.232		5.46
p4	0.22	3.18	0.93	1.435		2.54

Table II. Summary of normality, factor loading, multicollinearity and reliability

	Standard estimate	SE	Critical ratio (CR)	Probability (P)	Hypothesis
Cultural control → creativity	0.65	0.133	5.415	***	Supported
Cultural control → innovation	0.38	0.122	3.131	***	Supported
Creativity → innovation	0.56	0.142	4.696	***	Supported
Creativity → performance	0.15	0.113	2.739	***	Supported
Innovation → performance	0.65	0.121	5.656	***	Supported
	Average variance extracted (AVE)	\sqrt{AVE}	Composite reliability		
Cultural control	0.753	0.867756	0.942		
Creativity	0.671	0.819146	0.915		
Innovation	0.671	0.819146	0.913		
Performance	0.654	0.808703	0.912		

Fit indices

Root mean square error of approximation (RMSEA)	0.051
Adjusted goodness-of-fit index (AGFI)	0.927
Tucker-Lewis index (TLI)	0.965
Comparative fit index (CFI)	0.977

Note: ***Significant at the level 0.001

Table III. Output result

0.65 and significant at 0.001. The relationship between cultural control and innovation has loading value as 0.38 and significant at 0.001, therefore $H2$ is accepted. The result from this study is positive and shows significant relationship among organizational creativity and innovation. This finding is supported by the output test of the relationship between organizational creativity and innovation as 0.56 and significant at 0.001, therefore $H3$ is accepted. Other results from this study show positive relationship among each capability which is represented by organizational creativity, innovation

and organizational performance. This finding is supported by the output test of the relationship between creativity and performance as 0.15 and significant at 0.001, therefore *H4* is accepted, while the relationship between innovation and performance has loading value as 0.65 and significant at 0.001 therefore *H5* is accepted. Based on the calculation result, it shows that each relationship between variable has critical ratio (CR) value > 2 (Byrne, 2010). As a result, it can be concluded that all hypothesis is accepted.

The results from this study support the statement that the use of cultural control will facilitate capability formation which encourages the improvement of SME's performance. The result is in line with Henri (2006) who stated that the dynamic use of MCS will improve capability such as innovation, and it will then improve manufacture industries' performance. The result of his study also shows that cultural control will influence innovation. Cultural control encourages an organization to create an environment where innovation, adaptation and new ideas production will always take place (Henri, 2006). In other word, creativity and innovation as part of management process need control system and proper culture (Amabile *et al.*, 1996). MCS is a mechanical tool to support creativity and innovation. A firm should internalize culture, creativity and innovation as part of SME's performance. Cultural control in here is the control to every value and norms of organization member, which maintains creativity and innovation in order to create competitive advantage. Without creativity and innovation control, individual behavior in SME will not push the creation of innovative product. Innovative product will be far superior than this of competitors'. Therefore, SME manager has to provide large opportunity to each member of an organization to be actively plays the role in innovative goods and services production through cultural control. Making all employees participate in successful creative and innovative cultural internalization will be an important element.

The result from this study shows that capability is a trigger to organizational transformation and strategy renewal by manipulating existing resource and it also becomes a strategy to create value. The result from this study also finds positive relationship between creativity and innovation to SME performance as creative industries.

The relationship between the use of cultural control and performance will run indirectly. Cultural control uses its influence on these two capabilities which will influence SME performance. The result from this study is supported by Henri's (2006) study. MCS indirectly improves SME performance, since MCS is a tool to mobilize resources and ensure the attainment of organization's purpose. Therefore, owner and manager of SME must apply the ethical code that informs the employees about forbidden behavior. Besides, manager and owner of SMEs should be able to create an environment that will encourage creativity, in a way that each employee will realize their duty and their organizational value in SME as a working place.

Innovative organization will have more benefit such as being a pioneer that temporarily produces monopolistic market for them and creating more effective relationship, at least before the competitor imitates their product and process.

5. Conclusion, implication and limitation

This study describes the importance of cultural control usage. This study adopts RBV theory. Hypotheses in this theory state that the impact of cultural control will influence creativity and innovation as capability of an organization. These two capabilities will provide positive impact on SME performance. The results from hypotheses testing show that cultural control positively influences the capabilities of an organization,

namely organizational creativity and innovation. Another finding of this study states that creativity will facilitate the innovation formation process. Furthermore, organizational creativity and innovation will influence SME' performance. The results from this study explain the ambiguity on previous researches, and it will improve reference on management accounting, especially that discuss the cultural control system, creativity exploitation and innovation. Practically, the result from this study is expected to be a reference by management in using its control that will influence the firm's capability and it will then influence the SME's performance to maintain its competitive advantage.

Creative industry is a kind industry that comes from making use of creativity, skill and individual talent to create welfare and job opening by producing and using individual creativeness. The impelling force of creative industries is triggered by Indonesian government to overcome some problems in job opening, poverty, national income and also to grow national love. Creative industry will always develop if it is supported by an environment that provides freedom in cultural control. Suitable cultural control will result in creativity and innovation which are imperfectly imitated since an organization has unique cultural control. As a result they will become organizational competitive advantage. It is in line with RBV theory, which said that strategic resource is a resource that is unique and imperfectly imitated.

This study provides some contribution to MCS literature and innovation process. First, the result of this study empirically provides point of view on cultural control and innovation process relationship in entrepreneurial business organization. It is in accordance with previous results (Bisbe and Otley, 2004; Davila *et al.*, 2009). Second, this study expands the previous results by testing innovation not only as an outcome variable, but also as part of organizational creativity consequences.

This study has a drawback with the chosen method. This study tests the relationship among variables that have a large amount of samples at a time. A similar study can also be performed by using qualitative case study to expand and complete the research result in more detailed way.

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