

# Role of Market Orientation and Strategy Types On Technique Development of Strategic Management Accounting – Competitor Accounting and Customer Accounting in Indonesia’s Universities

*by* Sriyono Rahmawati

---

FILE	SRIYONO_ROLE_OF_MARKET_ORIENTATION_AND_STRATEGY_TYPES_ON.DOC (144.5K)		
TIME SUBMITTED	13-NOV-2016 01:19AM	WORD COUNT	3385
SUBMISSION ID	736126197	CHARACTER COUNT	20847

# Role of Market Orientation and Strategy Types On Technique Development of Strategic Management Accounting – Competitor Accounting and Customer Accounting in Indonesia's Universities.

Sriyono<sup>1</sup>, Rahmawati<sup>2</sup>, Bandi<sup>3</sup>, Agung Nur Probohudono<sup>4</sup>

<sup>1</sup>Economics and Business Faculty, University of National Development "Veteran" Yogyakarta

<sup>2,3,4</sup> Doctoral Program Economic Science (PDIE) - FEB UNS Surakarta, Indonesia

E-mail: sriyono\_upnv@yahoo.com, rahmaw2005@yahoo.com, bandi.ssm@gmail.com, agungnurprobo@yahoo.com

## ABSTRACT

In order to competing in competitive circle, organization should have strategic plans to lead the organization. Management accounting role is very important in order to reach organization's strategic plans. The management accounting should be based and related on organization's strategy, it's called Strategic Management Accounting (SMA). Theory of contingency said that nothing organization's design can be applied universally. Thus, the development of SMA need to consider the factor that influence organization including contingency factor that is market orientation and strategy types. The respondent of this research is leader and manager of university. The analysis use multiple regression analysis. The result of the analysis show that strategy types give positive affect to SMA – competitor accounting and customer accounting in Yogyakarta (DIY) Private University. Then market orientation isn't affect the implementation of SMA – competitor accounting and customer accounting in DIY Private University. So the manager of DIY Private University inside the development of SMA – competitor accounting and customer accounting had to consider the strategy types applied in university, but market orientation which is being university policy is not consider yet.

**Keyword:** *Strategy types, Market Orientation, SMA – Competitor Accounting and Customer Accounting.*

## I. BACKGROUND

Nowadays, inside of business environment is more dynamic and the intensity of competition is higher, every university should be understanding and adapting the condition to be possible for compete and survive. To reach superior competitive, organization's manager need to harmonizing the resource with the opportunities of organization's strategy, based on information of organization's activity, competitor, and market condition nowadays [1]. This condition is a challenge for university's manager to be increase the efficiency and effectivity of university. Thus, university should have appropriate strategy so that the purpose, vision and missions of organization can be applied. In order to reach organization's missions and purpose, structure and organization's design including the implementation of management functions, such as: organizing function, implementation function, control function, evaluation and feedback are required [2]. Development and implementation management accounting practice is implementation of management function. Thus, role of management accounting inside the organization is very important.

Management accounting can help the inside of management process of decision making, so organization's economic sources can be allocated effectively and efficiently. Management accounting applied by university should be related to organization's strategy. Management accounting practice which is harmonized to organization's

strategy called as strategic management accounting (SMA) [3][4][5].

Development of SMA technique related with necessary of external information to face uncertainty environment and support strategic decision. Application of cost management strategic is one of very important SMA technique to supply the information including environment accounting data to decreasing cost, increasing value of company and being survive inside the competitive environment and high level competition [6]. Implementation of SMA information can help manager on adopting and implementing organization's plans in giving response the environment also helping manager in decision making and make company's strategy to reach organization's purpose [7]. Inside the concept of contingency theory, nothing organization's design can be applied universally [8]. Thus, development of SMA need to be consider the factor influence organization including contingency factor such as market orientation and strategy types. Based on those background, the problems of this research will be: are market orientation strategy types influence the development of SMA – competitor accounting and customer accounting in Private Indonesia Universities?

## II. LITERATURE REVIEW

Organization management depend on situations and conditions (contingency factor), such as environment uncertainty [9]. Contingency factor

including: organization size, technology organization, external environment, purpose and strategy, culture organization [10]. Contingency theory applied by researcher of management accounting to answer the questions about : suitability about jurisdiction and organization structure; influence of performance; and investigation of contingency factor and the performance influence [11]. Contingency theory can be used to design analyse and management accounting system which is used to prepare and giving information that can used by company to every purpose [8].

SMA development inside organization need to consider the factor influence, including contingency factor. SMA is general approachment to integrate perception of management accounting and market management in frame of strategic management [4]. SMA can be seen by two perception, that are: as set of accounting technique which is strategic orientation, and accountant involvement in decision making process of company strategic [5]. Simmonds explain SMA is: "A form of management accounting in which emphasis is placed on information which relates to external factors to the firm, as well as non-financial information and internally generated information" [3]. SMA techniques are grouped into five categories: strategic costing, strategic planning, control and performance measurement, strategic decision-making, competitor accounting, dan customer accounting [12].

SMA competitor accounting is an accounting that apply on competitor [12]. Competitor accounting related with (1) competitor cost assesment, cost valuation which is concentrate on information of pleasing cost structure. (2) competitor cost assesment, analyse of competitor position with value and monitor trend reception, market segment, volume, cost per unit competitor to value the organization's position itself about general competitor and control or conclude the organism strategic, and (3) competitor performance appraisal base on public financial statements is evaluation of competitor performance based on competitor financial information which is published as basic of conclusion the organization's strategy.

SMA customer accounting is accounting that applied on customer [12]. SMA customer related to Denman (1) customer profitability analysis, is an income analyse and funding which is related on product or service using in university in order to maintain the relationship with customer, to increase organization beneficial from customer, (2) lifetime customer profitability analysis is customer rate based on their contribution to organization beneficia, to formulate and apply customer special strategy to optimal the beneficial and increase lifetime customer, and (3) valuation of customer as assets is value to customer wish on benefit and funds necessary to evaluating, getting, using and wasting product or service.

Strategy is big scale plane and orientate on future to interacting with competition environment for reach company's target [13]. Strategy is also a way and main tactic which is planned sistematically (strategic planning) on management functions implementation, directed to purpose of strategic organization [14]. Thus strategic organization is contingency factor on developing SMA [15][16].

The results of some research show that SMA development is influence by organization's strategy. Company which is apply difference strategy is more focus on budget using, monitoring of formal output and estimate data, than controlling formal cost [17]. Sophistication of SMA system is not corelate with superior performance automatically, but the suitability about identification of contingency factor and Management Accounting System (MCS) [17]. Conservative strategies corelate with MCS design [18]. Contingency factor of strategic positioning and strategic mission have corelate in SMA technique using in big company big manufacture in Italia [19]. Results Cinquini & Tenucci results show that the strategic position has the role of contingency in using the technique SMA. Prospector strategy type of positive influence on the successful application of SMA (accountant participation in strategic decision-making) in large enterprise Slovenia [5]. SMA implementation on Bangladesh manufactur comp found that strategic pattern, strategic mission and strategic positioning of company can influence the implementation of SMA [20]. Companies which is focus on differentiate strategic using size performance contemporer and companies which is compete using cost effectivity strategy focus on size of cost performance [21]. Strategy influence the adoption and MCS design [22]. There are relation about business strategic and system design size performance on small medium hotel in Malaysia [23]. There are relation abou strategy of differentiate product, inovation and MCS design [24]. Strategic business unit and uncertainty environment influence MCS design on manufacture company in Australia [25]. Prospector strategy type related with information system (SMA) [26].

Market orientation is most effective and efficient organization culture creating the behavior important, to create the best value for customer in order to suistanable business performance [27]. University is being market orgaization as culture organization will be focus in necessary of external market, and market demand is basic of creating business unit strategy, which will be determine successfull of university. Supply and atribut adaptation from education product/service, such as : characteristic, fiture and benefit of product/service education direct to stakeholder university fulfillment necessary, such as: co-student college, industry and business. Co-student college as public target in order to fulfill necessary of student college total and financial necessary from



university. While industry and business are being financial supporter, practice of student college or user. Thus, orientation of market organization being consider factor in developing and applying management accounting practice on university.

Some research support that orientation of market organization is one of consider factor on developing and applying SMA. SMA can help manager to adoption and implementation organization plans in response environment, decision making and fix the strategy for reach organization purpose [7]. SMA Information have important role to strategic purpose in manage market competition and strategy implementation on Electric and Electronic companies in Malaysia [28]. There are significant relation about customer performance and 3 purpose interaction, that is focus on customer, size of contemporer performance and sophisticated of technology information [21]. There are positive relation about market orientation with SMA (customer accounting) on Australia's companies [29]. The changeover of cost accountant practice and management accountant related with external contingency factors (likes changeover of business environment and accountancy) and internal contingency likes technology and organization's aspects [30]. Management accountant practice and management market influence SMA practical in England [4]. Development of design management control systems related to the contingency factor of market orientation strategy [18]. Contingency factor have a role in SMA technique using [19]. Contingency factor influence management accounting system design [17].

Based on those conceptual framework so hypotheses of this research are:

- H<sub>1a</sub>: Strategy types give positive effects on SMA – competitor accounting development and implementation in Indonesia Private Universities.
- H<sub>1b</sub>: Market orientation give positive effect on SMA – competitor accounting implementation in Indonesia Private Universities.
- H<sub>2a</sub>: Strategy types give positive effects on SMA – customer accounting development and implementation in Indonesia Private Universities.
- H<sub>2b</sub>: Market orientation give positive effect on SMA – competitor accounting implementation in Indonesia Private Universities.

### III. RESEARCH METHODS

Object of this research is private universities in DIY Indonesia. Selection of private universities in DIY, cause DIY as learner city being one of university barometer is expected to represent all Indonesia universities. Sampling technique of this research is random sampling, each element in population have some chance to be selected as subject

in sampel [31]. Respondent of this research are leader and manager of universities. There are consideration and hope inside selection of respondent, that they quite understand strategy choosen and applied in univesity, and undertand good management from financial and non-financial aspects that related compising and implementation of university's work program and estimation.

Strategy type measured with strategy type according to Porter, such as: cost leadership strategies and differentiation strategies [32][33]. Market orientation is most effective and efficient organization culture to creating behavior and create best thing for customer and superior performance result for organization [27]. Measure of strategy type and market orientation of this research is us<sup>1</sup> 5 Likert scales of respondent's answer, that is (1) Strongly Disagree (2) Disagree (3) Netral (4) Agree (5) Strongly Agree [33] [27].

Strategic management accounting is set of accountancy technique that strategic orientate and accountant involvement in strategic decision making procees on companies [5]. Instrument used to measure is 5 Likert scales of respondent's answer, that is (1) Never (2) Seldom (3) Sometimes (4) Ever (5) Always [5].

### IV. RESULT AND EXPLANATION

#### a. Examination Result of Validity and Reliability

Data (quetionnaire) total processed in this research is 67 questionnaire data. Result of validity test on the entire indicator variable show that magnitude significance correlation level about indicator instrument strategy type and market orientation, also SMA – competitor accounting indicator and significancy level SMA – customer accounting less than 0,05 so it can be conclude the entire indicator is valid. That result of reliability test show that magnitude of Cronbach's Alpha coefficient for strategy type instrument is 0,664, market orientation is 0,732, SMA – competitor accounting indicator is 0,809, and SMA – customer accounting is 0,779 more that 0,5. Based on those result can be conclude that, entire instrument in this research is reliable.

#### b. Examination Result of Hypothesys

Influence strategy type result test on SMA – competitor accounting and customer accounting show that magnitude of each significance level is 0,030 and 0,007 (Table 1). That result show that on 5% significancy level statistically strategy type influence SMA – competitor accounting and customer accounting in DIY Private Universities (Hypothesys 1a and 2a is supported). The influence direction is positive (Table 1). So organization strategy type being one of consideration factor in DIY Private Universities management specially in development

and implementation of SMA – competitor accounting and customer accounting. Analyse result showing that strategy type applied on DIY private universities majority is cost leadership strategy type. Thus, it can be conclude that universities applied cost leadership strategy type consider to applied SMA – competitor accounting and customer accounting. This result also support the research before which explain that organization strategy type is one of consideration factor in SMA development and implementation [4], [5], [28], [30], [34], [35].

Result test of the influence market orientation on SMA – competitor accounting and customer accounting show that magnitude of significance (p) in each level is 0,311 and 0,309 (Table 1). This result show that statistically market orientation is not significant influence on DIY private universities SMA – competitor accounting and customer accounting (Hypothesis 1b and 2b is not supported). Thus, organization market orientation is not one of consideration on DIY private universities SMA – competitor accounting and customer accounting development. So this result is not supported the research before which explain that, organization market orientation is one of consideration factor on SMA development and implementation [4], [17]–[19], [21], [28]–[30].

Table 1: Test Result of Influence Strategy type, and Market Orientation on SMA - Customer Accounting and Competitor Accounting in university.

Independent variables	Dependent variables	Std. Coef.	Sig.	Conclusion
Type Strategy	SMA - Competitor Accounting	0.267	0.030	Significant*
Market Orientation	SMA - Competitor Accounting	0.123	0.311	Not Significant
Type Strategy	SMA - Customer Accounting	0.329	0.007	Significant*
Market Orientation	SMA - Customer Accounting	0.120	0.309	Not Significant

\* significance 5%

## V. CONCLUSION

Based on data analyse result, can be conclude that strategy type is influence SMA – competitor accounting and customer accounting development in DIY private universities. That market orientation is not influence SMA – competitor accounting and customer accounting development in DIY private universities. This result show that strategy type is being one of consideratin factor inside the

management of universities in SMA – competitor accounting and customer accounting development and implementation, that market orientation is not consideration on SMA – competitor accounting and customer accounting development and implementation in Indonesia's universities.

## REFERENCES

- [1] R. Dixon dan D. R. Smith, "Strategic Management Accounting," *Omega*, vol. 21, no. 6, hal. 605–618, 1993.
- [2] T. L. Wheelen dan J. D. Hunger, *Strategic Management and Business Policy: Toward Global Sustainability*, Thirteenth. Prentice Hall, 2012.
- [3] K. Simmonds, "Strategic management accounting," *Manag. Accounting*, vol. 59, hal. 26–29, 1981.
- [4] R. Roslender dan S. J. Hart, "In Search Of Strategic Management Accounting: Theoretical and Field Study Perspectives," *Manag. Account. Res.*, vol. 14, hal. 255–279, 2003.
- [5] C. Simon dan C. Guilding, "Strategy and Strategic Management Accounting: A Investigation Of Organizational Configurations," *Manchester Business School Research Seminar – June 18, 2008*. 2008.
- [6] A. Tanc dan K. Gokoglan, "The Impact of Environmental Accounting on Strategic Management Accounting: A Research on Manufacturing Companies," *Int. J. Econ. Financ.*, vol. 5, no. 2, hal. 566–573, 2015.
- [7] L. Mia dan B. Clarke, "Market Competition, Management Accounting Systems and Business Unit Performance," *Manag. Account. Res.*, vol. 10, hal. 137–158, 1999.
- [8] D. T. Otley, "The Contingency Theory of Management Accounting: Achievement and Prognosis," *Accounting, Organ. Soc.*, vol. 5, no. 4, hal. 413–428, 1980.
- [9] R. Kreitner dan A. Kinicki, *Organizational Behavior, 5th Edition*. Boston: McGraw-Hill, 2001.
- [10] R. L. Daft, *Organization Theory and Design, Tenth Edition*. South-Western, Cengage Learning, 2009.
- [11] J. Islam dan H. Hu, "A Review of Literature on Contingency Theory in Managerial Accounting," *African J. Bus. Manag.*, vol. 6, no. 5, hal. 5159–5164, 2012.
- [12] C. Guilding, K. S. Cravens, dan M. Tayles, "An International Comparison of Strategic Management Accounting Practices," *Manag. Account. Res.*, vol. 11, no. 1, hal. 113–135, 2000.
- [13] J. Pearce dan R. Robinson, *Strategi Management. Jilid Satu*. Jakarta: Binarupa



- Aksara, 1997.
- [14] H. Nawawi, *Manajemen Strategik: Organisasi non profit bidang pemerintahan dengan ilustrasi di bidang pendidikan. Edisi Ketiga*. Yogyakarta: Gajah Mada University Press, 2005.
- [15] Z. Hoque, "A contingency model of the association between strategy, environmental uncertainty and performance measurement: Impact on organizational performance," *Int. Bus. Rev.*, vol. 13, hal. 485–502, 2004.
- [16] K. Langfield-Smith, "Strategic management accounting: how far have we come in 25 years?," *Accounting, Audit. Account. J.*, vol. 21, no. 2, hal. 204–228, 2008.
- [17] R. Simons, "Accounting control systems and business strategy: an empirical analysis," *Accounting, Organ. Soc.*, vol. 12, hal. 357–374, 1987.
- [18] R. H. Chenhall, "Management control system design within its organizational context: Findings from contingency-based research and directions for the future," *Accounting, Organ. Soc.*, vol. 28, hal. 127–168, 2003.
- [19] L. Cinquini dan A. Tenucci, "Is The Adoption Of Strategic Management Accounting Techniques Really 'Strategy-Driven'? Evidence From A Survey," *MPRA (Munich Pers. RePEc Arch. Cost Perform. Serv. Oper. Trento)*, hal. 8–20, 2007.
- [20] R. Fowzia, "Strategic Management Accounting Techniques: Relationship with Business Strategy and Strategic Effectiveness of Manufacturing Organizations in Bangladesh," *World J. Manag.*, vol. 3, no. 2, hal. 54–69, 2011.
- [21] J. Hyvönen, "Linking management accounting and control systems, strategy, information technology, manufacturing technology and organizational performance of the firm in contingency framework," University Of Oulu, Oulu University Press, 2008.
- [22] R. H. Chenhall, J. P. Kallunki, dan H. Silvola, "Exploring The Relationships Between Strategy, Innovation and Management Control Systems: The Roles of Social Networking, Organic Innovative Culture and Formal Controls," *J. Manag. Account. Res. JEL Classif. M41*, 2007.
- [23] R. Mohamed dan C. Z. M. Jamil, "Business Strategy and Performance Measurement System: A Study Of Small Medium Hotel Enterprises," in *Paper read at Proceedings of the 6th International Conference of the Asian Academy of Applied Business (AAAB)*, 2013.
- [24] I. M. Beuren dan I. M. Oro, "Relationships between Differentiation Strategies, Innovation and Management Control Systems," *RAC - Rev. Adm. Contemp.*, vol. 18, hal. 285–310, 2014.
- [25] V. K. Chong dan K. M. Chong, "Strategic choices, environmental uncertainty and sbu performance: A Note on the intervening role of management accounting systems," *Account. Bus. Res.*, vol. 27, no. 4, hal. 268–276, 1997.
- [26] M. a. Abernethy dan C. H. Guthrie, "An empirical assessment of the fit between strategy and management information system design," *Accounting and Finance*, vol. 34, no. 1. hal. 49–66, 1994.
- [27] J. C. Narver dan S. F. Slater, "The Effect of Market Orientation on Business Profitability," *J. Mark.*, hal. 20–35, 1990.
- [28] R. Noordin, Y. Zainuddin, dan M. Tayles, "Strategic Management Accounting Information Elements: Malaysian Evidence," *Asia-Pacific Manag. Account. J.*, vol. 4, no. 1, hal. 17–34, 2009.
- [29] C. Guilding dan L. Mcmanus, "The incidence , perceived merit and antecedents of customer accounting : an exploratory note," *Accounting, Organ. Soc.*, vol. 27, hal. 45–59, 2002.
- [30] T. Haldma dan K. Lääts, "Contingencies Influencing the Management Accounting Practices of Estonian Manufacturing Companies," *Manag. Account. Res.*, vol. 13, no. 4, hal. 379–400, 2002.
- [31] J. F. Hair, R. L. Tatham, R. E. Anderson, dan W. Black, *Multivariate Data Analysis*, Seventh ed. 2010.
- [32] Fred R. David, *Strategic Management Concepts and Cases*. Prentice Hall, Inc., 2011.
- [33] S. Nimtrakoon, "Organization Strategy, Management Techniques and Management Accounting Practices: Contingency Research in Thailand," The University Of Hull, 2009.
- [34] M. B. Meznar dan J. J. H. Johnson, "Business-Government Relations Within a Contingency Theory Framework: Strategy, Structure, Fit, and Performance," *Bus. Soc.*, vol. 44, no. 2, hal. 119–143, 2005.
- [35] C. Simon, "A Configuration Form Of Fit In Management Accounting Contingency Theory: An Empirical Investigation," *Bus. Rev. Cambridge*, vol. 7, no. 2, hal. 220, 2007.

# Role of Market Orientation and Strategy Types On Technique Development of Strategic Management Accounting – Competitor Accounting and Customer Accounting in Indonesia's Universities

## ORIGINALITY REPORT

% **6**

SIMILARITY INDEX

% **6**

INTERNET SOURCES

% **1**

PUBLICATIONS

% **2**

STUDENT PAPERS

## PRIMARY SOURCES

**1**

[www.ijcnscs.org](http://www.ijcnscs.org)

Internet Source

% **3**

**2**

Submitted to University of Leeds

Student Paper

% **1**

**3**

Submitted to University of Durham

Student Paper

% **1**

**4**

Cadez, S.. "An exploratory investigation of an integrated contingency model of strategic management accounting", Accounting, Organizations and Society, 200810/11

Publication

<% **1**

**5**

[www.ugb.ro](http://www.ugb.ro)

Internet Source

<% **1**

**6**

[wbiaus.org](http://wbiaus.org)

Internet Source

<% **1**

EXCLUDE QUOTES OFF

EXCLUDE MATCHES OFF

EXCLUDE  
BIBLIOGRAPHY ON