

Role of Market Orientation and Strategy Types on Technique Development of Strategic Management Accounting-Competitor Accounting and Customer Accounting in Indonesia's Universities

¹Sriyono, ²Rahmawati, ²Bandi and ²Agung Nur Probohudono

¹Faculty of Economics and Business,
Universitas Pembangunan Nasional "Veteran" Yogyakarta, Yogyakarta, Indonesia

²Doctoral Program Economic Science (PDIE),
Faculty of Economics and Business, Sebelas Maret University, Surakarta, Indonesia

Abstract: In order to competing in competitive circle, organization should have strategic plans to lead the organization. Management accountation role is very important in order to reach organization's startegic plans. The management accounting should based and related on organization's startegy, 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 used is multiple regression analysis. The result of the analysis show that strategy types give positive affect to SMA-competitor accounting and customer accounting in 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.

Key words: Strategy types, market orientation, SMA-competitor accounting and customer accounting, respondent, consider, organization

INTRODUCTION

Now a days, inside of business environment is more dynamic and the intensity of competition is higher every university should be understanding and adapating 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 organaitaion's strategy, based on information of organization's activity, competitor and market condition now a days (Dixon and Smith, 1993). 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 (Wheelen and Hunger, 2012). Development and

implementation management accounting practic is implementation of management function. Thus, role of management accounting inside the organization is very important.

Management accounting can help management inside the process of decision making so organization's economic sources can be allocated effectively and efficienly. Management accounting practic applied by university should be related to organization's strategy. Management accounting practic which is harmonized to organization's strategy called as Strategic Management Accounting (SMA) (Simmonds, 1981; Simon and Guilding, 2008).

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. 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 (Mia and Clarke, 1999). Inside the concept of contingency theory, nothing organization's design can be applied universally (Otley, 1980). 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 are: are market orientation strategy types influence the development of SMA-competitor accounting and customer accounting in Private University Indonesia?

Literature review: Organization management depend on situations and conditions (contingency factor) such as environment uncertainty. Contingency factor including: organization size, technology organization, external environment, purpose and strategy, culture organization (Daft, 2009). Contingency theory applied by researcher of management accounting to answer the questions about: suitability about jurisdiction and organization structure; influence of performance and investigation contingency factor and the performance influence (Islam and Hu, 2012). 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 (Otley, 1980).

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. SMA can be seen by two perception that is as set of accounting technique which is strategic orientation and accountan involvement in decision making process of company strategic (Simon and Guilding, 2008; Simon, 2007). Simmonds explain SMA is: "a form of management accounting in which emphasis is placed on information which relates to factors external to the firm as well as non-financial information and internally generated information" (Simmonds, 1981). SMA techniques are grouped into five categories: strategic costing, strategic planning, control and performance measurement, strategic decision-making, competitor accounting, dan customer accounting (Guilding *et al.*, 2000).

SMA competitor accounting is an accounting that apply on competitor (Guilding *et al.*, 2000). Competitor accounting related with competitor cost assesment, cost valuation which is concentrate on information of pleasing cost structure. Competitor cost assesment, analyse of competitor position with value and monitore trend

reception, market segment, volume, cost per unit competitor to value the organization's position itself about general competitor and control or conclude the organizm strategic and competitor perfomance 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 (Guilding *et al.*, 2000). SMA customer related to Denman 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, 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 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. Strategy is also way and main tactic which is planned sistematically (strategic planning) on management functions implementation, directed to purpose of strategic organization (Nawawi, 2005). Thus, strategic organization is contingency factor on developing SMA (Hoque, 2004; Langfield-Smith, 2008).

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. Shopistication of SMA system is not corelate with superior performance automatically but the suitability about identification of contingency factor and Management Accounting System (MCS). Conservative strategies corelate with MCS design (Chenhall *et al.*, 2011). Contingency factor of strategic positioning and strategic mission have corelate in SMA technique using in big company big manufacture in Italia (Cinquini and Tenucci, 2007). Result of Cinquini and Tenucci's result show that strategic position have contingency role inside SMA technique using (accountan participaton in strategic of decision making) on Slovenia big company (Simon and Guilding, 2008).

SMA implementation on Bangladesh manufactur company found that strategic pattern, strategic mission and strategic positioning of company can influence the implementation of SMA (Fowzia, 2011). Companies which is focuse on differentiate strategic using size performance contemporer and companies which is compete using cost

effectivity strategy focus on size of cost performance. Strategy influence adoption and MCS design (Chenhall *et al.*, 2011). There are relation about business strategic and system design size performance on small medium hotel in Malaysia (Mohamed and Jamil, 2013). There are relation about strategy of differentiate product, innovation and MCS design (Beuren and Oro, 2014). Strategic business unit and uncertainty environment influence MCS design on manufacture company in Australia (Chong and Chong, 1997). Prospector strategy type related with information system (SMA) (Abernethy and Guthrie, 1994).

Market orientation is most effective and efficient organization culture creating the behavior important to create the best value for customer in order to sustainable business performance. University is being market organization 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 successful of university. Supply and attribute adaptation from education product/service such as: characteristic, future 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 (Mia and Clarke, 1999). SMA Information have important role to strategic purpose in manage market competition and strategy implementation on electric and electronic companies in Malaysia (Noordin *et al.*, 2009). There are significant relation about customer performance and 3 purpose interaction that is focus on customer, size of contemporary performance and sophisticated of technology information. There are positive relation about market orientation with SMA (customer accounting) on Australia's companies (Guilding *et al.*, 2002). The changeover of cost accountant practice and management accountant related with external contingency factor (like changeover of business environment and accountancy) and internal contingency like technology and organization's aspects (Haldma and Laats, 2002). Management accountant practice and management market influence SMA practical in Inggris

(Roslender and Hart, 2003). Contingency factor have a role in SMA technique using (Cinquini and Tenucci, 2007). Contingency factor influence management accounting system design. Based on those conceptual framework so hypothesis of this research are:

- H_{1a}: strategy types give positive effects on SMA-competitor accounting development and implementation in Indonesia Private Universities
- H_{1b}: market orientation give positive effect on SMA-competitor accounting implementation in Indonesia Private Universities
- H_{2a}: strategy types give positive effects on SMA-customer accounting development and implementation in Indonesia Private Universities
- H_{2b}: market orientation give positive effect on SMA-competitor accounting implementation in Indonesia Private Universities

MATERIALS AND 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 sample. Respondent of this research are leader and manager of universities. There are consideration and hope inside selection of respondent that they quite understand strategy chosen and applied in university and understand good management from financial and non-financial aspects that related comparing 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 (David, 2011). Market orientation is most effective and efficient organization culture to creating behavior and create best thing for customer and superior performance result for organization. Measure of strategy type and market orientation of this research is using 5 Likert scales of respondent's answer that is (1) Strongly Disagree, (2) Disagree, (3) Netral, (4) Agree, (5) Strongly Agree.

Strategic management accounting is set of accountancy technique that strategic orientate and accountant involvement in strategic decision making process on companies (Simon and Guilding, 2008). Instrument used to measure is 5 Likert scales of respondent's answer that is (1) Never, (2) Seldom, (3) Sometimes, (4) Ever. Always (Simon and Guilding, 2008).

Tabel 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%; **significance 10%

RESULTS AND DISCUSSION

Examination result of validity and reliability: Data (quisioner) total processed in this research is 67 quisioner data. Result of validity test on the entire indicator variable show that magnitude significancy corelation level about indicator instrumen strategy type and market orientation, also SMA-competitor accounting indicator and significancy level SMA-customer accounting <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 instrumen is 0.664, market orientation is 0.732, SMA-competitor accounting indicator is 0.809 and SMA-customer accounting is 0.779>0.5. Based on those result can be conclude that entire instrument in this research is reliable.

Examination result of hypothesys: Influence strategy type result test on SMA-competitor accounting and customer accounting show that magnitude of each significancy 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 (Hypothesis 1 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 show that strategy type applied on mayority DIY private universities 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 (Haldma and Laats, 2002; Meznar and Johnson Jr., 2005; Noordin *et al.*, 2009; Simon, 2007; Simon and Guilding, 2008).

Result test of the influence market orientation on SMA-competitor accounting and customer accounting show that magnitude of significacny (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 cutomer accounting (Hypothesys 1 and 2b is not supported).

Thus, organization market orientation is not one of consideration on DIY private universities SMA competitor accounting and customer accounting dvelopment. So, this result is not supported the research before which explain that organization market orientation is one of consideration factor on SMA dvelopment and implementation (Chenhall *et al.*, 2011; Cinquini and Tenucci, 2007; Hyvonen, 2008; Noordin *et al.*, 2009; Simon and Guilding, 2008) (Table 1).

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

- Abernethy, M.A. and C.H. Guthrie, 1994. An empirical assessment of the fit between strategy and management information system design. *Accounting Finance*, 34: 49-66.
- Beuren, I.M. and I.M. Oro, 2014. Relationships between differentiation strategies, innovation and management control systems. *J. Contemp. Manage.*, 18: 285-310.
- Chenhall, R.H., J.P. Kallunki and H. Silvola, 2011. Exploring the relationships between strategy, innovation and management control systems: The roles of social networking, organic innovative culture and formal controls. *J. Manage. Account. Res.*, 23: 99-128.
- Chong, V.K. and K.M. Chong, 1997. Strategic choices environmental uncertainty and SBU performance: A note on the intervening role of management accounting systems. *Account. Bus. Res.*, 27: 268-276.

- Cinquini, L. and A. Tenucci, 2007. Is the adoption of strategic management accounting techniques really strategy-driven? Evidence from a survey. Proceedings of the Conference on Cost and Performance in Services and Operations, June, 18-20, 2007, Piazza Martiri Della Libertà, Trento, Italy, pp: 8-20.
- Daft, R.L., 2009. Organization Theory and Design. 10th Edn., South-Western Pub., USA, ISBN-10: 0324598890, Pages: 672.
- David, F.R., 2011. Strategic Management Concepts and Cases. 14th Edn., Pearson, Boston, ISBN: 9780132664233, Pages: 386.
- Dixon, R. and D.R. Smith, 1993. Strategic management accounting. Omega, 21: 605-618.
- Fowzia, R., 2011. Strategic management accounting techniques: Relationship with business strategy and strategic effectiveness of manufacturing organizations in Bangladesh. World J. Manage., 3: 54-69.
- Guilding, C., K.S. Cravens and M. Tayles, 2000. An international comparison of strategic management accounting practices. Manage. Accounting Res., 11: 113-135.
- Haldma, T. and K. Laats, 2002. Contingencies influencing the management accounting practices of Estonian manufacturing companies. Manage. Account. Res., 13: 379-400.
- Hoque, Z., 2004. A contingency model of the association between strategy, environmental uncertainty and performance measurement: Impact on organizational performance. Int. Bus. Rev., 13: 485-502.
- Hyvonen, J., 2008. Linking management accounting and control systems, strategy, information technology, manufacturing technology and organizational performance of the firm in contingency framework. MBA Thesis, Faculty of Economics and Business Administration, Department of Accounting and Finance, University Of Oulu, Oulu, Finland.
- Islam, J. and H. Hu, 2012. A review of literature on contingency theory in managerial accounting. Afr. J. Bus. Manage., 6: 5159-5164.
- Langfield-Smith, K., 2008. Strategic management accounting: How far have we come in 25 years?. Accounting Auditing Accountability J., 21: 204-228.
- Meznar, M.B. and J.H. Johnson Jr, 2005. Business government relations within a contingency theory framework: Strategy, structure, fit and performance. Bus. Soc., 44: 119-143.
- Mia, L. and B. Clarke, 1999. Market competition, management accounting systems and business unit performance. Manage. Account. Res., 10: 137-158.
- Mohamed, R. and C.Z.M. Jamil, 2013. Business strategy and performance measurement system: A study of small medium hotel enterprises. Proceedings of the 6th International Conference on Asian Academy of Applied Business (AAAB), 30 May-June 1, 2013, Universiti Malaysia Sabah, Bandung, Indonesia, pp: 1-1.
- Nawawi, H., 2005. Strategic Management: Non-Profit Organization of Government with Illustration in the Field of Education. 3rd Edn., Gadjah Mada University Press, Yogyakarta, Indonesia,.
- Noordin, R., Y. Zainuddin and M. Tayles, 2009. Strategic management accounting information elements: Malaysian evidence. Asia Pacific Manage. Accounting J., 4: 17-34.
- Otley, D.T., 1980. The contingency theory of management accounting: Achievement and prognosis. Accounting Organiz. Soc., 5: 413-428.
- Roslender, R. and S.J. Hart, 2003. In search of strategic management accounting: Theoretical and field study perspectives. Manage. Accounting Res., 14: 255-279.
- Simmonds, K., 1981. Strategic management accounting. Manage. Account., 59: 26-29.
- Simon, C. and C. Guilding, 2008. Strategy and strategic management accounting: A investigation of organizational configurations. Master Thesis, Alliance Manchester Business School, Manchester, England.
- Simon, C., 2007. A configuration form of fit in management accounting contingency theory: An empirical investigation. Bus. Rev. Cambridge, 7: 220-220.
- Wheelen, L.T. and D.J. Hunger, 2012. Strategic Management and Business Policy: Towards Global Sustainability. 13th Edn., Pearson Prentice Hall, New Jersey, ISBN: 9780132570206, Pages: 911.