

Relationship use of management accounting system to business unit performance

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Abstract. This study aims to determine the relationship between the use of management accounting system to business unit performance. Managers who use information have prepared a management accounting system to be able to help organizations use and implement plans in response to their competitive environment. This study concentrates on the use of Sam Information by managers against benchmarking and monitoring o available information systems. The results of this study indicate that there is an indirect influence of variable use of information Management Accounting System (MAS) on Business Unit Performance (BUP).

1. Introduction

Market competition has created upheaval, pressure, risk and organizational uncertainty. The peak demands organizations to answer all threats and opportunities in competitive environments, and they design and use appropriate control systems to achieve goals. Managers who use information have prepared a Management Accounting System (MAS) to be able to help organizations use and implement plans in response to their competitive environment. MAS in an organization is a traditional view that has a narrow scope, where the expected system only provides general financial information, such as internal organizational problems, and ex-post or historical (Chenhall& Morris, 1986, Gordon and Narayan, 1984, Mia, 1993 in Arfan, 2005). The view of the MAS is a system that provides benchmarking in monitoring additional information on the company's internal and traditional historical information that results in a management accounting system (MAS).

According to Simon (1987) in Mardiyah and Gudono (2001), The management accounting system is a formal procedure and system that uses the information to maintain or provide alternatives from various companies. Management Accounting System Planning which is part of the organization's control system needs to get attention, so it can be expected to give a positive contribution in supporting the success of the management control system. Management Accounting System can assist managers in controlling activities and reduce uncertainty so that it is expected to help the company toward the achievement of goals. Management requires a strategy as a tool to win the competition and maintain the survival of the company. Strategy is a pattern of decisions and certain actions that enable managers to achieve organizational goals (Hill and Jones, 1998) in Musyarofah (2003). The company sometimes changes its business strategy to adapt to its industrial environment. An organization needs to adapt quickly to its market environment to obtain and retain a competitive advantage (DeGeus, 1988; Senge, 1990; Day, 1991) in Arfan (2005).

Therefore, if a company faces increased competition in its market, but fails to adopt and implements the right strategy to deal with the competition, its performance tends to worsen. Perhaps this is the reason why Khandawalla (1972, in Arfan, 2005) reported a negative relationship between corporate profitability and product price levels, as well as market

competition networks. This represents an anomaly between empirical evidence of issues and realities, and we suggest that managers using SAM information explain the existence of irregularities. Opinion Gordon and Miller (1976), Waterhouse and Tiessen (1978), Kaplan (1984), Anthony et al (1989), Atkinson et al (1995) who said that one of the functions of a management accounting system is to provide an important source of information to help managers control activities, and reduce the uncertainty of the environment in an effort to achieve organizational goals with success. The results of this study support the research Mia and Clarke (1999) which means that with the adequacy of information management accounting system used by managers turned out to improve the performance of their company.

2. Framework Of Research

Market competition has created upheaval, pressure, risk and organizational uncertainty. To maintain competitive advantage, every organization or company needs to adapt quickly to their market environment. This raises the need for the use of a Management Accounting System that is a system that monitors the environment (both external and internal) about the threats of potential competitors, the threat of products and services substituting the nature and intensity of industrial competition, and the bargaining power of suppliers and consumers. The availability and usage of MAS can also promote organizational performance by providing Feedback on work planning and completion. Feedback on MAS usage also helps managers improve their performance, where MAS's use allows managers to identify and correct errors and reduce task uncertainty with MAS availability. Thus, the effect of MAS information availability is closely related in the relationship between the intensity of competition to the achievement of business unit performance.

2.1 Characteristics of Management Accounting System

Benchmarking and monitoring information generated by SAM can help companies. Benchmarking and monitoring information generated by SAM can help companies implement differentiation and pricing strategies (Bromwich, 1990) so managers can use the information to compare their internal conditions with competitors' conditions.

The use of information by managers enables them to know if the organization compares to its competitors, offering competitive packages of product attributes to consumers at competitive prices, thus encouraging the organization to help its market competition effectively to implement differentiation and pricing strategies (Bromwich, 1990) so managers can use.

2.2 Business Unit Performance

Porter (1985) argues that an organization, to survive and succeed in market competition, must observe and monitor its environment about threats from potential competitors, threats from product and substitution services, the nature and intensity of industrial competition, and bargaining power from suppliers and consumers.

Previous research has suggested that feedback helps managers improve their performance by allowing them to identify and correct errors and reduce task uncertainty by providing relevant information (Vroom, 1964, Bourne, 1966). Feedback facilitates organizational performance by directing the manager's efforts toward goals and behaviours assessed by the organization (Ashford and Cummings, 1983).

Hyphotesis1 :The relationship between the use of Management Accounting System (SAM) information on Business Unit Performance (BUP)

2.3 Population And Sample

This research was conducted on manufacturing companies in the form of food and beverages in Medan city because there is a possibility that the influence of continuous uncertainty until now has triggered changes in the market environment so that companies are increasingly faced to improve their management, improve product quality, maintain their instinctive acumen towards changing consumer needs, able to exploit new market share, enter new business fields as well as develop new ventures to innovate

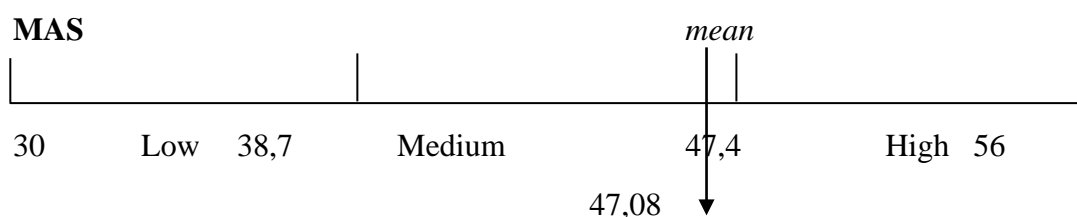
3. Results And Analysis

Table 1. Profil of Respondent

		Amount	%
Gender	Man	21	58%
	Woman	15	42%
Age	< 25	3	8%
	25-35	16	44%
	35-45	7	19%
	>45	10	28%
Education	High School	7	19%
	S1	21	58%
	S2	3	8%
	S3	1	3%
	Lainnya	4	11%
Work	1 - 5 Year	11	31%
	6 - 10 Year	12	33%
	11 - 15 Year	10	28%
	> 15 Year	3	8%

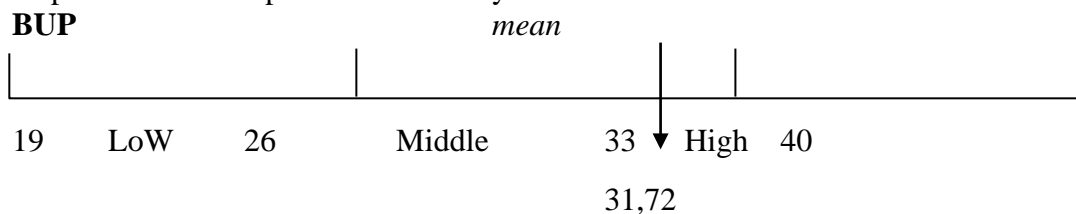
Table 2. Descriptive Statistics

	N	Range	Minimum	Maximum	Mean	Std. Deviation
MAS	36	26	30	56	47,08	5,803
BUP	36	21	19	40	31,72	4,651
Valid N (listwise)	36					



The MAS variable has a mean value of 47.08, its minimum value is 30, its maximum value is 56 with standard deviation (SD) of 5.803. Mean values close to the high category indicate that respondents perceive MAS as a system that generates information can provide benchmarking and monitoring and help companies to identify, evaluate and implement appropriate strategies and improve company performance. Benchmarking and monitoring information provided by MAS can play a significant role in this regard. The accuracy of benchmarking and monitoring information is one step that MAS can assist the organization in differentiating its products and pricing strategies. The use of information by managers enables them to know if the organization compares to its competitors, offering competitive packages of product attributes to consumers at competitive prices, thus encouraging the organization to help its market competition effectively.

BUP



BUP variable has a mean value of 31,72, its minimum value is 19, its maximum value is 40 with a standard deviation (SD) 4,651. A mean value of 31.72 indicates that business unit performance is led by respondents having good performance and above standard. The existence of benchmarking and monitoring information has been able to provide feedback on various aspects of performance appraisal, such as boarding, boarding structure, inventory level, market share, sales volume, profitability and productivity while improving company performance.

Table 3. Result of Normality Analysis One-Sample Kolmogorov-Smirnov Test

MAS vs BUP		
N		36
Normal Parameters(a,b)	Mean	,0000000
	Std. Deviation	3,54789444
Most Extreme Differences	Absolute	,118
	Positive	,118
	Negative	-,092
Kolmogorov-Smirnov Z		,705
Asymp. Sig. (2-tailed)		,703

a Test distribution is Normal.

b Calculated from data.

In the table above shows the significance of K-S values for both regression models show results above $\alpha = 0.05$, this means that each regression model has a normal distribution.

Table 4. The calculation resultsof VIF Colinearity Statistics

MAS vs BUP		
Model	Tolerance	VIF
MAS	,437	2,286

Based on the above table the variables MAS have VIF value less than 10. This test shows the variables MAS there is no relationship multi collinearity.

Table 5. The calculation resultsof Heterokedastisitas

Model	MAS To BUP
	Sig.
MAS	0,209

Based on the above results, it can be seen that there is no heterokedastisites indicated that the level of significance of MAS variables greater than 0.05. So it can be concluded that multiple regression equations are ready to do.

Hypothesis testing

Regression results show that the coefficient path intensity of market competition on the use of management accounting information system has a significance value smaller than $\alpha = 5\%$ of 0.000. While the significance of the intensity of market competition on business unit performance is 0.626 and the significance of the use of management accounting information system on the business unit performance obtained by 0.008.

Table 6. Analysis Testing

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6,887	5,173		1,331	,192
	MAS	,456	,161	,569	2,836	,008

a Dependent Variable: BUP

The results of this hypothesis testing that states there is a relationship between the use of management accounting information system with business unit performance consistent with the findings Mia and Clarke (1999) which mentions that the MAS information there is a relationship between the use of information management accounting system with company performance. Meanwhile, Feather (1968); Moch (1971); Barron (1974) in Arfan (2005) adds that the presence of this information will also increase the ability of managers to understand the true state of the environment and information functioning in identifying relevant activities.

The value of the coefficient of determination (Adjusted R²) of 0.383 or 38.3%. This means that 38.3% of business unit performance variations can be explained by variations in the use of management accounting information systems. While the rest of 61.7% is explained by other factors outside the model. Adjusted R² value can be explained in table 7.

Table 7: Adjusted R²
Model Summary (b)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,647(a)	,418	,383	3,654

a Predictors: (Constant), MAS . b Dependent Variable: BUP

The use of SAM information is, of course, related to benchmarking and monitoring of the company against competitors both in keeping the needs of consumers in order to remain stable in maintaining products, wherein applying this competitive strategy each company is faced to occupy the competitive space, build and maintain its market share with market segments or products clear.

4. Conclusion

This research was conducted to aim at examining the indirect influence of the use of management accounting system information (MAS) on the relationship between the intensity of market competition and the performance of business units. The results of this study indicate that there is an indirect effect of variable use of management accounting system information (MAS) on the relationship between the intensity of market competition and the performance of business units. This indicates the importance of the mediating role played by the use of management accounting information systems in the organization's efforts to manage its market competition and improve its performance. Thus an increase in the intensity of market competition will increase the use of management accounting system information (MAS) to improve business unit performance.

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