

Implementation of Competitive Advantage Strategy and Total Quality Management in Enhancement the Quality of Management Accounting Information

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Abstract

The purpose of this research is an attempt to explain, empirically, concerning the implementation of Competitive Advantage Strategy, Total Quality Management in Enhancement the Quality of Management Accounting Information (relevance, accuracy, and verifiability), to tap as the theoretical basis of the hypothesis in response to develop research, namely the extent to which (1) the effect of competitive advantage strategy (2) the effect of Total Quality Management in enhancement The Quality of Management Accounting Information. This study has used validity and reliability test and regression analysis with $\alpha = 0.05$ to test the hypothesis of this study was performed on each submitted. This research has done in State-Owned Enterprise (SOE/BUMN) in Indonesia. The results of data analysis shows that independent variable influence significantly either simultaneously or partially on dependent variable. Competitive advantage strategy and TQM simultaneously influence significantly on management accounting information are 74.1%. The remaining 25.9% influenced by other variable exclude the variable used. Partially, competitive advantage strategy influence positive significantly with value t on management accounting information, significant positive effect on 3.254 (t-count > t-table) and p-value=0,002 (p-value < 0.05) and TQM count significant positive effect on management accounting information with t-count=5.693 (t-count > t-table) and p-value=0.000 (p-value<0.05). It can be concluded that the implementation of competitive advantage strategy and TQM is very important in order to improve the quality of accounting information because qualified management accounting information which can help managers in decision-making.
Keywords: Competitive Advantage Strategy, Total Quality Management, Management Accounting Information

1. Background

Information system is a framework in which contact with resources (human, computer) coordinated to transform data (input) into outputs (information), in order to run to the target objectives of the organization (wilkinson.1993:4). Hence (Hall, 2011:13) states the information system is a set of formal procedure in a collection of data into information and distribute to users. Then the information system is a group of resources designed to transformation data into information. Industry has a great chance to developed into a center of excellence technology in accordance with the type of industry, including in support of SOEs are directed at supporting defense and security in Indonesia as a follow-up in the Regulation/PP No. 7 of 2008 regarding Implementation of Strategy has always been a measure of success needed a method that can measure the strategy. (Kaplan and North, 1996). Horngren (2009) said that the aim of implementation strategic measurement so that competitive advantage can be compare in the present achievement with the previous year's achievements or accomplishments achieved by competitor. (Horngren, 2009). Mulyadi and Jolmy (2001) explained that the competitive advantage gained by: a) providing the best value for customers and (2) make different organizations (distinct) of competitor. A strategy said to have a competitive advantage when strategy seemed superior to its competitors, such as, among others, in the quality and price of products produced (Barney, 1999), Porter (1980) is Porter's Five Forces Model or Porter's five forces. With the information will enhance the ability of managers to understand the state of the environment and information to work well in identifying relevant activity (Tengku Bachraruddin, 1993). The effectiveness of the implementation of a system depends on the conformity between the system and the environment in which the system is applied (Otley, 1980) (faisal, 2006), Wruck and Jensen (1994). The use of accounting information, the use-value, the application of appropriate organizational structure, timeliness in presenting the information needed. Further Aida Ainul (2005), Nazaruddin (1998), the greater use of accounting systems including non financial strategy measurement and incentives based on advantage has relationship (association) with higher competition in competitive advantage with TQM practices less extensively and found evidence that organization which implementing TOM and accounting system most can achieve highest advantage.

2. Review of Literature

2.1 Definition of strategy

There are different kind definition of the strategy proposed by expert. Thompson et al (2010) define “Strategy consists of a collection competitive movements and approaches business management related in order to produce Successful advantage”. According to Kaplan and Norton (2001), an advantage should start by formulating a strategy before implementing and putting strategy into action. Definition of strategies according to Anthony and Govindarajan (2007) are directives commonly used by strategy and through planning for achieve competitive goal. Can be concluded that strategy is a great plan from all of competition, which related between planning, operational to the integrated control and functioned as the base for achieve the targets or goals ahead.

2.2 Competitive Advantage

Competitive Advantage term which emerged in the early eighties has become the most popular term when discussing advantage strategy in the face of competition. As disclosed Porter (1980), competitive advantage can be achieved in various ways, among others offers products with the minimum price, or offering unique products and more specific from competitor, or focus on certain segments. Diosdad Research (2003) states that competitive advantage can be seen in the competition and positioning strategies are analyzed by looking at the strengthen and weaknesses when compared to its competitors. Furthermore, Porter (1980) there are six main sources of entry barriers (Porter, 1980) is a defender: (1) Economies of Scale, (2) Product Differentiation, (3) Capital Requirements, 4) Barriers Cost Not Because of the scale (Cost Disadvantages Independent of Size). (5) Access to Distribution Channels, (6) Government Policy.

2.3. Competitive Advantage Strategies

States is said to have a competitive advantage when implemented and creating value that is not simultaneously executed by a potential competitor (Ferdinand, 2003). A strategy is said to have a competitive advantage if such a strategy is seen more than its competitors, example, among others, in the quality and price of products generated. The requirements that must be held to be a superior strategy in competition as proposed by Horngren (2009) is the presence of a strong management willingness to conquer four main scope, namely: cost, (2) quality, (3) time, 4) innovation. Strategy competitive advantage proposed by Porter (1980), (1985) and comprises: 1) cost leadership 2) differentiation, and 3) focus. Concept shows exclusivity, which means that if the competitive advantage that the strategy is applied, then the strategy of competitive advantage that others do not apply. Another theory indicates inclusiveness and hold onto as proposed by Robbins (1991).

2.4. Total Quality Management

TQM defined by Rao et al (1996: 20) suggests three (3) the basis of total quality management which is key to the successful implementation of TQM. The key of success in applying TQM is focus on the customer and the full participation of all employees and the continuity improvement is performed in a management. Although every organization in developing TQM adapted to the culture and management style of the organization. The critical factors in implementing TQM in order to work well as follows: a) Focus on costumer, (2) Continuous improvement, (3) Full involvement of entire workforce.

2.5 Implementation of Total Quality Management

Not all management which apply TQM able generate good strategy. According Soewarso (1996) for guarantee the success of TQM in Strategist it is necessary to follow steps as follow: (1) Cultivate a philosophy of quality (2) Management must guide and show qualified leadership. From the first stage, then the CEO (Chief Executive Officer) should be able to give a good example in a pattern of attitudes, mindset, as well as patterns of action and show firm leadership in the quality movement. (3) Hold changes to the system that is more conducive (4) Educate, trainee and empower the whole workers.

2.6. Importance of Total Quality Management TQM)

Most strategist in the past does not difficulties and able to sell all results product to consumer. Service organization as banks and restaurants not worried about services they provide. However, the present state of the environment has changed and the challenges faced by businesses increasingly heavy so demanding quality to pull through adaptation to challenge and change the auspices. There are four challenges facing businesses and were around the business challenge was responded by the consumer in the same time for can generate more qualified products and services, are: (1) Customer (2) Competition (3) Technology (4) Rules.

2.7. Information Data Management Accounting

Data is often called information and reverse information often called data. Such situation may happened depend on user’s perspective. Anthony, Welsch and Reece (1985: 10) states that where the information is fact,

observation data. perception or other gain knowledge while data according to Davis and Olson (1985:9) data is the raw material of the information which is defined as a set of symbols that regularly stated number of activities, objects and so on. So the data is processing first to be informed.

2.7.1 Feature Information

Good information is to provide value added of the user. User use information for planning, coordination, evaluation and decision making. According to Anthony, Darden, and Bedford (1991) said that the characteristics of good information: (1) reduce uncertainty, (2) can illustrates the wide range of opportunities. (3) can evaluate the result.

2.7.2 Information of Management Accounting

Manager, worker, and executive using management accounting information for identification problems, solve problems and evaluate performance (Hansen Mowen: 2009). Management Accounting Information help manager to planning, controlling and decision making. Management Accounting Information can be in two aspects: information and management accounting. Horngren and Sundem (2008) and Belkaoui (2007) defined Management Accounting is a process for identification, measuring, accumulating, analyzing, preparing, interpreting and communicating information to help managers achieve the goal of the organization. Can be concluded that management accounting can give information to internal decision maker of organization.

2.7.3 Quality of Management Accounting Information

Implementation of qualified management accounting information influence by accounting system which held by management behavior. Quality of accounting system which held depend on several criteria. Quality of uses management accounting information can seemed from uses of reponsibility accounting, implementation of monitoring, evaluation. "Uses of management accounting information, implementation of budget system, uses of replacement value, implementation of proper organization structure, timelines in presenting the information required (T Bachtaruddin.1995)". Quality of management accounting information can be viewed and perspectives, namely the quality of its application that is influenced by human behavior and matery.

2.8. Previous research

Here presented several studies that support the upstream this study (Endah, 2001) information systems, management accounting has several characteristics including accuracy, there are sources and focused, can be quantified, high frequency of use, oriented to the future and the has the complete relevant level of aggregation and timeliness (Kirmth and Yuserrie, 2002). (Hogue and James, 2002) Saying that the quality management system focused will improve the overall competitive advantage. Research Chong and Chong (1997) and xu et al (2003) which states that the relationship between indirect strategy through management accounting information. Thomas C Powel (1995) and Douglash and Judge (2001) found that there was a potential relationship and relatively robust between the implementation of TQM and the competitive advantage. Itner and Lacker (1995), Dewi and Hasan, Aida and Listianingsih, Hongjiang Xu (2003) which only apply Total Quality Management (TQM) found a negative relationship between TOM and competitive advantages which have a potential relationship and relatively strong. Keats and Hill (1988) and Barney (1999), Mears (1999) Evans and Linsay (1999), Beals (2000) and Porter (1980) said that the competitive advantage is something as complex and huge challenges for a researcher. Said a big challenge because as a multidimensional construction purposes the single measurement , that are not able to use provides a comprehensive understanding.

3. Hypothesis

1. Competitive Advantage Strategy influenced to The Quality Of Management Accounting Information
2. Total Quality Management influenced to The Quality Of Management Accounting Information
3. Competitive Advantage Strategy and Total Quality Management simultaneously to The Quality Of Management Accounting Information

4. Discussion

4.1. Influence of Competitive Advantage Strategy and TQM simultaneously on Quality Management Accounting Information

Based on the results of data analysis showed that the independent variable competitive advantage Strategy and TOM simultaneously to quality management accounting information has significant influence with p-value less than 0.000 a predetermined value (0.05). In other words, the regression model can used to describe the relationship between variable (x) with the variable (Y) with the coefficient of determination (R²) of 0.741. It's mean that simultaneously, competitive advantage strategy and TOM be able to influence the quality of management accounting information by 74.1% remaining 25.9% influence by other variables outside the variable used. low level of R² shows further research by adding another variable as a predictor. Thus it can be stated that the first hypothesis which states that state competitive advantage and simultaneously TQM significant positive effect on the quality of management accounting information can be received. Results of this study

research that was done by previous research studies conducted Powel (1995) showed that TOM is potential resource for competitive advantage. The same things that proved in Douglass research and Judge research (2001) states that there is a relatively strong relationship between TOM implementation practice with a competitive advantage.

4.2 Influence of Competitive Advantage Strategy on Management Accounting Information

Based on the test results of regression coefficients influence competitive advantage strategy can be seen that the competitive advantage strategy significant positive effect on management accounting information with value t count 3,284 (t count > t-TAB and p-value = 0.002 (p-value < 0.05). This means that the application competitive advantage strategy will lead to accounting information management increased by 1.864 and significantly. Therefore it can be stated that the second hypothesis stating that competitive advantage smtea significant positive effect on management accounting information received

4.3. Influence of TQM on Management Accounting Information

Based on test results TQM influence the regression coefficients, it can be seen that the positive influence of TOM significantly to the management accounting information. This t value= 5,693 (t-Count > t-table) and p-values=0,000 (p-value<0,05). It's means that the application will result TQM experienced increase the management accounting information and significant therefore can be expressed. to information management accountants as they arrive to run three principal that decision making. Management accounting or in management information systems manager in a system that will provide information to management to assist the parties to achieve the objectives of internal organization

5. Conclusion

The results of the data analysis, show that simultaneous independent variables namely competitive advantage strategy and TOM simultaneously significantly influence the management accounting information, which show with p-value is 0,000 smaller than a predetermined value). This bold that are simultaneously- competitive advantage strategy and TQM be able to influence quality management accounting information which used 74.1% remain 25.9% influence of outside variables. Low level R^2 indicates conducted further research with other variables even as estimators. Based on test results regression coefficient, influence competitive advantage strategy in partial positive influence significant value t-count 3,284 (t-count > t-table) and p-value-0.002 (p-value of <0.05). Application of the strategy of competitive advantage will lead to quality management accounting information has increased by 1.864 and significant, whereas TQM has positive significant influence to management accounting information with t-count = 5,693 (t-count>t-table) and p-value = 0,000 (p-value<0,05). So it can be concluded that implementation of competitive advantage strategy and TQM is important to do in enhancement of quality management accounting, because qualified management accounting information can assist managers in decision-making.

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