

The Practice Of Strategic Management Accounting In Public Sector Indonesia

Sriyono^{1*}, Mohamad Irhas Effendi², and Afni Sirait³

^{1,2,3}*Economy and Business, Universitas Pembangunan Nasional Veteran Yogyakarta*

Email Address:

sriyono@upnyk.ac.id*, m_irhaseffendi@upnyk.ac.id, afni.sirait@upnyk.ac.id

*Corresponding Author

Submitted 14-07-2023

Reviewed 18-09-2023

Revised 21-09-2023

Accepted 26-09-2023

Published 11-01-2024

Abstract: Market orientation, cost leadership strategies, strategic management accounting practices, competitor accounting, and customer accounting of village-owned enterprises in Indonesia were the focus of this study's effort to identify empirical evidence of a causal link between them. Village-owned businesses in Indonesia and the role manager of those businesses are the subjects of this quantitative study. Applying SMA practice-competitor Accounting and SMA practice-customer Accounting in supported Village Owned Enterprises in Indonesia is positively impacted by market orientation and cost leadership strategies. This paper offers empirical proof that SMA Practice-Customer Accounting and SMA Practice-Competitor Accounting have been created and implemented in Indonesian village-owned businesses, with implications for theory. These findings corroborate the contingent hypothesis, which holds no universally applicable rules.

Keywords: Market Orientation; Cost Leadership Strategies; Strategic Management Accounting; Competitor Accounting; and Customer Accounting.

Abstrak: Orientasi pasar, strategi kepemimpinan biaya, praktik akuntansi manajemen strategis-akuntansi pesaing, dan akuntansi pelanggan pada badan usaha milik desa di Indonesia merupakan fokus dari upaya penelitian ini untuk mengidentifikasi bukti empiris dari hubungan sebab akibat di antara mereka. Badan Usaha Milik Desa (BUMDes) di Indonesia dan manajer yang berperan dalam BUMDes tersebut adalah subjek dari penelitian kuantitatif ini. Penerapan praktik SMA-Akuntansi Pesaing dan praktik SMA-Akuntansi Pelanggan pada Badan Usaha Milik Desa yang didukung di Indonesia dipengaruhi secara positif oleh orientasi pasar dan strategi kepemimpinan biaya. Makalah ini menawarkan bukti empiris bahwa SMA Practice-Customer Accounting dan SMA Practice-Competitor Accounting telah dibuat dan diimplementasikan dalam bisnis milik desa di Indonesia, dengan implikasi untuk teori. Temuan ini menguatkan hipotesis kontinjensi, yang tidak memiliki aturan yang dapat diterapkan secara universal.

Kata Kunci: Orientasi Pasar; Strategi Kepemimpinan Biaya; Akuntansi Manajemen Strategik; Akuntansi Pesaing; dan Akuntansi Pelanggan.

INTRODUCTION

As part of its plan to accelerate rural communities' well-being, the Indonesian government has increased village budget allocations. The community's present resources are better when village finances are utilised, and village-owned businesses are developed (BUMDes). BUMDes are granted the power to oversee village resources, invest in valuable assets, and offer services. If BUMDes are competently managed and employ a suitable leadership technique, this aim will be accomplished; nonetheless, the funds handled must be accountable for their usage. Due to the intense rivalry in business, BUMDes must have a winning plan to stand out from the crowd. BUMDes management



works well when corporate goal-achieving strategies are developed based on the outcomes from organisation environmental analysis studies (Sriyono et al., 2021). BUMDes have opportunities and challenges within their industry related to rapid competitiveness and effective resource management. Business strategy organising, selection, and implementation are the critical early phases that must be performed. Strategic accounting management, or financial and non-financial information, is provided by the strategy at the start of the term.

According to (Maelah et al., 2022), Strategic Management Accounting (SMA) of information benefits business performance. BUMDes is a government organisation that must explain how well it performs to the people. (George et al., 2019) explain that a strategic plan is a contemporary management approach, and this practice can provide positive consonance for private and government organisations to run their business. The system's performance measurement is needed, given the initial intent for constructing BUMDes. Routine assessments of public institutions' performance benefit the organisation (Murti et al., 2021).

This research provides a different perspective on the use of strategic accounting management. SMA is usually employed in the private sector (private firms), but it is also utilised in some organisations from the public sector, especially BUMDes. For choosing SMA, various aspects must be considered, including markets, business size, ownership model, management hierarchy, corporate culture, information systems, local community culture, leadership style, and others. There are no set rules or frameworks that must be followed while applying. This study aimed to determine the causal link between organisational size, strategic planning, management, and success by evaluating SMA, a village-owned firm in Indonesia, and market orientation.

THEORETICAL REVIEW

Contingency Theory. (Arfandi & Ihwan, 2020) explain that the contingency theory provides a view that leadership will significantly influence the circumstances for completing tasks in a group. Leadership can also be more effective when leadership styles and organisational circumstances go hand in hand. One of the approaches in management accounting is the contingent theory, which explains that no approach is the same in every organisation or situation. The approach taken must be based on existing situational factors (Nurhidayati et al., 2022). It is essential to conduct different analyses for each situation the organisation faces since no universal rules can be applied to all situations.

Strategic Management Accounting. (Turner et al., 2017) research in the hospitality industry explains that SMA mediates between market orientation and firm performance. (Pavlatos & Kostakis, 2018) explain that the company's past performance influences Strategic Management Accounting techniques. Low profitability levels and economic crises can be controlled by using innovative Strategic Management Accounting to improve financial performance in the future. Research by (Alamri, 2019) shows that Strategic Management Accounting in organisations can be identified through organisational structure, resources, information, and climate. These four make up the new aspects that make up the conceptual and operational aspects of Strategic Management Accounting because these factors cannot stand alone and separate from the organisation.

(Mihaylova & Papazov, 2022) discovered that precise data enterprises hold to monitor, assess, and record company actions as an example of corporate responsibility.



This data serves as a basis for adopting SMA. (Nguyen & Nguyen, 2021) identified six aspects via a study on consumer products produced by organisations: the market, firm strategy, technical advancements, corporate culture, management accountant qualification, and management decentralisation. These factors have an impact on the implementation of SMA. Technology is the most critical factor in the introduction of SMA.

(Akhmetzianov & Sokolov, 2020) assess product life cycle accounting, cost goals, cost of absorbing, and direct costs by applying SMA as foundational information. The cost of choosing an SMA, corporate strategy, technological developments, organisational structure, and business size impact SMA adoption (Vu et al., 2022). The usage of this SMA provides both financial and non-financial benefits. (Honggowati et al., 2019) research shows how the firm's ownership structure, business size, and profitability will all be positively and significantly impacted by the disclosure of SMA. Companies that use management accounting practices perform better than those that do not apply them. This management accounting practice is realised by implementing Strategic Management Accounting, which provides a positive and significant relationship with budgeting techniques.

Research conducted by (Sriyono et al., 2022) explains that costing techniques using Strategic Management Accounting can be influenced by market orientation, which is influenced by the strategy used, while organisational size does not have a significant effect. Research by (Petera & Šoljaková, 2020) found that the most frequently used Strategic Management Accounting techniques are strategic planning and budgeting, customer accounting, and target costing. The least used Strategic Management Accounting techniques are integrating performance assessment (balanced scorecard), pricing strategy, and activity-based costing.

Village Funding and BUMDes. Villages use the cash from the budget for state revenues and expenditures (APBN) to finance government operations, projects for community development, and community empowerment. The monies are transferred to regency/city areas (Kemenkumham, 2014). The distribution of village funding is determined by the total number of villages within a province, as opposed to the population of a city or regency. Village Fund Management is run by creating a Business Entity known as a Village-Owned Enterprise (BUMDes) governed by the Village Fund Management Act PP No. 11 of 2021. BUMDes is an association that the Village created legally to manage enterprises, using assets, creating investments, offering services, and running other kinds of businesses whose profits are utilised for the benefit of the local population (Kemenkumham, 2021).

Research conducted by (Hailudin, 2021) states that because the BUMDes business unit's deposits and loans remain insufficient and its human resources' managerial abilities are insufficient, business actors who got support from BUMDes have not equally shared in increases in revenue and new assets. BUMDes gives the group of young entrepreneurs a fresh perspective as they commit to growing the Village's economy out of concern for the hamlet's independence and the growth of real community self-determination. (Nisaa & Hidayati, 2022). According to research findings, (Nguyen et al., 2020) explained that the successful implementation of management information systems was correlated with organisational traits. Because the efficiency of the system and organisational makeup depends on how well the organisation and its environment fit together, system development and organisational structure, including SMA, must consider the nature and features of the business.



Theoretical Model Development. The outcomes of theoretical investigations and reasoning form the foundation of the first stage of SEM model construction. Market orientation, cost leadership tactics, and strategic financial accounting (SMA) are correlated using an SEM model (**Figure 1**). SEM is one of the measurement techniques that can test the relationship between variables, the relationship between variables and indicators and measure the relationship between the variables used (Putlely et al., 2021).

Model conceptualisation, construct development, and measurement are done in the second stage. All latent variables (exogenous/exogenous and endogenous/endogenous) are connected based on the theory of substance when creating a structural model. Exogenous latent variables (independent variables) are causal variables or variables that do not have arrows going to other factors (endogenous latent variables) preceded by other variables. The algorithmic analysis approach for model estimating comes after the model conceptualisation step is finished. WarpPLS Regression is a popular analytic technique in PLS-SEM using Wcost larPLS (Apuke, 2017).

Resampling concludes in the third stage. In PLS-SEM with WarpPLS, resampling has two methods: boosting and jackknifing. In bootstrapping, the complete sample from the beginning is used, while in jackknifing, subsamples of the original sample are clustered together. In structural equation modelling, ramping is the most used method. The inner model in PLS-SEM is the product of the structural Model Development (path diagram model) stage (Hair et al., 2017). Figure 1 depicts the association between the latent variables of Market Orientation, Cost Leadership Techniques, and Strategic Management Accounting (SMA).

Hypothesis Development. Market orientations successfully demonstrated that customer orientation affects SMEs' performance and that the interplay of entrepreneurial strategy amplifies this impact. Furthermore, enhancing the performance of SMEs is independent of the relationship between entrepreneurial approach and orientation (Sarwoko et al., 2023). Regardless of the market's orientation, these businesses use the prospector approach, which enables performance enhancements. However, the market's orientation can only partially improve the performance of small companies (Ngo, 2021).

H1: Market orientation impacts SMA practice –Competitor Accounting in Village Owned Enterprises in Indonesia.

The organisational strategy must be implemented in management accounting practice. By offering product or service features compatible with the client's needs, management accountants help create value for the consumer. According to (Sriyono, 2020), market orientation significantly affects how heavily private Indonesian institutions apply the SMA Strategic Costing Technique. Companies that improve have a strategic connection between their business-government relations goal and structure. According to the research of (Astuti et al., 2020), competitive advantage has been influenced by competitor accounting, the performance of an organisation is unaffected by competitor accounting, the organisational success can be affected by competitive advantage, and factors affecting competitive advantage can moderate the link between competitor accounting and organisational performance. Research by (Hadits et al., 2022) shows that a brand can significantly benefit from its firm competitiveness by expanding its revenue and gaining advantages that its rivals cannot match. Implementing cost leadership can

increase the efficiency of operating expenses, inventory management, and raw material utilisation by implementing cost leadership techniques (Nurdini et al., 2022).

H2: Cost Leadership Strategy impacts SMA practice–Competitor Accounting in Village-Owned Enterprises in Indonesia.

The findings of (Taghvaei & Talebi, 2023) and (Navia et al., 2023) show a strong and positive correlation between market orientation and economic success. Additionally, market-oriented businesses deliver higher new product performance in a volatile market. Research from (Nugroho, 2023) contends that market orientation, networking, and an entrepreneurial mindset can help small company owners increase the performance of their enterprises. Small company owners who exhibit these traits are more likely to develop novel goods or services, forge connections with suppliers and clients, and move swiftly in the face of shifting client preferences. To increase the success of their firm, small business owners should spend time growing their EO expertise, networks, and market orientation.

H3: Market orientation impacts SMA practice-Customer Accounting in Village Owned Enterprises in Indonesia.

According to the study's findings by (Restiana, 2022), cost leadership, differentiation, and focus strategies all significantly and favourably affect how well a firm does. The differentiation strategy has the most sway compared to the other two tactics. Cost leadership strategy, a key component of financial performance, is characterised by relatively low prices for goods and services, bulk purchases of inputs, routine training of staff in the efficient use of resources, adoption of a lean approach in banking operations and processes, and routine evaluation of banking operations to ensure efficiency (Wambaka, 2022). Research conducted by (Kimiti et al., 2020) explains that cost leadership in a company can be implemented with three drivers: economies of scale, economies of scope, and operational efficiency.

H4: Cost Leadership Strategy impacts SMA practice - Customer Accounting in Village-Owned Enterprises in Indonesia.

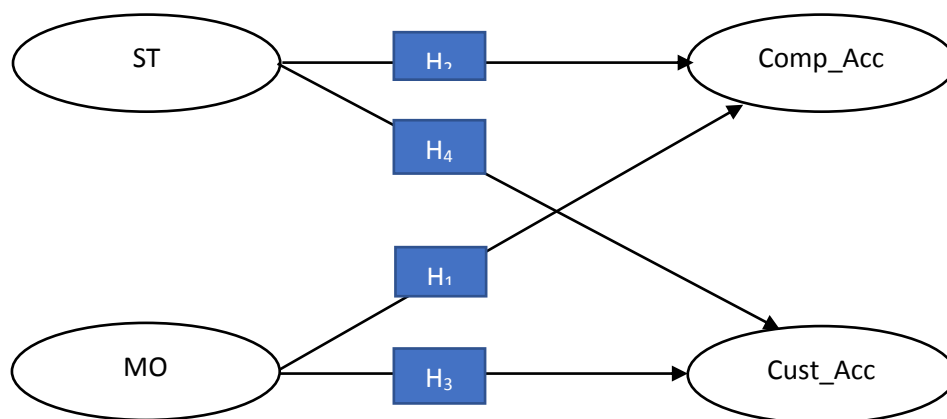


Figure 1. Hypothesis Framework
 Sources: Processed

METHODS

Strategic Management Accounting can be identified through organisational structure, resources, information, and climate. These four make up the new aspects that make up the conceptual and operational aspects of Strategic Management Accounting because these factors cannot stand alone and separate from the organisation (Alamri, 2019). SMA Practice-Competitor Accounting This practice helps plan a strategy, decision-making, and monitoring since it is competitor-focused and externally oriented. For those creating strategies, information provided by rivals is a valuable source of information. SMA Practice-Customer Accounting is fundamentally oriented, values customer relationships, and works towards enhancing strategy formulation, pricing, and resource management strategies associated with goods development and marketing. SMA Practice-Competitor Accounting and SMA Practice-Customer Accounting measured through measuring.

The type of strategy is the one that the company elects to employ, and in this study, the type of strategy is determined using Strategies type Cost Leadership as an example. A "cost leadership strategy" emphasises producing standardised goods and services at a relatively low cost per unit for pricing- or tariff-discerning customers. Market orientation is the most successful corporate culture that generates actions that offer the most beneficial outcomes for clients and produce superior results for businesses. Customer orientation customer focus, customer-led, customer-focused, and customer-oriented are often used interchangeably. Other frequently used interchangeable terms include marketing orientation and the marketing notion. When addressing market orientation, researchers must be cautious in their chosen language. The words that most accurately describe the realm of a market orientation should be chosen and used (Dursun & Kilic, 2017).

Table 1. Definition Operational

Variable	Operational Definition	Indicator
Strategic Management Accounting	Costing techniques using Strategic Management Accounting can be influenced by market orientation, which is influenced by the strategy used, while organisational size does not have a significant effect (Sriyono et al., 2022). The company's past performance is one of the factors that influence Strategic Management Accounting techniques (Pavlatos & Kostakis, 2018)	<ol style="list-style-type: none"> 1. Assessing the effectiveness of BUMDes in comparison to other BUMDes based on Presidential Regulation of the Republic of Indonesia No. 11 of 2021 2. Performance measurement is conducted in financial and non-financial terms 3. The costing system considers strategies to achieve a sustainable competitive advantage 4. Setting the selling price of products or services considers the quality and licensing of the product or service 5. evaluating the retail price of goods or services to that of rivals using data from the internet, brochures, the market, and other sources. 6. We are conducting assessments and monitoring of competitors to determine competitive advantages. 7. Based on client evaluations, we evaluate the advantages of goods and services supplied and provided.

Variable	Operational Definition	Indicator
		8. Ranking consumers depends on the volume of transactions and visits. (Sriyono, 2020)
Market Orientation	Market orientation, networking, and an entrepreneurial mindset can help small company owners increase the performance of their enterprises. Small company owners who exhibit these traits are more likely to develop novel goods or services, forge connections with suppliers and clients, and move swiftly in the face of shifting client preferences. To increase the success of their firm, small business owners should spend time growing their EO expertise, networks, and market orientation (Nugroho, 2023).	<ol style="list-style-type: none"> 1. BUMDes management has a high commitment to service and business development. 2. BUMDes management focuses on customer satisfaction 3. BUMDes management is quick in detecting customer needs 4. BUMDes management actively accepts suggestions and improvements related to development and innovation, especially to face competitors 5. BUMDes management actively receives suggestions and improvements, especially information related to business strategies and changes in competitors 6. All parts or functions within the organisation are well connected to provide excellent service to customers 7. Values within the BUMDes encourage all employees to contribute to creating added value for customers (Sriyono, 2020)
Cost Leadership	<p>A company's performance is strongly and favourably impacted by its focus, differentiation, and cost leadership strategies. Compared to the other two tactics, the differentiation strategy has the most sway (Restiana, 2023).</p> <p>Cost leadership in a company can be implemented with three drivers: economies of scale, economies of scope, and operational efficiency (Kimiti et al., 2020).</p>	<ol style="list-style-type: none"> 1. The technique for determining tariffs can summarise the better features of the item or service that benefit BUMDES. 2. All applicable cost components have been considered when estimating the costs of the goods or services that BUMDes supplies. 3. The leadership team of BUMDes provides information on and regulates production costs. 4. Estimated expenses and profits not onerous to customers determine the selling price of goods or services. 5. The asking price of goods or services is determined by the high standard of the goods or services supplied. (Sriyono, 2020)

Sources: Data Process

Data analysis technique. This research investigation uses a quantitative approach to test hypotheses and determine whether the examined variables have significant or insignificant effects (Apuke, 2017). The respondents of this research are village-owned enterprises as administrators (managers) in Indonesia. The study hypothesis is tested using Warp Partial Least Squares - SEM (WarpPLS-SEM), a data analysis tool (Hair et al., 2017). The endogenous variable is SMA practice–Competitor Accounting, and SMA practice -Customer Accounting, Market orientation, and Cost Leadership strategies are exogenous variables.

Structural Equation Modelling, or SEM, is a data analysis approach investigating the link between contingent variables, SMA, and organisational efficiency. SEM can provide a comprehensive model, confirm the dimensions of a concept or factor, and assess the impact of assumed interactions (Hair et al., 2017). SEM analysis consists of Partial Least Squares - SEM (PLS-SEM) such as Smart PLS, WarpPLS, and so on, and Covariance-based SEM (CB-SEM) such as Amos, lisrel, EQS, and so on. This study uses Partial Least Squares - SEM (PLS-SEM), which is a powerful analysis method (soft modelling) with several advantages (Hair et al., 2017). PLS-SEM can test complex research models simultaneously, PLS-SEM can analyse variables that cannot be measured directly (unobserved variables) and consider their measurement errors, PLS-SEM does not require data distribution assumptions, PLS-SEM can work efficiently with small sample sizes, and PLS-SEM can analyse reflective and formative measurement models, as well as latent variables with more than 50 indicators or only one indicator without causing identification problems.

Validity and Reliability Testing. This research conducted an initial validity and reliability test before giving the questionnaire to respondents, hoping that all instruments would be understood by the respondents later. This pilot test was also carried out to determine the validity and reliability of the instruments used and avoid the possibility of unclear or biased questions in the instrument according to respondents. Validity and reliability testing was carried out twice, namely before the questionnaire was given to the actual respondents to ensure the similarity of respondents' perceptions and understanding of the questions given in the research questionnaire, and subsequent testing when respondents who fit the criteria of this study had filled out and returned the questionnaire. This is done to be more careful and ensure the results of validity and reliability testing before the subsequent analysis stage.

Data in research will only be helpful if the instruments used to collect research data have reliability and validity. Validity testing is carried out to determine how well the research instrument can measure the concept that should be measured. Testing the validity of research instruments in the pilot project was conducted using the Pearson Bivariate correlation (Pearson Product Moment) SPSS program. This test uses a correlation matrix between instruments with indicators of an instrument said to be valid if each is less than the significance level of 0.050 (Hair et al., 2017). Reliability testing is carried out to determine the extent to which the measurements used remain consistent; the test is carried out by calculating Cronbach Alpha with an indicator that an instrument is reliable if it has a Cronbach Alpha greater than 0.500 (Hair et al., 2017).

RESULTS

The research was conducted on 51 BUMDes in Yogyakarta Special Region Province. Respondents in this study were BUMDes administrators (managers) of village-owned enterprises consisting of 36 men and 15 women. The educational background of the respondents consisted of 1 respondent with a junior high school education, 19 with a high school education, 24 with a bachelor's degree, and 7 with a master's/doctoral degree. The results of the questionnaire collection show that the BUMDes business types are diverse, namely trading and funding business units as many as 12 BUMDes, trading services business units as many as 17 BUMDes, funding business units as many as 11 BUMDes, financial and trading services business units as many as 3 BUMDes, financial



services business units as many as 2 BUMDes, and other services business units as many as 5 BUMDes. The following presents a diagram of BUMD's demographics based on the number of employees.

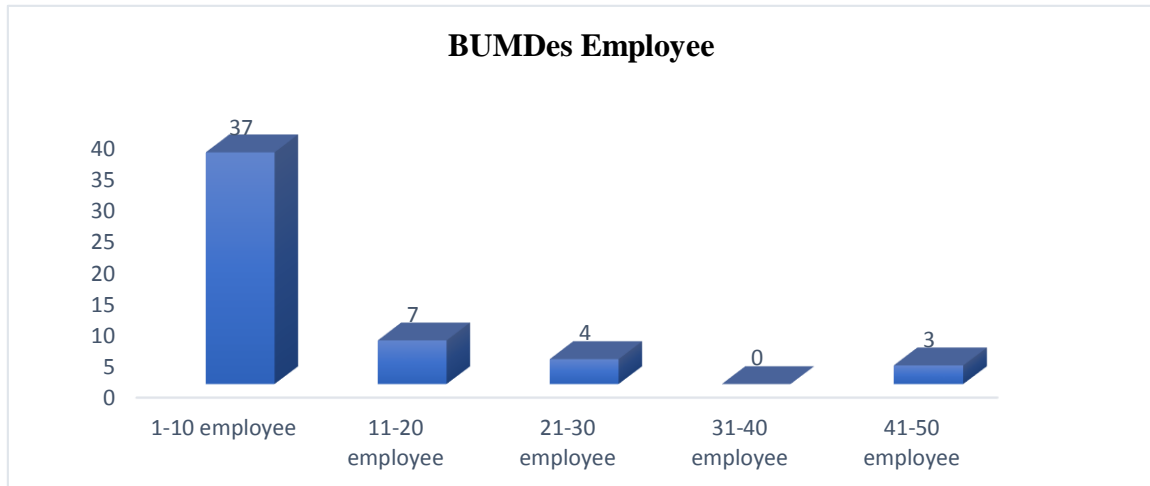


Figure 1. BUMDes Employee

Source: Primary data processed

Figure 1 provides an overview regarding the number of BUMDes employees. A total of 37 BUMDes have fewer than ten employees, 7 BUMDes have 11 to 20 employees, 7 BUMDes have 21 to 30 employees, and 3 BUMDes have 31 to 40 employees. Most BUMDes still have employees in the range of 1-10 because the BUMDes scale and size of the organisation are small. This condition shows that the establishment and existence of BUMDes opens employment opportunities for people in their respective village areas. The establishment of BUMDes can help absorb labour in the region. This has a positive impact on the region. This is also because there are few business units in BUMDes.

Services provided by BUMDes include, among others, selling as much as 18. BUMDes with services selling and leasing as much as 12. BUMDes with services leasing as much as 11. BUMDes with services financial and selling services as much as 3 BUMDes. Financial Service and leasing as many as 2 BUMDes, and with other services 5 BUMDes.



Figure 2. Composition Asset and Profit

Source: Primary data processed

In addition, data regarding the amount of asset ownership and profit earned by BUMDes was also obtained. **Figure 2** presents BUMDes data based on the amount of asset ownership and the average profit obtained by BUMDes in the last three years. Figure 2 shows that as many as 35 BUMDes in the last three years have assets in the range of IDR0-500 million and have profits between IDR0-500 million rupiah as many as 45 BUMDes. In addition, it was also found that BUMDes still does not need profits to run its daily operations.

This requirement assures that the provided data is sufficient and can be accounted for. By evaluating the outcomes of the measurement model (also known as the outer model or measurement model) and structural model estimate (also known as the inner model) in PLS-SEM utilising WarpPLS, a model may be evaluated (Hair et al., 2017). In the outer model, there are two criteria used to assess the convergent validity of a reflective construct, namely (1) loading must be above 0.700, and (2) a significant P value of less than 0.050. Convergent validity evaluation can also be seen through the average variance extracted (AVE) value with the condition that the AVE value is above 0.500. Reliability testing of research instruments is carried out through composite reliability and Cronbach's alpha, which in PLS-SEM is presented in the latent variable coefficients output. Instrument reliability is fulfilled if the composite reliability and Cronbach's alpha values exceed 0.700. The rule of thumb for evaluating the measurement of the PLS-SEM model with WarpPLS is presented in **Table 2**.

Table 2. Rule of Thumb Measurement Evaluation of the PLS-SEM Model (WarpPLS)

Validity and Reliability	Parameter	Rule of Thumb
a. Convergent Validity	a. Loading factor	More than 0.700 (Confirmatory research) and more than 0.700 (Exploratory research)
	b. The average variance extracted (AVE)	More than 0.500
b. Discriminant Validity	1. Cross loading	More than 0.700
	2. AVE square root and correlation between latent constructs	The square root of AVE is greater than the correlation between latent constructs.
c. Reliability	1. Composite Reliability	More than 0.700 (Confirmatory research) and More than 0.600 (Exploratory research)
	2. Cronbach's Alpha	More than 0.700 (Confirmatory research) and 0.600 to 0.700 (Exploratory research)

Source: (Hair et al., 2017)

Model Measurement Analysis. Most of the indicators used in this study to evaluate the construct variables had loading factors exceeding 0.500 and significance scores less than 0.050. Depending on the measurement model's results. This finding indicates that every indicator used in the study is trustworthy and can decode the construct variables when two conceptions are correlated. They do so far more strongly than when they are correlated with one another. This finding indicates that the study's instruments have high discriminant validity. On construct reliability testing, Composite reliability coefficients and Cronbach's alpha coefficients are both more than 0.700. These results suggest that the equipment used in the investigation had a respectable degree of precision, Consistency, and accuracy.

Market Orientations with Relation to Structural Model Analysis. Cost-management strategies competitor accounting with SMA and customer accounting using SMA. The next step is structural model testing (inner model). The outer model (confirmatory factor analysis) examined each construct's validity and reliability. The causal relationship model was tested using structural (inner model) testing. Market orientation cost-cutting tactics. Competitor accounting in SMA practice. And customer accounting in SMA practice. They are using a structural model (inner model). The average data on the points of view of BUM-Des executives and managers in Indonesia has been investigated.

Model fit indices for the test results in the internal structural model create a causal connection. The magnitude of the value average variance inflation factor (AVIF) of 1.306 is less than 5.000. the value average paths coefficient (APC) of 0.408 with a significance level p-value of 0.001 is less than 0.001. Along with the value average R-squared (ARS) of 0.515 with a significance level p-value above 0.001 and so forth in the Indonesian company BUM Desa (**Table 3**). The structural model of the link between market



orientation. Cost leadership strategies. SMA practice - competitor accounting. Moreover, SMA practices - customer accounting may be inferred from these data as adequate (fit). These findings show that the structural model has attained a fit (fit) to analyse the connection between constructs and testing hypotheses.

Table 3. Evaluation Results of the Fit Indices Model

Number	Indicator (Average)	Output		Criteria	Model Evaluation
		Result	P Value		
1	Path coefficient	0.408	p value less than 0.001	p value less than 0.050	Good
2	R-squared	0.515	p value less than 0.001	p value less than 0.050	Good
3	Variance inflation factor	1.306		p value less than 5.000	Good

Source: Data Process

The Structural Effects Model Examination. The outcomes of assessing the structural model's constructs for customer accounting. Competitor accounting market orientation and cost leadership strategies in Indonesian village-owned businesses are presented in **Table 4**.

Table 4. R-squared and Q-squared Structural Model Construct

Number	Construct	R-squared*	Q-squared Coefficients**
1	SMA Practice – Competitor Accounting	0.373	0.384
2	SMA Practice – Customer Accounting	0.657	0.661

* The higher the R-squared value. The better the model.

** Q-squared value must be greater than zero.

Source: Data processed from *output* NO PLS (*WardPLS 7.0*)

The SMA Practise construct -Competitor Accounting has a value of determination of 0.373. at the same time, the SMA Practise-Customer Accounting has a coefficient of determination of 0.657. According to the findings, market orientation and cost leadership strategies had a 37.300 per cent effect on SMA Practice-Competitor Accounting. Market orientation and cost-cutting tactics have a 65.700 per cent effect on SMA Practice-Customer Accounting. It can be inferred from MarkQ-squared construct endogenous values of 0.384 and 0.661 that the latent variable predictor in the structural model can predict relevance to the variable to which it is endogenous.

Table 5. Hypothesis Testing Results

Hypothesis	Variables	Path coefficients	P values	Conclusion
H1	Market orientation → SMA Practice – Competitor Accounting	0.432	Less than 0.001	Hypothesis 1 is supported
H2	Cost Leadership Strategies → SMA Practice – Competitor Accounting	0.280	0.015	Hypothesis 2 is supported
H3	Market orientation → SMA Practice – Customer Accounting	0.338	0.004	Hypothesis 3 is supported
H4	Cost Leadership Strategies → SMA Practice – Customer Accounting	0.583	Less than 0.001	Hypothesis 4 is supported.

Table 5 displays the results of testing the relationship hypothesis between Market Orientation, Cost Leadership Strategies, SMA Practices – Competitor Accounting and Village-owned Enterprise Customer Accounting in Indonesia. The test results show that the significance level (P Value) of all hypotheses testing results is less than 0.050 (**Table 5**). Thus, statistically, all research hypotheses are supported. The results of testing hypothesis 1 (H₁), which examines the effect of market orientation on the practice of SMA – Competitor Accounting in Village-Owned Enterprises in Indonesia, show that the significance level (p-value) is less than 0.001 and the path coefficients are positive 0.432 (**Table 5**). A p-value less than 0.050 indicates that, statistically, market orientation has a significant effect on the practice of SMA – Competitor Accounting in Village Owned Enterprises in Indonesia. Likewise, the results of testing hypothesis 3 (H₃), which examines the effect of market orientation on high school customer accounting practices in village-owned enterprises in Indonesia, show a significant level (p-value) of 0.004 and a positive path coefficient of 0.338 (**Table 5**).

The p-value, which is less than 0.050, indicates that, statistically, market orientation has a significant effect on the practice of SMA - Customer Accounting in Village Owned Enterprises in Indonesia. From the results of testing hypothesis 1 (H₁) and hypothesis 3 (H₃), it can be concluded that hypothesis 1 (H₁), which states market orientation has a positive effect on the practice of SMA - Competitor Accounting (H₁) and SMA - Customer Accounting (H₃) in Owned Enterprises Villages in Indonesia are supported. The positive path coefficient value is significant in managing market-oriented organisations, tending to implement SMA Competitor Accounting and Customer Accounting. These results indicate that village-owned enterprises in Indonesia focusing on the market (market orientation) will consistently and increasingly implement SMA Competitor Accounting and Customer Accounting.

The results of testing hypothesis 2 (H₂), which examines the effect of the type of strategy on the practice of SMA – Competitor Accounting in Village-Owned Enterprises in Indonesia, show a significant level (p-value) of 0.015 (smaller than 0.050) and an extensive path coefficient (path coefficients) positive 0.280 (**Table 5**). Likewise, the results of testing hypothesis 4 (H₄), which examines the effect of the type of strategy on the practice of SMA – Customer Accounting in Village-Owned Enterprises in Indonesia, shows that the significance level (p-value) is less than 0.001 and the path coefficients are



positive 0.583 (**Table 5**). The p-value, which is less than 0.05, indicates that statistically, the strategy type significantly affects the intensity of SMA implementation – Competitor Accounting and Customer Accounting in Village Owned Enterprises in Indonesia. From the results of testing hypothesis 2 (H₂) and hypothesis 4 (H₄), it can be concluded that hypothesis 2 (H₂) and hypothesis 4 (H₄), which state the type of strategy has a positive effect on the practice of SMA - Competitor Accounting (H₂) and SMA - Customer Accounting (H₄) on Village Owned Enterprises in Indonesia are supported.

Hypothesis Testing Results. **Figure 2** displays the outcomes of the causal connection test in the Indonesian BUM-Des for Market Orientation (MO). Cost Leadership Strategies (ST). High School Practise - Competitor Accounting (Comp_Acc). and SMA Practise -Customer Accounting (Cust_Acc). Based on the figure also shows the direct and indirect relationships that occur based on the results of path testing.

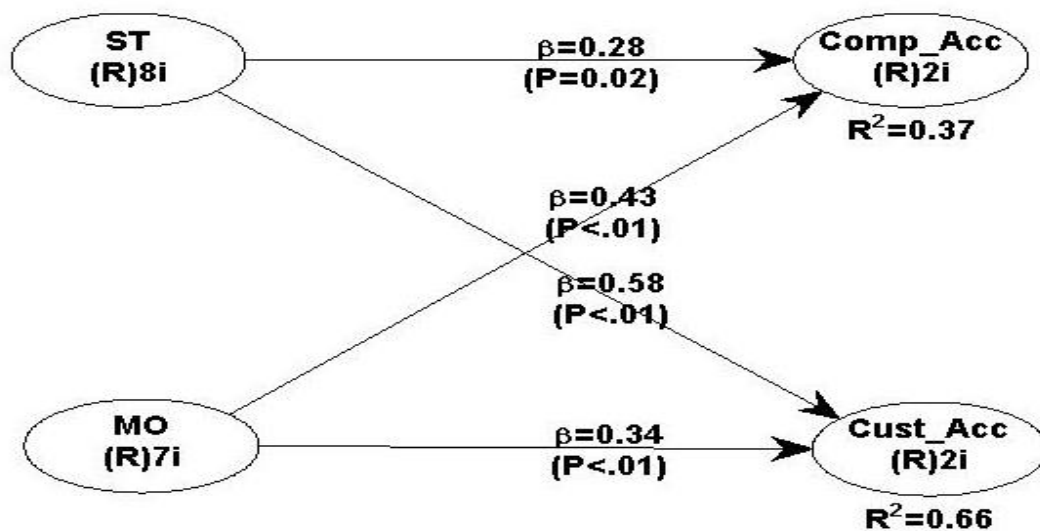


Figure 3. Research Model
 Source: Primary data Processed

DISCUSSION

The research findings on BUMDes described above are the basis for preparing the discussion in this study. First, market orientation applied with SMA about competitor accounting provides a direct and significant relationship analysed using path analysis. The results of the path analysis explain that market orientation is one of the contingent factors considered by the leaders (managers) of Village-Owned Enterprises in Indonesia in the development and intensity of the application of SMA-competitor accounting. The limited capacity and capability of BUMDes in Indonesia is currently a significant problem. These capacity limitations relate to employees regarding numbers and human resource capabilities. This results in no standardised theory that can be applied because the conditions of each BUMDes are different.

Managers' focus on customers indicates market orientation in Village-Owned Enterprises in Indonesia through (1) a good understanding of customers to create superior value on an ongoing basis so that the existence of the organisation can be guaranteed; (2) identification of the strengths, weaknesses, capabilities, and strategies of competitors, both

current and potential competitors in the short and long term; and (3) managers in Village-Owned Enterprises in Indonesia improve coordination between functions within the organisation in utilising organisational resources to create superior value for target customers. The ability of managers to implement SMA Competitor Accounting and Customer Accounting depends on the commitment to continuous evaluation and analysis by BUMDes management. The findings in this study apply not only to BUMDes but also to other public government entities. The results of this study support several previous research results (Sarwoko et al., 2023); (Ngo, 2021); (Taghvaei & Talebi, 2023); (Navia et al., 2023), and (Nugroho, 2023) that organisational market orientation is one of the factors to consider in the development and implementation of SMA Competitor Accounting and Customer Accounting.

Second, the data processing results also explain how SMA practices provide a relationship between cost leadership strategies and competitor accounting in BUMDes. Based on the results of the path analysis conducted, a direct and significant relationship between variables was found. The positive direction of the path coefficient indicates that BUMDes in Indonesia that tend to implement cost leadership strategy types are more likely to implement SMA - competitor accounting and customer accounting. In general, BUMDes in Indonesia still produces products/services that are already widely available in the market because BUMDes products are challenging to compete in. This situation causes BUMDes to attempt to implement a cost leadership strategy emphasising producing standardised products/services at a relatively low cost for price/sensitive consumers. This condition occurs due to the weak ability to innovate the products/services produced. To maintain the organisation's existence, management tends to implement a strategy emphasising producing standardised products/services at a relatively low cost per unit. This step is taken so consumers sensitive to prices/tariffs maintain loyalty—a good understanding of customers to create superior value continuously so that the organisation's existence can be guaranteed.

As previously explained, the low level of innovation BUMDes owns is influenced by limited capacity and capability. BUMDes management must have the courage to make changes by analysing the capacity and capability of the resources owned by the Village. This can be done by collaborating with the local government to develop and explore the potential resources the surrounding community owns. In addition to obtaining new products/services, the local government can find new local revenue potential. Stakeholders must be able to analyse the potential and market conditions so that the products/services created can answer and compete in the market. The results of this study support some of the results of previous studies (Sriyono, 2020); (Astuti et al., 2019), (Hadits et al., 2022), (Restiana, 2022); (Wambaka, 2022) found that there is an effect of choosing the type of strategy on the development of organisational structures and systems including secondary schools in companies.

BUMDes will succeed if every interested party contributes significantly to its sustainability. BUMDes can only run with the assistance of the Village Government and the surrounding community. BUMDes management must change its mindset from conventional to modern. The higher the attention of the management of Village-Owned Enterprises to customers, competitors, and inter-functional coordination, the higher (more frequent) the intensity of the application of Competitor Accounting and Customer Accounting. The commitment of the management of Village-Owned Enterprises in Indonesia to customer service and complaints and the faster the response to consumer

needs, the higher the level of implementation of SMA Competitor Accounting and Customer Accounting. The greater the anticipation of managers at Village-Owned Enterprises in Indonesia of competitors' actions and strategies supported by the implementation of functions in an integrated organisation that can encourage and motivate all employees to contribute to creating value for customers, the higher (frequent) the intensity of the implementation of Competitor Accounting and Customer Accounting SMA.

CONCLUSION

Based on the findings and discussion described above. It is concluded that Market orientation has a positive effect on Competitor Accounting. Cost Leadership Strategies. Market Orientation. Moreover, Cost leadership strategies in Village Owned Enterprises in Indonesia are directly and significantly related to SMA practices. Contingency theory, as the grand theory in this study, explains that no definite theory can be used absolutely and absolutely in running a business. This paper shows empirical proof that SMA Practice-Competitor Accounting and SMA Practice-Customer Accounting have been created and applied in Indonesian village-owned businesses. with implications for theory. Market Orientation and Cost Leadership techniques are considered repercussions for SMA Development operations in Indonesian Village Owned Enterprises.

These findings confirm the contingency hypothesis, which holds that no universal rules apply in all circumstances and that each situation the organisation faces requires a unique analysis. Market Orientation and Cost Leadership Strategies are Implications for SMA Development Practises in Indonesian Village Owned Enterprises. They find empirical proof of a causal link between market orientation cost leadership strategies. Strategic management accounting practice-competitor accounting. Moreover, customer accounting is essential for practitioners and researchers in this research.

The limitation of this research lies in the research object, which still uses one type of object, namely BUMDes, as a public company. Future researchers can expand the subsequent research by involving many other public companies such as hospitals, schools, foundations, or other non-profit-oriented companies. The larger the research object used, the more likely it is to find other new variables that affect Strategic Management Accounting.

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