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The Effect of Responsibility Accounting and Strategy Implementation on Organizational Performance

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ABSTRACT: *In the era of globalization, every organization or company is required to have a differentiation advantage that can be used as an additional weapon to face competitors. Companies in the face of threats and challenges that arise can implement the right strategy that aligns with the core advantages. The purpose of this study is to examine and analyze the effect of the implementation of responsibility accounting and strategy on organizational performance. The population of this research is all managers of an organization in Indonesia, amounting to 130 people. The sampling technique is carried out with a "non-probability sampling" approach with the "purposive sampling" method. The analytical model used to test the proposed hypothesis is multiple linear regression by checking the compatibility of the F test model and testing the test hypothesis t. The results of the study prove that the Implementation of Responsibility Accounting and Strategy Implementation influences organizational performance. In this case, the influence is a positive influence. This positive influence implies that the organization must have responsibility for accounting and implement it in the operational activities of the organization. Also, strategies must be created and indeed implemented so that organizational performance increases and has competitive advantages.*

Keywords: *Implementation of Responsibility Accounting, Strategy Implementation, Organizational Performance.*

INTRODUCTION

The organization is a collection of people who have different competencies, which are interdependent with one another, who strive to realize their shared interests, by utilizing various resources. The organization aims to create wealth; therefore, organizations can be said to be wealth-creating institutions. Sustainable wealth creation will make the organization able to provide prosperity for all parties who have an interest in the organization (Fitriyani, 2019), including among others for social benefits (Gworo, 2016). Organizations need to accept social responsibility and must participate in social cooperation.

However, in general, the objectives of a company in a competitive economy are to obtain the maximum profit under the company's growth in the long term and want maximum productivity in ensuring the survival of the company, both those engaged in services, industry, and trade. The success of a company cannot be achieved just like that, without maximum effort from the company (Ibrahim, 2018). Businesses that can be pursued by the company include determining specific goals that must be set appropriately, and the methods of achievement must be planned and implemented correctly.

Responsibility accounting information is essential information in management processes because the report emphasizes the relationship between financial news and managers who are responsible for planning and implementation (Karsam and Manurung, 2014). Control can be done by giving a role for each manager to plan income and or costs with the assets used to generate revenue that is his responsibility. This control emphasizes manager control as a profit center. Furthermore, managers present information on the realization of income and costs, according to managers who are responsible for profit center managers (Tin and Hidayat, 2012).

Logically, under these conditions, the company creates an area of responsibility and assigns managers under it to handle the area. Responsibility accounting is part of the accounting control system, which is one of the factors that support strategy implementation, while the strategy itself is a plan for achieving organizational goals (Anthony and Govindarajan, 2004).

Based on the description, the purpose of this study is, first, to examine and analyze the influence of the implementation of responsibility accounting on company performance. Second, to explore and investigate the effect of strategy implementation on company performance.

LITERATURE REVIEW

Responsibility Accounting Information

Information on responsibility accounting is the output of the Responsibility accounting system. Responsibility accounting is one of the concepts of management accounting and accounting systems that are linked and adjusted to the responsibility centers that exist within the organization (Karsam and Manurung, 2014). The Responsibility accounting system is the latest stage of development that contains ways to control production and non-production costs. In the responsibility accounting system, accounting information is associated with managers who have the authority to make that information available for responsibility to those concerned. The manager's responsibility is related to the power he has to be able to control something that is under his authority, including assets, income, and costs (Utami, 2018).

According to Mulyadi (2001, 167), assets used by a center of a Responsibility can be grouped into two groups:

1. Assets whose acquisition and use are under the authority of the central manager of the responsibility
2. Assets whose purpose is within the influence of the primary manager of responsibility are in the hands of the top manager. In this case, if the manager of the responsibility center has the authority to use it significantly, these assets are included in the class of assets controlled for the manager.

Furthermore, Mulyadi argues that the income accountability obtained by a center of responsibility is not so difficult to implement, because income is easily identified with the manager responsible for achieving it. Can or not be obtained income by a center of responsibility depends on the ability of the center of responsibility concerned. The occurrence of costs in the center of responsibility is not always as a decision taken by the manager of the center of responsibility interested. Because not all expenses that occur in a responsibility center can be controlled by the manager concerned, then in the collection and reporting of costs for each center of responsibility, it must be separated between the costs that are controlled and those that are not controlled.

Benefits of Responsibility Accounting Information

Responsibility accounting is identified as administrative accounting methods that aim to support performance control through responsibility for costs and revenues. The responsibility of expenses and income is adjusted to different levels of the organizational structure. In a transparent budget system, managerial responsibility is planned so that report control can be performed on performance compared to plans at each center of responsibility. Thus, irregularities in the procedure can be accurately determined and treated efficiently at the right time (Hanini, 2013). Therefore, the responsibility accounting system aims to, first, collect and prepare periodic reports on information about costs and revenues from each responsibility center in the company. This function is essential to do to enable higher administration in planning and controlling performance centers. Second, to record costs and income according to the center of responsibility of each manager to identify deviations in budget estimates and identify those responsible for these deviations (Tuan, 2017).

Strategy Implementation

Strategic Planning

Strategic planning is the process of deciding which programs will be implemented by the organization and the estimated amount of resources that will be allocated to each program over the next few years (Anthony and Govindarajan, 2004: 3).

Strategy Formulation

In the process of strategy formulation, management determines the ideals of the organization and creates strategic strategies for achieving those goals. The strategic planning process then takes the predetermined ideas and strategies and develops programs that will implement the strategy and achieve these goals efficiently and effectively. Documents that explain how strategic decisions will be implemented are strategic plans (Anthony and Govindarajan, 2004: 4).

Strategic Planning Process

In a company that operates following the calendar year, the strategic planning process starts in the spring and is completed in the fall, just before the annual budgeting. The method includes the following steps (Anthony and Govindarajan, 2004: 20):

1. Review and update the strategic plan from last year
2. Decide on assumptions and guidelines
3. The first explanation of the new strategy plan
4. Analysis
5. Review and approve

Organizational Performance

According to Karsam and Manurung (2014), a performance appraisal should contain performance indicators, namely, first, paying attention to each organization's activities and emphasizing the customer's perspective. Second, assessing each event using a performance measurement tool that gives an impression to the customer. Third, paying attention to all aspects of performance activities comprehensively that affect customers. Also, fourth, providing information in the form of feedback to help organizational members recognize problems and opportunities for improvement.

Performance as the results of the function of work/activity of a person or group in an organization is influenced by various factors to achieve organizational goals within a specified period. The main objective of the company is to maximize profits or wealth, especially for its shareholders, in the form of efforts to increase or maximize the market value of the company's share price. This goal is a direct line because, in practice, the goal is always influenced by decisions in the financial sector. There are several job functions related to company performance, namely corporate strategy, marketing, operations, human resources and finance (Tika, 2006: 122), namely Corporate Strategy, Marketing, Operations, Human Resources, and Finance.

Effect of Responsibility Accounting Implementation on Organizational Performance

The impact of Responsibility accounting on company performance is based on the decision theory proposed by Revered Thomas Bayes in 1763, known as Bayesian theory. The Bayes theorem is used to calculate the probability or probability of occurrence of an event based on the influence obtained from the observations. The Bayes method is one of the most widely used decision-making methods. Decision making using the Bayes Method requires information in the form of probability for each alternative that is on the problem at hand and will later produce hope value as a basis for decision making (quoted Siregar et al., 2014). Thus, with existing actions or alternatives, it can be estimated that the risks that will arise (profit or loss) or the effects of each situation that will occur in the future. The implementation of responsibility accounting is one of the factors that have a positive influence on the implementation of the company's strategy so that it has a positive effect on divisional and organizational performance.

Tin and Hidayat (2012) conducted a study on an organization of Warung Pascal Bandung to prove and analyze the effect of Responsibility accounting on the performance of profit center managers. They show that responsibility accounting has an impact on the performance of profit center managers in the area of Pascal Bandung. This result implies that proper responsibility accounting will support excellent manager performance. The results of this research are supported by Tuan's (2017) research, which reveals that responsibility accounting is an implementation that provides information for internal decision-making processes. Organizational governance is the basis for developing inner resources, increasing competitiveness, and improving the performance of companies in Vietnam. Textile and garment companies in Vietnam have built and implemented responsibility accounting to have a successful company performance. Thus, the first hypothesis is formulated as follows:

H1: Implementation of responsibility accounting affects organizational performance.

Effect of Strategy Implementation on Organizational Performance

The manager needs to build control to guarantee the strategy under the expected performance, which is a process where managers can influence other members of the organization to implement the plan. This control is following the Bayesian decision theory. The point is that the company's strategic implementation will ensure that a company has strategic control.

Anthony and Govindarajan (2004, 20) explained that the implementation of the strategy was carried out through the first stage, reviewing and updating the strategic plan from last year. Second, decide on assumptions and guidelines. Third, the first iteration of the new strategic plan. The four conducted the analysis, and finally reviewed and approved the decision in the fourth stage. Hanini (2013) proves that the implementation of strategies in responsibility accounting makes the company able to improve performance so that it can maintain a competitive advantage. Thus, the second hypothesis is formulated as follows:

H2: Implementation of strategies influences organizational performance.

RESEARCH METHODS

Operational Definition and Variable Measurement

The variables used in this study are the independent variables of responsibility accounting (X1), strategy implementation (X2), and firm performance dependent variables (Y). The measurement scale used is the interval scale with the type of Semantic Differential measurement scale where this scale is arranged in a continuum with very positive answers on the right and the negative is on the left or vice versa.

Data Quality Test

Test of Validity and Reliability

Validity Test is conducted to determine the extent to which a measuring instrument (questionnaire) measures what is desired. Valid or not the measuring device can be tested by correlating between the scores of each question with the total score of the sum of all question scores. Test Reliability is a tool used to measure a questionnaire, which is an indicator of a variable (Adminssstatistik, 2016).

Normality test

Normality test aims to test whether, in the regression model, the dependent variable or independent variable has a normal distribution or not (Hidayat, 2013). In this study, to find out whether the data follows a normal distribution, the Kolmogorov Smirnov method was used.

Classic assumption test

In a regression equation must be BLUE (Best Linear Unbiased Estimator), meaning that decision making through the F test and t-test should not be biased. Several underlying assumptions (classical) must be fulfilled to produce a BLUE decision. Multicollinearity test aims to test whether in the regression equation found a correlation between independent variables. A good regression model should not have a relationship between independent variables. Heteroscedasticity means that the variable variance in the model is not constant (constant). Diagnosis of heteroscedasticity quantitatively in regression can be made by testing the Rank Spearman correlation. Autocorrelation means that there is a collaboration between sample members sorted by time. This assumption deviation usually appears on observations that use time series data. To diagnose in a regression model is done by testing the Durbin – Watson test value (Hidayat, 2017).

Hypothesis Analysis and Test Techniques

The analysis technique used is multiple linear regression analysis techniques, with the equation model as follows:

Y = ß0 + ß1X1 + ß2X2 + e .... (1)

Legend:
Y: Company performance
X1: Implementation of responsibility accounting
X2: Implementation of a strategy
ß0: Constants
ß1, ß2: Regression Coefficient
e: Standard error

Data collection techniques in this study used documentation techniques. The data analysis technique used in this study was multiple regression analysis techniques with the help of SPSS and a significance level of 5% (0.05). Hypothesis testing uses multiple regression analysis containing elements of the multiplication of two or more independent variables (Ghozali, 2011)

RESULTS AND DISCUSSION

Data Analysis Test, the results of testing the validity and reliability of the data, indicate that each variable in this study is valid and reliable. All research instruments have a calculated value of 0.60> 0.260, so items are valid questions. The reliability test results in Cronbach's alpha value of 0800> 0.600, so the data obtained is reliable.

For the regression model to be unbiased, testing classical assumptions are, and the results prove that the data in the research and regression models are normal and free from multicollinearity and heteroscedasticity. Test Results for Multiple Linear Regression Based on the results of testing using multiple linear regression with the help of the SPSS program the regression model was obtained as follows:

Y = 2,207 + 0,303 X1 + 0,343 X2

Where, Y = Organizational Performance, X1 = Implementation of Accountancy Accounting, and X2 = Strategy Implementation. The regression model means that:

- b0 = Constants = 2,207 If the variable applying responsibility accounting (X1) and strategy implementation (X2) is constant or equal to zero, then the value of organizational performance (Y) is 2,207.
- b1 = Regression coefficient for X1 = 0.303 Shows the magnitude of the regression coefficient for the variable implementation of responsibility accounting (X1), which is 0.303 and has a positive regression coefficient. So every increase in the variable implementation of responsibility accounting (X1) of 1 unit, can increase the value of organizational performance n (Y) of 0.303 and vice versa if there is a decrease in the variable implementation of responsibility accounting (X1) of 1 unit, can also reduce organizational performance (Y) of 0.303 assuming that the strategy implementation variable (X2) is constant.
- b2 = Regression coefficient for X2 = 0.343 Shows the magnitude of the regression coefficient for the strategy implementation variable (X2), which is 0.343 and has a positive regression coefficient. So every increase in the strategy implementation variable (X2) of 1 unit, can increase organizational performance (Y) by 0.343 and vice versa if there is a decrease in the strategy implementation

variable (X2) of 1 unit, it can reduce organizational performance (Y) by 0.343. Assuming that the variable applying responsibility accounting is constant. Model Compatibility Test to predict the accuracy of the regression models used in this study can be done using the F test.

Table 1. Anova-Test Results

Model	F	*Sig.*
$Y=2{,}207 + 0{,}303\ X_1 + 0{,}343\ X_2$	7,459	0,003

Source: Data processed

Based on the test results in table 1, it shows that the calculated F value is 7.459 with a significant level of 0.003 (table 16). Because the significance level is smaller than 0.05, the regression model produced in this study, namely: Y = 2,207 + 0,303 X1 + 0,343 X2, has been suitable for use in testing the proposed hypothesis. Hypothesis Testing Effect of Implementation of Accountancy Accounting (X1) and Strategy Implementation (X2) on Company Performance (Y) Based on the results of testing to see the effect of whether or not each variable can be explained as follows:

Table 2. Regression Test Results

Variable	t	Sig.	*R*	*R^2*
Implementation of Responsibility Accounting (X_1)	2,096	0,047	0,627	0,393
Implementation of Strategy (X_2)	2,742	0,012		

Source: Data processed

Based on the results of testing in table 2, it shows that implementation of responsibility accounting (X1) and strategy implementation (X2) on company performance (Y) have a correlation coefficient (R) of 0.627. This value shows a strong correlation between the variables of implementation of responsibility accounting (X1) and strategy implementation (X2) with company performance (Y), while the magnitude of the coefficient of determination (R2) is 0.393 which means that the variable the implementation of responsibility accounting (X1) and strategy implementation (X2) is able to explain the changes in the company performance variable (Y) of 39.3% and the remaining 60.7% is explained by other variables not discussed in this study.

Discussion

Based on the results of the research it can be proven that the Implementation of Accountancy Accounting and Strategy Implementation has an effect on the Company's Performance. In this case the influence shown by the variable applying responsibility accounting is a positive influence. It can be said that the responsibility account identifies the part of the organization that has responsibility for each goal, develops the size and target to be achieved and creates a size report by the organization or the center of responsibility. Company performance is a function of the results of work or activities that exist within the company that are influenced by internal and external factors of the organization in achieving the goals set for a certain period of time. Positive influence between the implementation of strategies and organizational performance proves that organizations should develop strategies and implement them in the company's operations. Thus, company performance can be controlled and improved to achieve competitive advantage.

Theoretically, Karsam and Manurung (2014) reveal that, first, the implementation of responsibility accounting will not work properly if it is not followed by changes in organizational processes. Organizational structure (decentralization) helps management in delegating various authorities and activities to management in units / levels below so that the organization's operations can run effectively and efficiently. Second, organizational performance can be achieved if the management control system is implemented adequately. An adequate management control system is the existence of an responsibility accounting system.

Fitriyani (2019) argues that the implementation of the strategy is done through the stages, first, Planning. Accounting information systems produce information in the form of financial information and accounting data. In planning even though accounting information data has occurred in the past (historical cost), but it is important as a starting point for planning future activities. Information that is usually most needed by management for planning is information in the future. This information can be obtained from various sources. One technique that can be used in the system to obtain information in the future is the Expert System, for example information from a marketing expert by predicting future marketing.

Second, Coordination. Coordination is a function in a company organization that requires cooperation in the form of information between parts to carry out company operations, for example coordination between production, finance and marketing. Information between parts of the company can be served by the company using a database. As explained by Jogianto, a data base system is an information system that integrates data sets that are interrelated with each other and make available to several different implementations within an organization. Furthermore, Ron Weber's explanation contained in the book Zaki Baridwan (1993) states that there are four goals that must be achieved using a data base, namely: (1) can be used together (sharebility); (2) Iavailability; (3) can be developed (Evolvability); (4) Database integrity. The use of a data base accelerates the acquisition of data or information from several parts of the organization. This will further help management coordination in the operations of the company's organization.

Third, Assessment and Control. Accounting information systems produce accounting information that comes from various parts or functions within the organization. This information is used as a basis for assessing performance (performance evaluation). Size of work performance is a clear type of information for control. Data on achievement results are collected during the operation. Periodically, information about these measurements is reported to managers who oversee a particular operational activity for the purposes of evaluating their work performance. The assessment process begins by comparing the results achieved with the plan. Based on this analysis, managers try to find answers to why the results achieved are not as planned.

This theory is supported by the results of Hanini's research (2013) and Panjaitan et al. (2018). According to Panjaitan et al. (2018), the use of management accounting information systems can help managers make decisions and overcome existing competition so that they can gain a competitive advantage. Management must gain a competitive advantage by being better than competitors in doing valuable things for customers to survive and succeed. A company needs to improve its performance so that targets can be achieved so that they can survive and develop in the face of competition.

Hanini (2013) proves that in the banking company studied in Jordan, the company has implemented responsibility accounting which includes, first, the company has clearly set the organization for each responsibility center. Second, the company has divided operational work and division of authority according to existing divisions. Third, the company has used the budget as a management control tool and performance assessment. Fourth, the company has made a report on the analysis of deviations between the budget and its relation. Fifth, the Company has used an employee compensation system based on the results of performance appraisal. The implementation of responsibility accounting makes the company able to improve performance so that it can maintain competitive advantage.

CONCLUSION

Based on the results of the study and the discussion that has been described, it can be concluded that responsibility accounting and strategy implementation affect the company's performance. Recommendations for organizations or companies based on the results of the study are, first, the management should pay attention and improve the implementation of responsibility accounting in the company, so that each manager can perform the function or task of responsibility properly. Second, the company should pay attention to the implementation of responsibility accounting that has been carried out. One of the factors that gives a positive influence is the implementation of the company's strategy so that it has a positive effect on divisional and organizational performance. Third, the organization should pay attention to the implementation of the strategies that have been set by the company because it can affect the improvement of company performance. The process of strategic management for the development of long-term plans must be able to create effective management through the assessment of opportunities and environmental threats, as well as a review of the strengths and weaknesses of the company.

Although the research has been carried out as well as possible, the use of questionnaires in finding research data has limitations, namely the possibility of not the manager himself filling out the questionnaire according to the research objectives. In addition, this research was only carried out in one organization or company in Indonesia, so the results could not necessarily be generalized. Therefore, further research can do more extensive research, for example, in companies that go wild in Indonesia or in other countries.

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