

STRATEGIC MANAGEMENT ACCOUNTING AND UNIVERSITY PERFORMANCE: A CRITICAL REVIEW

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ABSTRACT

This article reviews and criticizes research on the relationship between strategic management accounting and university performance. Strategic management accounting research is a series of processes or plans in achieving the goals and objectives and allocating resources from a college organization. The focus of article research in the last ten years, from 2009 to 2018, and before 2013 the theme of the research was the suitability between strategic management accounting design and university performance, including the suitability and effectiveness of performance measurement, intellectual capital, control systems, control, performance evaluation, graduate competency, and evaluation of performance measurement systems. On the other hand, research after 2013 has more complex characterization. The theme of emerging research focuses on the role of strategic management accounting in improving university performance through comprehensive intellectual capital, conformity of financial statements, stakeholder behavior, quality management system and balanced scorecard approach, as well as integrating various steps to enable the achievement of university performance. It can be concluded that our knowledge of the relationship between strategic management accounting and university performance is still limited. This article complements the outline of methodological constraints and areas for future research.

Keywords: Strategic Management Accounting, University Performance, Critical Review.

INTRODUCTION

In the past 10 years, there has been an increasing interest in research on the relationship between strategic management accounting (SMA) and performance. Many researchers rely on the premise that SMA must be adapted explicitly to support business processes to enhance competitive advantage and drive performance (Cadez & Groff, 2017; Marlina et al., 2018). There is evidence that high organizational performance can result from matching behavior of stakeholders, business processes, internal structures and performance measurement systems (Cristine, 2018; El Kelety, 2006; Zusmelia et al., 2019). SMA includes strategic costing, strategic planning, control and performance management, strategic decision making, accounting competitor and customer accounting.

The term of strategic management accounting (SMA) was known since the beginning (Cadez et al., 2017), but research in university about this has not been done much. In university, it was only conducted in Minelli et al., 2008, namely about the system of control, control and evaluation. After that, it was about performance managers, intellectual capital and improving the performance measurement system (Azhar & Rahman, 2009; Corral & Sriborisutsakul, 2010). This is surprising considering that the reforms in the field of education have started since the 1990s where the traditional management of higher education has been irrelevant. Here a limited management strategy for the sustainability of an organization is called a management accounting

strategy. Empirical research that has discussed SMA and performance has followed a contingency approach and looking for systematic relationships between specific SMA elements and university performance (Azhar & Rahman, 2009; Corral & Sriborisutsakul, 2010; Marlina et al., 2018; Maiga et al., 2015). This study uses organizational theory, resource theory, behavior and agency theory.

The purpose of this article is to review and synthesize research with the theme of strategic management accounting in universities, utilizing surveys or data archives to study the relationship between SMA and university performance from 2009 to 2018, to consider the state of knowledge in this area, explain boundaries, and suggest improvements that can be included in future studies. This article is not an in-depth literature survey because it focuses primarily on quantitative and qualitative papers that have been published in the main accounting journals.

LITERATURE REVIEW

The term of SMA was originally introduced by Lord (1996) in England, but it was not until a decade later, he gained academic relevance through the work of Bromwich (1990) and Roslender & Hartb (2003). The purpose of this new discipline can be described as *“providing and analyzing financial information on product costs in the market and competitor's cost structure and monitoring company strategy”*. SMA is usually defined as a group of techniques more than as a discipline itself (Guildinga et al., 2000 & Langfield-Smith, 2006). In one of their studies (Cadez & Guilding, 2008) identified 16 individual SMA tools grouped into five broad categories, that strategic costing; planning, control and performance measurement; accounting competitor; and costumer accounting.

Strategic management accounting in higher education institution is considered to be a non-profit organization classified as public sector management accounting. Küpper, (2013) argues that management accounting in public sector should concern on three basic criteria associated with value-for-money objectives, including economy, effectiveness, and efficiency. Küpper (2013) claims that every goal of economic activity is related to obtaining and using qualified and cheapest input factors as a matter of gaining maximum results. While effectiveness refers to the extent to which a set of predetermined goals is achieved i.e. achieving the stated goals. And efficiency is indicated by the ratio of input/output productivity. Therefore, university should manage limited resources by maximizing profits to maintain organizational sustainability in order to meet social and political objectives (Azhar & Rahman, 2009; Tatikonda & Tatikonda, 2001; Marlina et al., 2018).

The performance of higher education institution is the achievement of such institutions resulting from the process and behavior (Sar baitnil & Firdaus, 2019; Permana, 2018). According to the National Accreditation Board for Higher Education (BAN-PT) that the performance of higher education is reflected from the process carried out and assessed in seven accreditation forms standards. Moreover, the performance can also be measured by the quality, effectiveness, productivity, efficiency, innovation and quality of work life (Kurniawan et al., 2016). Improving the performance of an educational institution is expected to generate good output, in which many preparations should be taken into account including enhancing the quality of facilities, infrastructure, education/teaching, research and social community service (Ali et al., 2013; Mntonintshi & Mtembu, 2018).

METHODS

This study deploys reviewing previous related research articles which have been published on Google Scholar with the theme of Strategic Management Accounting and University Performance. A search in the google scholar database was performed with the following search string: (“*strategic management accounting*”) and (“*university performance*”). Furthermore, the relationship between strategic management accounting and university performance is reflected by analyzing the results of previous studies, which the majority of study adopt quantitative methods with a survey approach.

RESULTS AND DISCUSSION

This section contains analysis of research on the topics of strategic management and university performance. The initial normative empirical contingency studies and research are reviewed and classified by theme. Case studies have also been conducted to investigate the role of SMA in supporting and influencing strategic processes in higher education organizations (Alsharari et al., 2015; Sin et al., 2012). Many case studies use alternative frameworks such as institutional theory, structuration theory, and actor network theory originating from sociology or philosophy, while other case studies depend on organizational theory, behavior, resources and agencies. Most quantitative studies have focused on higher education strategies or competitiveness. However, since the beginning of 2009 in the operations management literature, there has been an interest in examining the way higher education strategies can be used to gain competitive advantage (Azhar & Rahman, 2009; Corral & Sriborisutsakul, 2010; Cadez et al., 2017). Normative studies and single case studies have explored the relationship between SMA and university performance (Love et al., 2017) and SMA-focused quantitative research and quality strategies, process flexibility, innovation products, and customer-focused strategies appeared at the end of 2013 (Asaad et al., 2013; Janudin & Maelah, 2016; Marlina et al., 2018).

The strategic management accounting can improve higher education institutions' performance (Cadez et al., 2017; Janudin & Maelah, 2016; Marlina et al., 2018; Ramos-Monge et al., 2017; Ozdil & Hoque, 2019 and Anuforo et al., 2019). Cadez et al. (2017) finds that Slovenia universities highlights performance evaluation strategies based on research activities that positively related to the teaching quality of lecturers. This eventually could improve performance of respective institution. A line with Janudin & Maelah (2016) & Anuforo et al. (2019) that performance measurement strategies affect the performance of higher education institutions, due to monitoring the achievement of such institutions and ultimately facilitate the achievement of organization goals. However, Ramos-Monge et al. (2017) stated that customer orientation by applying social responsibility to higher education institutions would have an impact on universities being well-known to the public so that it could improve the performance of such institutions. Furthermore, Ozdil & Hoque (2019) finds that it is important to adopt transformation of management strategies in making decisions since this affects to the improvement of institution's performance. Lastly, Marlina et al. (2018 & 2020) highlighted the role of strategic costing in an effort to manage university sources more effectively and efficiently so as to impact the improvement of performance as a whole.

CONCLUSIONS AND DIRECTIONS FOR FUTURE RESEARCH

This article aims to review and criticize research on strategic management accounting relations and university performance. Strategic management accounting research is a series of processes or plans in achieving the goals and objectives and allocating resources from a college organization. The focus of article research in the last ten years from 2009 to 2018, before 2013 is with the theme of the research about the suitability between strategic management accounting design and university performance, including the suitability and effectiveness of performance measurement, intellectual capital, control systems, control, performance evaluation, graduate competence, and evaluation of performance measurement systems. On the other hand, research after 2013 has carried out a more complex characterization. The theme of the emerging research focuses on the role of strategic management accounting in improving the performance of universities, through comprehensive intellectual capital, financial report compliance, stakeholder behavior, quality management systems and balanced approaches scorecard, and integrating various steps to enable achievement of university performance.

Research topics and methodologies can be used as a reference for future research areas. Regarding limited topic of discussion on strategic management accounting, it is still possible to develop to become a topic of future research such as strategic costing modeling, accounting competitor and customer accounting. Likewise, the performance of universities can be further developed for future research such as linkages with industry and other stakeholders because to develop higher education not only concentrates with internal parties but must open up to external parties for the development of the tertiary institution. Furthermore, this research method can still be explored more, for example using mixed methodology, experiments and literature study methods.

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