

Using Strategic Management Accounting Methods To Women-Owned Msmes Performance

Penggunaan Teknik Strategic Management Accounting Terhadap Peningkatan Kinerja UMKM Wanita

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ABSTRACT

SMA stands for strategic management accounting, which is a collection of related methods and approaches to management that can help with the integration of strategic thinking into management. The purpose of this study is to present strategic management accounting concepts and discuss how they might help women-owned MSMEs in Medan perform better. For the past thirty years, academics and professionals have found great pleasure in discussing the application of high school tools and procedures. This study integrates two scientific domains, specifically management and accounting. This study uses a quantitative, descriptive methodology. This study examines how women-owned MSMEs in Medan City function and how they apply strategic management accounting practices. The results demonstrated that MSMEs supported by IWAPI Medan City performed better when strategic management accounting procedures were implemented.

Keywords: Strategic management accounting, Technique, Performance, MSMEs; Woman

ABSTRAK

Metode dan pendekatan manajemen yang dapat membantu dengan integrasi pemikiran strategis dalam manajemen. Tujuan dari studi ini adalah untuk menyajikan konsep akuntansi manajemen strategis dan mendiskusikan bagaimana mereka dapat membantu MSME milik perempuan di Medan tampil lebih baik. Selama tiga puluh tahun terakhir, akademisi dan profesional telah menemukan kesenangan besar dalam membahas penerapan alat dan prosedur sekolah tinggi. Studi ini mengintegrasikan dua bidang ilmiah, khususnya manajemen dan akuntansi. Penelitian ini menggunakan metode deskriptif dan kuantitatif. Studi ini mengeksplorasi bagaimana MSME milik wanita di Medan City berfungsi dan bagaimana mereka menerapkan praktik akuntansi manajemen strategis. Hasilnya menunjukkan bahwa MSME yang didukung oleh IWAPI Medan City tampil lebih baik ketika prosedur akuntansi manajemen strategis diimplementasikan.

Kata Kunci: Strategic Management Accounting, Teknik, Kinerja, UMKM, Wanita

1. Introduction

The company operates in a variety of challenging and complex environmental settings these days. The company employs every strategy and resource required to thrive, hold onto its market share, and endure. As a result, the majority of firms are beginning to accept and apply diverse strategic concepts, making strategic management concepts the most crucial aspect of modern management. This may be seen in the accounting system as a whole, as the conventional accounting system falls short of giving a complete view of the performance of the company. Consequently, accounting systems are starting to incorporate strategic thinking, and it is crucial to create accounting procedures and systems that are suitable for meeting the goals

and demands of modern firms' strategic management (AlMaryani & Sadik, 2012; OYEWO & AJIBOLADE, 2019)

Strategic Management Accounting (SMAT) can be utilized to evaluate all external and internal aspects that impact a corporation. The goal of developing strategic management accounting techniques (SMAT) was to increase productivity and efficiency in business (Madhoun, 2020). MSMEs, or small and medium-sized firms, make up 99 percent of the global company population. As a result, adopting SMAT in the MSME sector is increasingly important for the advancement of the economy overall as well as for the expansion and sustainability of MSMEs. In every nation, MSMEs have played and will continue to play a significant part in industrialization, growth, development, and job opportunities (Olumide & Naveed, n.d.). Furthermore, it has now been established that globalization and technology innovation are enabling MSMEs to undergo dynamic and quick transformations. Thus, in the current dynamic era, it is imperative to implement management strategies that can boost the MSME sector's efficacy and efficiency in response to shifts in the business environment. One such strategy is the use of SMAT (Pelz, 2019).

However, MSMEs seldom change their accounting methods because they lack the necessary skills, information, or support from upper management. MSMEs also confront a number of difficulties, the most frequent of which is that supervisors and employees may wish to steer clear of novel procedures. These problems also highlight the need for SMAT's applicability in the MSME sector to be understood (OYEWO & AJIBOLADE, 2019). The purpose of this research is to examine how women-owned MSMEs in Medan are utilizing strategic management accounting strategies to enhance their performance.

The issue that has emerged thus far is that MSMEs, particularly those owned by women, seldom ever employ techniques to manage their companies. Frequently, the performance declines and the effort is short-lived. MSMEs will undoubtedly be impacted by this, particularly if the company depends on outside capital. Because of this, a unique strategy is required to enhance the performance of MSMEs, particularly those headed by women, by implementing strategic management accounting methodologies.

2. Literature Review

Strategic Management Accounting

Strategic management accounting is partly a change in management's relevance and ability to reflect the complexity of the company's environment (Hertati et al., 2021). *The strategic management accounting function is expected to provide input to employees in the form of feedback to find out the suitability of their work results with the goals to be achieved, it turns out to cause dysfunctional behavior* (Hilton, 2005) and (Hoque, 2001). Strategic management accounting is useful if it is able to play a role in helping management predict the consequences of changes that may occur on various alternative actions in various management functions such as planning, controlling and decision making (Chenhall & Langfield-Smith, 1998). Strategic management accounting plays a role in improving the ability of managers to understand the actual state of the environment and be able to identify relevant activities in the environment (Hertati et al., 2021).

MSME Performance

Performance or performance is a description of the company that shows the level of work results of a company that can be achieved in doing business or activities (Sudiantini et al., 2023). The performance of MSMEs can be interpreted as the results of work that has been achieved by MSMEs in a certain period. The results of this work have a strong relationship with the strategic objectives of the MSMEs themselves. Indicators used in measuring the performance of MSMEs: (1) Quality, according to (Bangun, 2012) Quality relates to the

fulfillment of certain requirements to produce a job or product as determined by the company; (2) Quantity, according to (Kasmir, 2016), Quantity relates to the amount produced by a person. Refers to the production produced, the number of units, or the number of activity cycles completed; (3) Cost Efficiency, according to (Kasmir, 2016: 209), cost efficiency relates to reducing costs incurred for each budgeted company activity; (4) Relationship between employees (Sudiantini et al., 2023), This indicator emphasizes more on harmony between employees and each other, or employees with superiors.

3. Research Methods

This study uses statistical inference and is quantitative in nature. The relationship between indicators and latent variables (outer model or measurement model) and the relationships between variables that ultimately test the research hypothesis (inner model or structural model) are the subjects of theoretical and empirical studies that are tested using quantitative methods on field data. With a 12-month research period, MSME Women Medan City is the research location. The study's target population consists of female Medan City MSMEs. Generally speaking, the minimum sample size is five times greater than the total number of question items examined (Hair et al., 2013), The minimum sample size guide in SEM-PLS analysis is equal to or greater than the condition (Hair et al., 2013):

- a. 10 times the largest number of formative indicators used to measure a construct
- b. 10 times the number of paths of the largest structure leading to a particular construct

This rule of thumb, known as the "5 time rule of thumb," is essentially 10 times the greatest number of arrows (paths) that can hit a PLS model latent variable. The minimal number of samples in this study is $10 \times 10 = 100$ persons due to the quantity of variable indicators created for the research design. methods for gathering data include documentation, interviews, and observation.

4. Results And Discussion

Result

Up to 100 business actors made up the sample of respondents in this study. An overview of the traits of research participants is provided below:

Table 1. Respondent Identification

Information		Sum (f)	Percentage (%)
Business Field	Food Clothing	45	45
		55	55
Total		100	100
Turnover	< Rp 25 million/month Rp	55	55
	25- 50 million / month	45	45
Total		100	100
Payment Methods	Cash Debit/Credit Card	50	50
		50	50
Total		100	100

Source: Processed primary data (2023)

The aforementioned table illustrates that the majority of participants are small-scale food enterprises (55%) that still conduct daily transactions with cash (50%).

Model of Measurement

Convergent validity, discriminant validity, and composite reliability make up the outer model.

Convergent Validity

The link between the item/indicator score and the construct score demonstrates the convergent validity of the measuring model with reflexive indicators. If an indicator's correlation value is more than 0.70, it is deemed dependable on its own. The following figure displays the structural model used in this investigation:

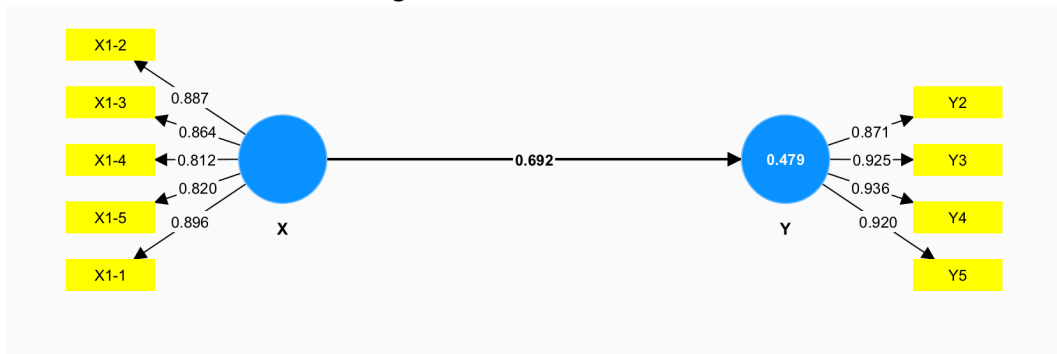


Figure 1. Convergent Validity Test Results

Source : Smart PLS Program Output, 2023

Table 2 displays the loading factor data obtained from the Smart PLS output. External Weights

	X	Y
X1-2	0.887	
X1-3	0.864	
X1-4	0.812	
X1-5	0.820	
Y2		0.871
Y3		0.925
Y4		0.936
Y5		0.920
X1-1	0.896	

Sumber : Output Program Smart PLS, 2023

Since every indication has a loading factor greater than 0.70, every indicator may be used to measure the construct.

Square Root of Average Variance Extracted (AVE)

The recommended Average Variance Extracted (AVE) value is above 0.5 (Sholihin & Ratmono, 2013). Considerable weight is given to discriminating validity if the AVE score is higher than 0.5. The study's Average Variance Extracted (AVE) value is as follows:

Table 3. Average Variance Extracted (AVE)

Variabel	Average Variance Extracted (AVE)	Information
Adoption of SMA (X)	0.734	Good
Performance Improvements (Y)	0.834	Good

Source: Data processed PLS (2023)

Table 3 above indicates that each variable in this study had an AVE value greater than 0.5, placing it in the Good group.

Discriminant Validity

The Fornell-Larcker method was used in this work to test the validity of the discriminants. A latent variable's AVE square root value is compared to the correlation value between it and other latent variables during discriminant validity testing. The following are the outcomes of the discriminant validity testing conducted in this study:

Table 4. Discriminant Validity Testing

	X	Y
X		
Y	0.928	

Source: PLS Processed Data (2023)

Table 4 demonstrates that for every latent variable, the square root value of AVE is higher than the correlation value between that latent variable and the other latent variables. Therefore, it may be said that the study satisfies the criteria for discriminant validity.

Convergent validity and composite reliability

Testing the validity and reliability of the scales used to measure latent constructs and their manifest variables thoroughly is crucial and vital, as is the assessment of measurements. Using SmartPLS software, the following values for Alfa Cronbach's value and the composite's reliability for the construction under study are determined:

Table 5. Reliability Testing based on Cronbach's Alpha (CA)

Variable	Cronbach's alpha
Adoption of SMA (X)	0.909
Performance Improvements (Y)	0.933

Source: Data processed PLS (2023)

The recommended value of Cronbach's Alpha (CA) is above 0.7 (Sholihin & Ratmono, 2013). Based on Table 5 above, all CA values > 0.7, which means that it has met the reliability requirements based on Cronbach's alpha.

Inner Mode Analysis

Model R Square

The results of the R Square test in this study are shown in Table 6 below:

Table 6. R-Square

	R Square	R Square Adjusted
Y	0.479	0.474

Source: Data processed PLS (2022)

Table 6 shows that the adoption of strategic management accounting is able to describe its effect on performance improvement by 47.9% and is categorized as moderate. The value of the coefficient for the latent variable of performance improvement (Y) is 0.479.

Testing Hypotheses (Inner Model)

The outcomes of the external model testing demonstrate that it satisfies the validity and reliability standards. Moreover, the inner model is examined, and the significance of the direct influence is tested. The path diagram for this study's inner model looks like this:

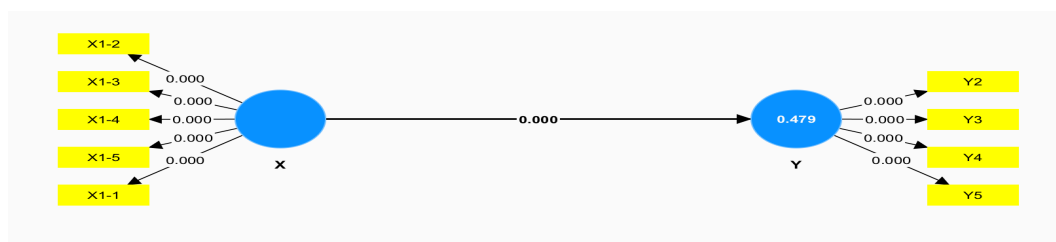


Figure 2. PLS Structural Model Results

The aforementioned findings demonstrate that, with a significance level of $0.000 < 0.05$, the implementation of strategic management accounting has an impact on enhancing the performance of women-owned micro, small, and medium-sized enterprises (MSMEs) supported by IWAPI Medan City.

Discussion

Based on the study's findings, it can be concluded that women-owned MSMEs in Medan City who receive assistance from IWAPI can perform better when they implement strategic management accounting practices. In management accounting, strategic management accounting approaches are mostly carried out by classifying customers or client groups as assets. Due to the fact that customers are a company asset that can yield benefits for the organization, this strategy is crucial to performance improvement. This was also stated by Cadez & Guilding (2008); Nik Abdullah et al. (2022) that the company's primary attention is on its loyal customers because, in the marketing world, they are seen as its most valuable assets.

5. Conclusion

The hypothesis derived from the relationship model between the adoption of strategic management accounting approaches to enhance the performance of MSMEs supported by IWAPI Medan City was tested in this study. According to this report, MSMEs can enhance their performance by implementing strategic management accounting. Productivity operates effectively and efficiently when MSMEs use SMA. Additional criteria can be developed by researchers to investigate in further detail. Since the author of this study only looked at women's MSME organizations in the city of Medan, the sample can be enlarged to the provincial or Indonesian level.

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