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Prof. Ir. Tian Belawati, M.Ed, Ph.D.  
President of International Council for Open and Distance Education

Dr. Ir. Ari Santoso, DEA  
President of ISODEL 2012  
Director of Center of Information and Communication Technology for Education





## The Effect of Alignment Strategies on UPBJJ-UT's Performance

Ali Muktiyanto <sup>1)</sup>

Lindawati Gani <sup>2)</sup>

Hilda Rossieta <sup>3)</sup>

Rini Dwiyani Hadiwidjaja <sup>4)</sup>

### Abstract

The purpose of this study is to examine the combination of management techniques and management accounting practices as mediation the context and strategic priorities that affect the performance of Distance Learning Programs Unit, Universitas Terbuka (UPBJJ-UT). Priority strategy refers to the choice of strategy Porter (1985), namely product differentiation, low cost or a combination of both. Management techniques and management accounting practices modify Chenhall & Smith (1998) include: human resource policies, systems integration, team work, innovation service system and quality system; traditional management accounting techniques, benchmarking, techniques -based activity, performance measurement-based staff, planning strategic and performance measurement of UPBJJ-UT. Context is inspired Venkatraman & Prescott (1990) include organizational factors (internal), demographics and geography (external). Through the model fit with the systems approach that recommended Van de Ven & Drazin (1985) proved that when the context and strategies that mediated management techniques and management accounting practices are not aligned then the expected positive impact on performance can not be realized. One contribution of this research is the use of structural equation models as an alternative to cluster analysis Chenhall & Smith (1998) in explaining the concept of fit with the systems approach.

*Keyword: context, fit, strategies, performance*

### Introduction

Theory contingencies implying that the best way to manage the organization, to lead, or to make decisions, is the ability aligning internal situation and external (context) which mutually dependent (contingent) for look for strategy the most precise or suited (fit) in order achieve the goal. Fit between strategy and context (external environment and organizational characteristics) has positive implications for performance (Venkatraman & Prescott, 1990). Most research on contingency (fit) is found in the private sector and very little in the public sector. Different contexts within the public sector organization requires a different approach in applying the concept of fit. Notwithstanding the use of the theories fit derived from the private sector can be a bridge to the discussion and implementation of the concept of fit in the public sector.

Reviewing the concept of fit can be through diverse angle of view. Van de Ven & Drazin (1985) argued that system approach is the whole view in the application of the concept of fit. Chenhall & Smith (1998) through a systems approach to prove the relationship of priority strategies, management techniques, and accounting management with performance in the concept of fit. Chenhall & Smith (1998) through cluster analysis, only partially proved management techniques and management accounting, which is improving existing processes, manufacturing systems and activity based techniques Innovations are an important part in achieving the performance of product differentiation on strategic priorities. Meanwhile, for prices strategic low management techniques and accounting management have many shortcomings in the application development effectiveness.

The study attempts to reexamine the study Chenhall & Smith (1998) with a different approach. First, the setting of public sector organizations, in distance learning higher

<sup>1)</sup> Head Lector of Accounting Department, Economics Faculty of UT

<sup>2)</sup> Proffesor of Accounting Department, Economics Faculty of UI

<sup>3)</sup> Head Lector of Accounting Department, Economics Faculty of Ui

<sup>4)</sup> Lector of Accounting Department, Economics Faculty of UT



education, has implications for the adjustment of the construct to the indicators or related variables. Second, the placement of a combination of management techniques and management accounting as a mediation context with the strategy and its influence on performance in an integrated system fit, implies a change in method of analysis of cluster analysis to the structural model analysis.

In addition to overcome the difficulty of the application of cluster analysis, is expected the structural model approach can be seen direct or indirect relationships between variables that are exogenous to the variables that are endogenous, and can also be seen the relationship of each indicator in each latent variable. Finally as a whole within a systems fit approach are expected may be proved the impact the alignment of context and strategies, and management techniques and management accounting practices toward performance.

However this study aims to assess the combination of management techniques and management accounting practices as mediation of the context and strategic priorities that affect the performance of the organization in setting public sector organizations, the distance learning higher education, precisely at Universitas Terbuka. Strategic priorities of the strategy led to the choice of Porter (1985), namely product differentiation, low cost or a combination of both. Management techniques and management accounting practices modify Chenhall & Smith (1998) include: human resource policies, systems integration, team work, innovation service system and quality system; traditional management accounting techniques, benchmarking, activity-based techniques, performance measurement-based staff, planning strategic and performance measurement UPBJJ-UT.

### **Frameworks & Hypothesis**

Porter (1985) states that in order to compete, organizations must have a competitive advantage through product differentiation strategy or a low cost or even variations between the two strategies (Shank, 1989, Belohlav, 1993). Differences in perspective between managerial product differentiation strategy and low price will affect the practice of management accounting (Shank, 1989), so that certain management practices and techniques may be more important, depending on the specific strategies that are emphasized. According to Hayes et.al (1988), De Meyer, et.al (1989) and Miller et.al (1992) management techniques can be classified into the ongoing process improvement, quality systems, manufacturing systems innovation, integrated systems, team-based structures, and human resource management policies. Chenhall & Smith (1998) used a systems approach through management techniques and management accounting practices to see the trend of the implementation strategy of product differentiation or low cost or combination of both. This systems approach is one of the three main approaches within the framework of the contingency (selection, interaction, and systems) that by Van de Ven & Drazin (1985) is considered an integral view of the application of the concept of fit.

As stated in advance that the fit between context and strategy have positive implications for performance. Context include the external environment and organizational characteristics such as structure, systems administration, and managerial characteristics (Venkatraman & Prescott, 1990). The results of the study Chenhall & Smith (1998) related to management techniques and management accounting practices have not really conclusive conclusions. Only a portion of management techniques and management accounting practices are important for product differentiation strategy and organizational performance, while for low cost strategy still find many weaknesses in the effectiveness.

Recent development of a systems approach considers that the understanding of the relationship context, structure and performance of an organization can provide benefits only if carried out simultaneously on various contingencies, alternative structures, and performance criteria holistically (Van de Ven & Drazin, 1985). In other words the actual



expected performance is the result of a variety of contexts alignment and the right strategy. If the effect, either directly or indirectly, in the context of performance through strategy and other structures (such as management techniques and management accounting practices) is significant and positive, then the alignment can be thought to have occurred between the context and strategy that adopted by the organization. Conversely, if the effect, either directly or indirectly, in the context against performance through strategy and other structures, negative or insignificant, it can be said yet there is alignment with the strategic and context as expected.

In the distance learning higher education setting the more interesting given the different characteristics especially in terms of goals profitability. As is known, the main purpose of distance learning higher education, including the Universitas Terbuka, not for profit but rather the effectiveness of services to the public or students through open and distance education, then the efficiency and economically (value for money, 3E). The main emphasis is on the absorption of the budget that has been established by legislation to produce the best service. Thus the performance appraisal will be very different from the assessment of performance in the private sector are generally based on financial accounting numbers. The performance appraisal of Universitas Terbuka tend to the ability to design more effective budgeting, more efficient and more economical as well as the ability to make it happen.

However, as an organization, Universitas Terbuka also can not be separated from its context as the environment, demography and geography. Universitas Terbuka also have to apply professional management and appropriate management accounting practices, particularly in the process of designing, establishing, implementing, and accountability of budget execution. Finally, Universitas Terbuka must also specify the options appropriate strategy to realize the performance of value for money. Measuring the performance of Universitas Terbuka can be directly on the performance of Universitas Terbuka as a whole or on a business unit strategic that is UPBJJ-UT. When wanted to see the performance of the services most appropriate step is to measure the level of performance on UPBJJ-UT, given UPBJJ-UT is the cutting edge of customer service to students or primary customer

Moving on from the results of the study and the thoughts of the above, one hypothesis can be stated as follows. "Management techniques and management accounting practices have a positive influence on UPBJJ-UT's performance that implementing product differentiation strategy (low cost) that fit the context".

Framework and hypotheses above can be described in the following research framework.

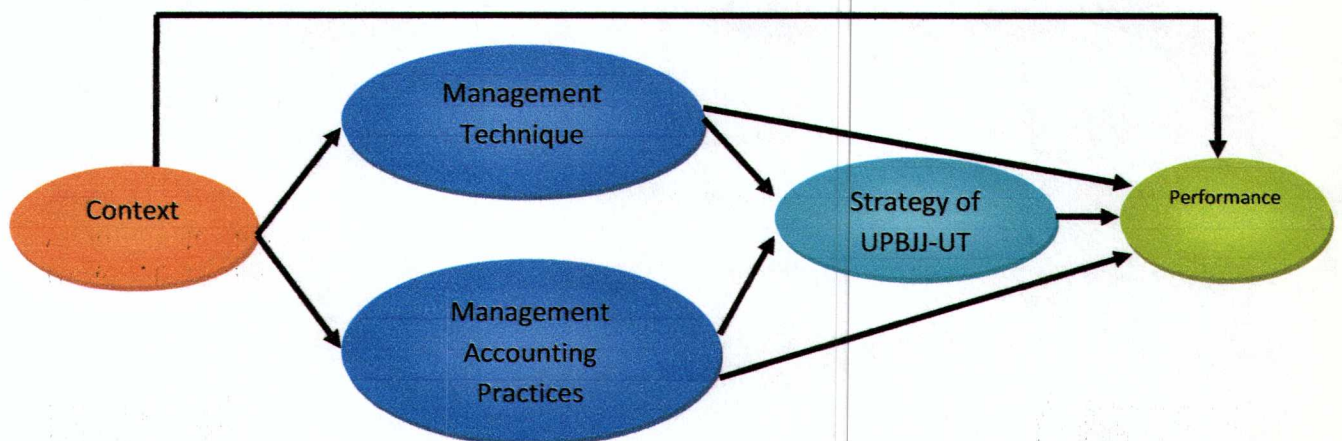


Figure 1. The Framework of The Effect Strategic Alignment toward UPBJJ-UT's Performance



## **Research Methods**

### **Sample Selection**

The study design is survey of population as research sample that is 37 UPBJJ-UT research in all 33 provinces in Indonesia. Respondents were leaders UPBJJ-UT (Head, or 1 (one) of 3 (three) that represents the underlying officials UPBJJ-UT). In anticipation of the low response rate, each UPBJJ-UT sent four copies of the questionnaire for the all leaders of UPBJJ-UT. If at the end up in one UPBJJ-UT returns more than one copy of the questionnaire, the contents of each item are summed question then averaged. Questionnaire delivery is done through various ways such as via email, see UPBJJ-UT officials concerned during a visit to the headquarters, or a colleague who visited UPBJJ-UT. If within one month since the respondent received the questionnaire did not respond, then concerned UPBJJ-UT deemed not willing to fill out questionnaires. Final response rate was 84% or as much as 31 UPBJJ-UT.

Respondents are not required to fill out name, but others are expected to complete the data as requested such as age, gender, and occupation now and work experience. The average officer who filled out questionnaires are working as civil servants over 10 years, and at least 2 years in office and is involved in the preparation, establishment, implementation and accountability of budget execution.

### **Data Types**

Research data in the form of a cross section of primary data to measure the variables of context, management techniques and accounting practices and strategies; taken through a questionnaire that was adopted and modified from Chenhall & Smith (1998). The next type of data is secondary data derived from the Report of the active students and new students, potential students, Budget Allocation, Work Plan and Budget - Work Unit (RKA-UK) and Financial Report 2008-2010 year.

### **Measurement of Constructs**

Performance variables using secondary data, namely the realization of a predetermined budget plan and the realization of student recruitment. Primary data was explored through a questionnaire. The statements in the questionnaire to explore and measure certain variables related to the hypothesis, namely: the context, management technique, management accounting practices, and strategies. Before being given to the respondent, the statements in the questionnaire was tested in advance of reliability and validity. The questionnaire is said reliable if the answer to one's statements are consistent or stable over time. A variable is said to be reliable if the Cronbach alpha value  $> 0.60$  (Nunally, 1967). The questionnaire is said valid if the questions in the questionnaire is able to reveal something that will be measured by the questionnaire (Ghozali, 2006). Reliability and validity of test results as a whole meets the criteria.

With regard to how to fill the questionnaire, respondents were asked to give an opinion on the statements in the questionnaire applied UPBJJ UT respectively in the last three year by placing  $\sqrt$  in the appropriate columns of the choice of respondents strongly disagree (score 1) to strongly agree (score 7). The statements in the questionnaire modified from the questionnaire developed by Chenhall & Smith (1998) with adjustments in the context, business processes and language that is easily understood by respondents. On strategic priorities, statements relating to the proposed indication of priority emphasis on the strategies implemented unit for 3 years, for technical management and management accounting practices, respondents were asked to demonstrate the benefits of each activity in the last three years.



Statements for the strategic priorities set out in item 10 statements (statement numbers 1-10) to address three strategic priorities, each customer service (product differentiation) 4 items, low cost / lower price 3 items, 3 items for flexibility. Statement to explore of the variables management techniques set forth in item 20 statements (statement numbers 11-30) respectively to capture the human resource policy indicators 5 items, integrated system of 5 items, cross-functional teams/ work team 2 items, internal business process innovation 4 items, and quality system 4 items. Statement to explore the variables of management accounting practices set forth in item 17 statements (statement numbers 31-47), each of the traditional accounting techniques 4 items, benchmarking 3 items, activity-based accounting techniques 2 items, staff-based performance measurement 3 items, strategic planning techniques 3 items, and performance measurement of UPBJJ-UT 2 items. The statement to explore the context was inspired by Venkatraman & Prescott (1990), among others, include the external environment and organizational characteristics such as structure, systems administration, and managerial characteristics. Context is formulated into a 5-point statements (statement numbers 48-52) to explore the three main indicators of the demographic (1 point), geography (1 point) and organization (3 points).

Thus this study consisted of 5 latent variables that context, management technique, management accounting practices, strategies, and performance. Each variable consists of several constructs. Variable context consists of three constructs, variable management technique consists of five constructs, management accounting practices consist of six constructs, and 3 constructs for variables strategy. The proxy of performance variables were budget and the number of students recruited.

### **Analysis Techniques**

Method of analysis using Structural Equation Modeling approach (SEM) with the help of LISREL Software 8.8. It is important in the operation of the SEM is the structural model and measurement model (Wijanto, 2008). Structural Model is formed by five latent variables, each acting as an exogenous variable is the context and act as an endogenous variables are a management technique (tekman), management accounting practices (pakman), strategies, and performance. Measurement model for each latent variable are as follows;

- the context(Konteks) by indicators of geography (GEO), Demographic (DEM), and Organization (ORG),
- tekman by indicators of human resource policies (KS), an integrated system (ST), teamwork (TK), business process innovation (IN), a quality assurance system (SM),
- pakman by indicators traditional accounting techniques (TAT), benchmarking (BEN), activity-based techniques (TBA), staff-based performance measurement (PKS), strategic planning (PS), performance measurement UPBJJ-UT (PK),
- strategy (Strategi) by indicators customer service (LP), lower price (LWP), and flexibility (FLE), and
- performance (Kinerja) by indicators the number of students recruited (MHS), and Actual Budget (RA).

Previous research suggests that management techniques and management accounting practices that fit with the strategy of lower price is IN, TAT, and TBA, while the remaining indicators fit with customer service strategies (Chenhall & Smith, 1998). The relationship between the variables and indicators and the relationship between latent variables can be seen from the path. Hypothesis is proven if the relationship between the latent variables directly or indirectly, a significant positive.

Overall structural model of this study are described as Figure 2.



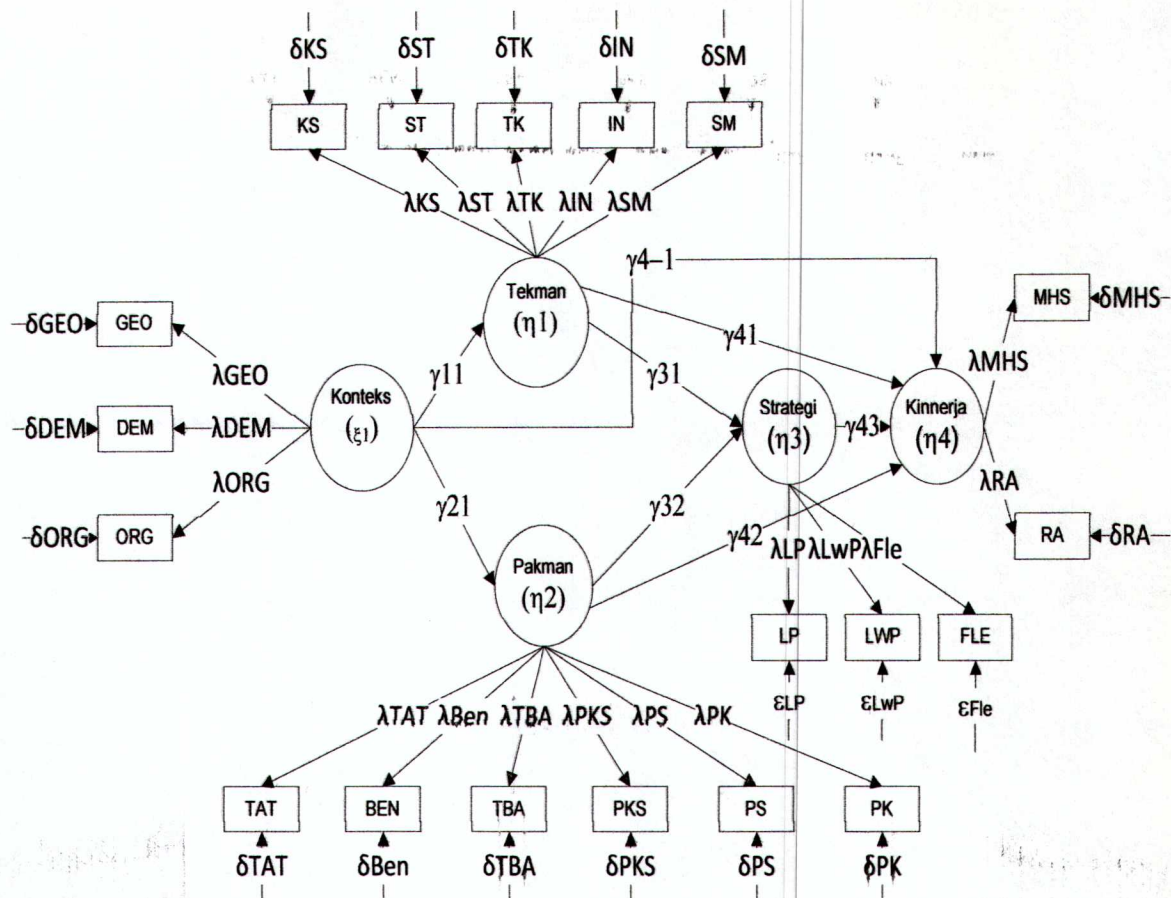


Figure 2. Structural and Measurement Model of Context and Strategic Alignment on Performance UPBJJ-UT.

The main focus is to prove the hypothesis on the structural equation as follows.

- 1)  $Tekman = \gamma_{11}Konteks + \epsilon$
- 2)  $Pakman = \gamma_{21}Konteks + \epsilon$
- 3)  $Strategi = \gamma_{31}Tekman + \gamma_{32}Pakman + \epsilon$
- 4)  $Kinerja = \gamma_1 Tekman + \gamma_2 Pakman + \gamma_{43} Strategi + \gamma_{4-1} Konteks + \epsilon$

Expected that all the estimated coefficient  $\gamma_{11}, \gamma_{21}, \gamma_{31}, \gamma_{32}, \gamma_1, \gamma_2, \gamma_{43}$ , dan  $\gamma_{4-1}$  significant positive to prove the occurrence of alignment or fit between the variables involved in the research hypothesis. In addition, to reinforce the results seen the results of direct and indirect effects of latent variables on performance.

## Results and Discussion

### Result

Table 1. presents the descriptive statistics of all construct and proxies in this study.

Table 1. Descriptive Statistics

Variable	Mean	St. Dev.	Min	Max	
<b>Priority Strategies</b>					
Diff. Product / Service customers (LP)	6.332	0.253	5.500	7.000	Lower
Price (LWP)	6.016	0.306	5.250	6.750	
Flexibility (FLE)	5.806	0.245	5.000	6.500	
<b>Management Techniques</b>					
Business process innovation (IN)	6.317	0.332	5.250	7.000	
Working Team (TK)	6.126	0.281	5.250	6.750	
HR policies (KS)	5.918	0.303	5.000	6.750	
Quality System (SM)	5.736	0.475	4.000	6.750	
Integrated system (ST)	5.639	0.535	4.000	6.750	
<b>Management Accounting Practices</b>					
Traditional Accounting Technique (TAT)	6.139	0.418	5.000	7.000	
Performance Measurement Staff (PKS)	6.094	0.442	4.500	7.000	
Activity-based techniques (TBA)	5.987	0.426	4.750	7.000	
Strategic Planning (PS)	5.980	0.371	4.500	6.750	
Performance Measurement UPBJJ-UT (PK)	5.847	0.401	4.250	7.000	
Benchmarking (BEN)	5.717	0.439	4.500	7.000	
<b>Context (Konteks)</b>					
Demographic (DEM)	6.164	0.465	4.500	7.000	
Geography (GEO)	6.132	0.543	4.000	7.000	
Organization (ORG)	5.902	0.412	4.250	6.750	
<b>Performance (Kinerja)</b>					
Students (MHS)	1.877	0.523	0.815	3.960	
Realization of the Budget (RA)	0.936	0.047	0.680	1.045	

Source: data processed, 2011

Table 1. showed that the average UPBJJ-UT directing strategic priority on customer service. Better management techniques led to the innovation of business processes, and management accounting practices to concentrate more on traditional accounting techniques, which in Chenhall & Smith (1998) considered to fit with the strategy of lower prices. Context in which most consider is the aspect of demography.

Estimation results of structural model with the Completely Standardized Solution and its t-value of each variable and indicators as well as the full path appears in Figure 3. and Figure 4. Based on Figure 3. and Figure 4, it appears that almost all indicators of the context variables are significant (t-value > 1.96). Only indicator of KS in the pakman and TAT tekman are not significant (t-value < 1.96), as well as indicators of LP on MHS on strategy and MHS indicators on performance were not significant ((t-value < 1.96). Estimate the entire path of the structural model are a positive signifikan with the largest path estimate of tekman to strategy (0.58, t-value = 2.82), with the exception of the path estimation strategy variable to the performance variable of significant negative (-0.27, t-value = 2.66) and context variables to the performance variables significantly negative (- 0:19, t-value = -6.55), and the path pakman variable to performance variable were not significant (0.05, t-value = 1.66 < 1.96).



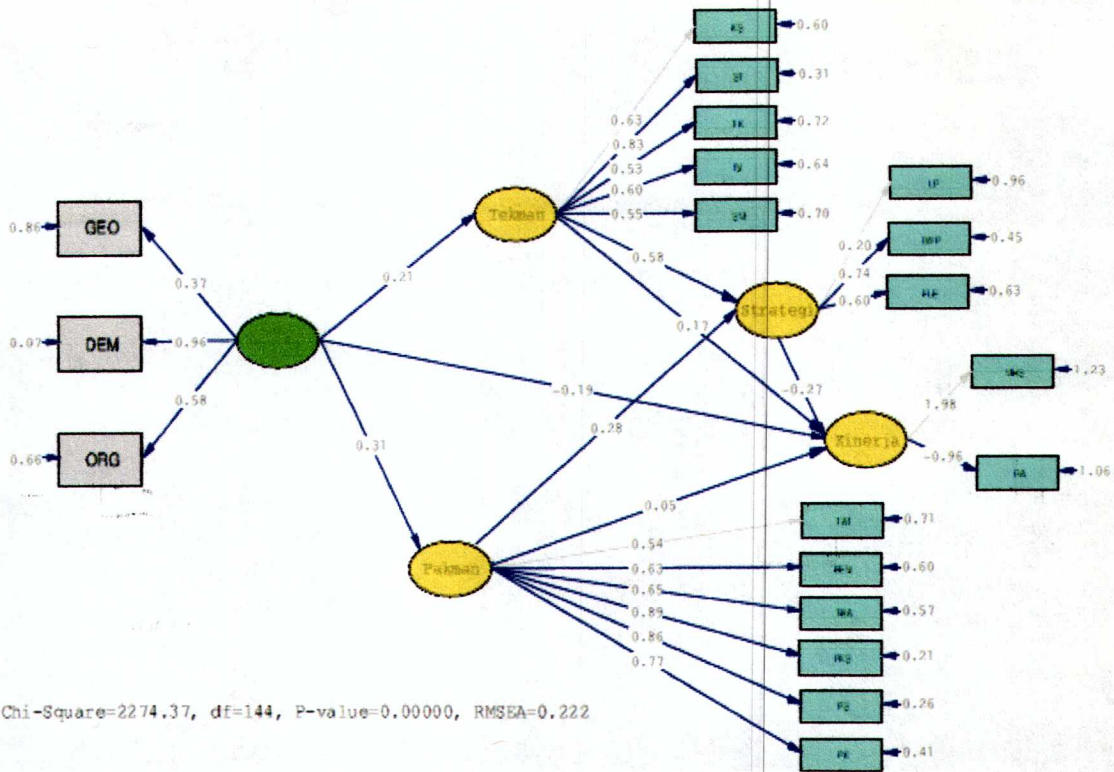


Figure 3. Estimated Completely Standardized Solution of Structural and Measurement Model

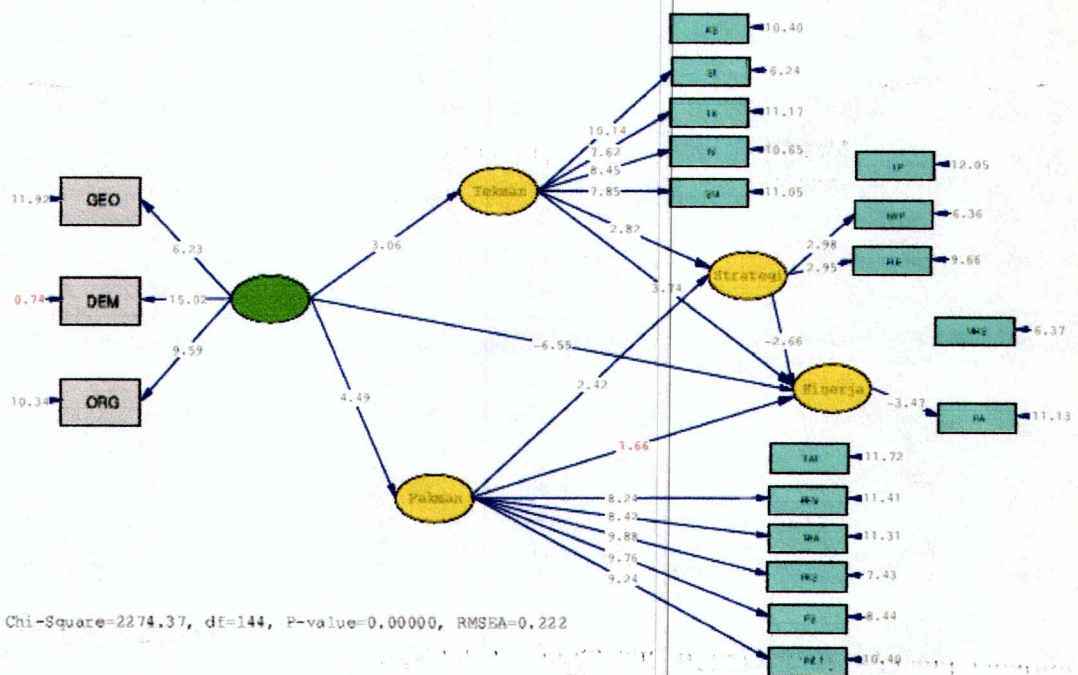


Figure 4. t-value estimates Completely Standardized Solution of Structural and Measurement Model



Overall structural model equations appear as follows.

$$1) \text{Tekman} = 0.21 * \text{Konteks}, \text{ Errorvar.} = 0.96, R^2 = 0.043$$

$$(0.068) \quad (0.17)$$

$$3.06 \quad 5.50$$

$$2) \text{Pakman} = 0.31 * \text{Konteks}, \text{ Errorvar.} = 0.90, R^2 = 0.097$$

$$(0.069) \quad (0.19)$$

$$4.49 \quad 4.80$$

$$3) \text{Strategi} = 0.58 * \text{Tekman} + 0.28 * \text{Pakman}, \text{ Errorvar.} = 0.57, R^2 = 0.43$$

$$(0.20) \quad (0.11) \quad (0.38)$$

$$2.82 \quad 2.42 \quad 1.50$$

$$4) \text{Kinerja} = 0.17 * \text{Tekman} + 0.051 * \text{Pakman} - 0.27 * \text{Strategi} - 0.19 * \text{Konteks},$$

$$\text{Errorvar.} = -0.14, R^2 = 1.00$$

$$(0.046) \quad (0.030) \quad (0.10) \quad (0.030) \quad (0.046)$$

$$3.74 \quad 1.66 \quad -2.66 \quad -6.55 \quad -3.06$$

To calculate  $R^2$  of the structural model should be substituted equation 1) and equation 2) into the equation 3) that the result appears as follows.

$$\text{Strategi} = 0.21 * \text{Konteks}, \text{ Errorvar.} = 0.96, R^2 = 0.042$$

$$(0.082)$$

$$2.50$$

$$\text{Kinerja} = -0.20 * \text{Konteks}, \text{ Errorvar.} = -0.099, R^2 = 0.059$$

$$(0.028)$$

$$-7.19$$

Thus the  $R^2$  is 6%.

## Discussion

Object of research is Universitas Terbuka with 37 UPBJJ-UT spread throughout Indonesia. In 2011 the number of students recorded more than 650,000 students. Sources of financing 10% -15% comes from the government and the rest of the community with approximately 90% were from students. The total budget allocation for the entire UPBJJ-UT about 30% of the total annual budget of Universitas Terbuka. Budget allocation to UPBJJ-UT characterized as deconcentration, which means the budget for each UPBJJ-UT is determined by the headquarter based on the ability UPBJJ-UT recruit and manage students, while the activity plan and budget submitted to UPBJJ-UT by considering the characteristics of each UPBJJ-UT such geography, demographics, and student-managed, and guided by the general cost unit. Based on a manageable number of students, each UPBJJ-UT grouped into four categories: A (large), B (upper middle), C (lower middle), and D (minor). The focus of activities UPBJJ-UT is recruiting and service to students, especially registration, study aids and exam administration. Each UPBJJ-UT has a strategic plan and annual work plans. UPBJJ-UT acting management and management accounting practices in developing, realizing, monitoring and evaluation budget.

Descriptive statistics in Table 1. give an early indication that management techniques and management accounting practices have not been aligned with strategic priorities. Management techniques on the average of the largest internal business process innovation (6.317) and management accounting practices of the largest average on traditional accounting techniques (6.139), which in Chenhall & Smith (1998) fit with a low cost strategy. Meanwhile, the average priority of the strategy precisely on the customer service strategy / product differentiation (6.332).

As shown in Table 2. ability of structural models to explain the variation changes the latent variables in explaining the performance is quite marginal ( $R^2 = 6\%$ ). The whole



indicators of context variable was significant ( $t\text{-value} > 1.96$ ). Only indicator of KS in the tekman and TAT in the pakman are not significant ( $t\text{-value} < 1.96$ ), as well as indicators of LP on strategy and on MHS performance indicators were not significant ( $t\text{-value} < 1.96$ ).

Table 2. Estimation Results of Structural Equation

Coefficient	hypthesis	Estimation value	t-value	R <sup>2</sup>	Conclusion
$\gamma_{11}$	+	0.21	3.06	4.3%	Significant Positive, Proven
$\gamma_{21}$	+	0.31	4.49	9.7%	Significant Positive, Proven
$\gamma_{31}$	+	0.58	2.82	43%	Significant Positive, Proven
$\gamma_{32}$	+	0.28	2.42		Significant Positive, Proven
$\gamma_1$	+	0.17	3.74		Significant Positive, Proven
$\gamma_2$	+	0.51	1.66		Not significant, no evidence
$\gamma_{43}$	+	-0.27	-2.66		Significant negative, no evidence
$\gamma_{4-1}$	+	-0.19	-6.55		Significant negative, no evidence
R <sup>2</sup>		5.9%			

Source: data processed, 2011

Of structural equation seems a direct relationship between the context and management techniques of positive significantly (estimated value = 0:21,  $t\text{-value} = 3.06 > 1.96$ ) with  $R^2 = 4.3\%$ , the context and management accounting practices of a significant positive (point estimate = 0.31,  $t\text{-value} = 4.49 > 1.96$ ) with  $R^2 = 9.7\%$ . Direct relationship between management techniques and strategies for positive significantly (estimated value = 0:58,  $t\text{-value} = 2.82 > 1.96$ ) and between the management accounting practices and strategies for positive significantly (estimated value = 0.28,  $t\text{-value} = 2.42 > 1.96$ ) with  $R^2 = 43\%$ . Overall relationship of latent variables on the performance showed for management accounting techniques was significant positive (point estimate = 0:17,  $t\text{-value} = 3.74 > 1.96$ ), management accounting practices was not significant (estimated value = 0051,  $t\text{-value} = 1.66 < 1.96$ ), strategy was significant negative (point estimate = -0.27,  $t\text{-value} = 2.66 > 1.96$ ), and context was significant negative (point estimate = -0.19,  $t\text{-value} = 6.55 > 1.96$ ).

Table 3. suggests that the relationship context to the strategy through management techniques and management accounting practices was significantly positive (0.21,  $t\text{-value} > 1.96$ ), while the total relationship of the context to performance, either directly or through management techniques, management accounting practices, and strategies significantly negative (-0.20,  $t\text{-value} > 1.96$ ). Direct relationship of management techniques to performance significant positive (0.17,  $t\text{-value} > 1.96$ ), while indirect relationships through strategies significantly negative (-0.16,  $t\text{-value} > 1.96$ ). Relationship to the performance of management accounting practices directly is not significant, while the indirect relationships through strategies significantly negative (-0.08,  $t\text{-value} > 1.96$ ).

Table 3. Direct Effect, Indirect Effect, and Total Effect on the Structural Model

The relationship between the variable	Total Effect	Direct Effect	Indirect Effect
Konteks → Tekman	0.21	0.21	--
Konteks → Pakman	0.31	0.31	--
Konteks → Strategi	0.21	--	0.21
Konteks → Kinerja	-0.20	-0.19	0.00
Tekman → Strategi	0.58	0.58	--
Pakman → Strategi	0.28	0.28	--
Strategy → Kinerja	-0.27	-0.27	--
Tekman → Kinerja	0.02	0.17	-0.16
Pakman → Kinerja	-0.02	0.05*	-0.08

Source: data processed, 2011, \* Not significant,  $t\text{-value} = 1.66 < 1.96$



Based on the description above findings can be summarized:

- 1) Context significant positive effect on management techniques and management accounting practices
- 2) management techniques and management accounting practices have a positive significant effect on strategy
- 3) With respect to the performance, management accounting techniques significantly positive effect, no effect of management accounting practices,
- 4) strategies and context have significant negative effect on performance.

Thus the hypothesis which states that "management techniques and management accounting practices have a positive influence on performance UPBJJ-UT that implementing product differentiation strategy (low cost) that fit the context," not proven. In other words occur misfit between the variables related so to the performance a positive relationship does not occur as expected, but quite the contrary. By system, latent variables related not form fit that enhances performance. When there is a misfit between the context with the strategy, the effect of management techniques and management accounting practices on performance through strategy was not significant or reverse direction.

Misfit between context and strategy as evidenced by (1) the relationship context to the strategy through management techniques and management accounting practices, significantly positive, but (2) the total relationship of the context to performance, either directly or indirectly through management techniques, management accounting practices, and strategies, a significant negative. Thus once again, the negative effect of management techniques and management accounting practices on performance UPBJJ-UT solely because of misfit between the context and strategy.

These results confirm the descriptive statistics in advance. Orientation strategy of the object of research is customer service or product differentiation, but in fact the management techniques and management accounting practices conducted by the UPBJJ-UT's leadership support to the strategy of lower prices. Mismatch between context and strategy through management techniques and management accounting practices have an impact on the relationship context and strategies to performance significantly negative either directly or indirectly.

### **Conclusion and Recommendations**

Through a structural equation model, this study proves that when there is misfit (unalignment) between the context, accounting techniques, management accounting practices, and strategies both directly and indirectly it will have a negative impact on organizational performance. When the desired strategic priority is product differentiation, supposedly accounting techniques and management accounting practices also are supporting the strategy, not a strategy that leads to the opposite or lower price. Thus the fit between various variables related to the successful achievement of the performance becomes very important.

Besides being able to prove the existence of misfit, this study was able to demonstrate the effectiveness of the structural equation model as an alternative to cluster analysis Chenhall & Smith (1998) in explaining the concept of fit with the systems approach. Recommendations for the object of study is to review the strategy defined orientation related to the implementation of management techniques and management accounting practices. Necessary adjustments to the strategy to the specific characteristics UPBJJ-UT and consistency management techniques and management accounting practices with the defined strategy.

Limitations of this study is the finding would not necessarily be generalized regarding the data only from one type of industry, setting the public sector (government agencies), and



of course even an object of research with branches spread all over Indonesia. Future research can be done in addition to expanding the object of research in diverse industries, research needs to be done grouping objects based on certain characteristics, such as high-performing groups, performers and low performers are.

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