



Blue Ocean Strategy: An Investigation of the Effect of Business Strategy, Information Accounting Management System, Mental Model Implementation on Managerial Performance

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The research examined the effect of business strategy and accounting management system on dependent variable with Mental Model as mediating variable on managerial JamuJago performance. The samples of this research was 66 consisting of supervisors in the accounting responsibility division of JamuJago Semarang that have been managing Accounting Management System, selected by means of judgment sampling. The hypothesis testing was conducted using Warp Partial Least Square 3.0. The partial result of the research indicated that the business strategic, accounting management system are factor that positively affect JamuJago Managerial Performance. Simultaneously, Mental Model did not mediate the relationship between business strategy and Accounting Management system toward managerial performance. Yet, business strategy has represented blue ocean strategy and Accounting Management system as partial impact to Mental Model. The positive result in business strategy gives the impact for performance manager of Jamu jago to apply business strategy upper approximate normal standard common strategy of company clearly and specifically. Accounting Management system should be used to facilitate the planning and supervision of the organization. Mental model of the operational officers do not reflect operational processes in various environments. This is due to the fact that most of the strategy has been set with the existing systems that is standardized by SOP of JamuJago, so it cannot be flexible adjustment in various environments.

Keywords: Business Strategy, Accounting Management System, Mental Model, Performance of Manager.

1. INTRODUCTION

Strategic move is a set of actions and managerial decisions that make offers products or services, a winning business and creating market. Business strategy perfect or Blue ocean followed a different logic strategy called value innovation. Value Innovation is a foot stone of blue ocean strategy. Value innovation is created in areas where the company's actions positively influence the cost structure and value proposition for the buyer. Cost savings are made by eliminating and reducing the factors that become a point of competition in the industry. In the course of time, the cost is reduced even further when the economy of scale to work after a higher sales volume due to superior value creation. Blue Ocean Strategy creates market space uncontested, create and capture new demand, and break the value exchange fees. Blue ocean strategy makes the irrelevant competition because the company adopted a strategy of creating a value leap for buyers and the company. Thus, the company opens a new market space without

competition. Value innovation occurs only when companies combine innovation with utility, price, and cost positions. Companies that create blue oceans pursue differentiation to increase buyer value and low cost simultaneously.¹

The company's strategy is useful to anticipate the challenges and opportunities of the future, but it can provide the direction and objectives of the company in the future. The strategy helps the company's top executive easier to do the task, reduce the risk, and monitor events in the company, providing information to the top management and to formulate final objectives. The manager of the companies requires business strategy to make decisions quickly, and direct the company's activities for the effectiveness of the company.

Some studies related to the business strategy have been conducted by several researchers about assessing competitive strategies for joint strike fighter.² Study about business strategy and competitive strategy have a positive and significant impact on managerial performance.³ Service process type, business strategy, life cycle stage were important component in bureaucratic

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Management Control System.⁴ Other examination about Integrative strategic performance measurement system, aggregation characteristic, broad scope system accounting management has a significant and positive effect simultaneously on strategic outcomes.⁵

All companies need accounting information used as a tool of planning, organizing, directing, controlling and as a basis for decision making. Accounting management should be able to provide information that allows managers to focus on customer value, total quality management, competency-based time and utilization of information technology.

The study in seeking of the development of mental model is attractive and right discussion. In addition, the research examined the influence of mental model to stimulate their performance.⁶ Other studies about mental model managers have an impact to optimize business strategy.

The important thing can be the difference of mental models of entrepreneurs or managers, on their interrelation with other dimensions of analysis. This study describes the purpose of the dimensions of the manager's mindset about the performance of the business. While the other research results examined those mental models as a way of thinking or image rooted in people's minds in which mental model influence people's behavior.⁷ In addition, the seven basic dimensions that can drive better mental models of entrepreneurs to a better performance of their organizations, they are: the knowledge, the ability, the mind, the linear relationship, mission and business strategy, creativity and vocation. Mental model with dimensions knowledge, mission, and business strategy, creativity, and vocation to undertake are positive related with performance of organization, and the hypotheses mental model relating to Emotional Skill dimensions, Linear Mind and Relationship were not supported by performance organization.⁷

This study attempts to extend previous studies. In addition, it adds Business Blue Ocean Strategy and model as intervening variable and only object focuses on Manager JamuJago. Implementing Blue Ocean business strategy and accounting management system report is often related to greater intellectual capital assets. However, the ways in which mental models are indicate the need for organizations to increasingly performance manager with the new Blue Ocean Strategy in the sense of valuing people, focusing process is used to create blue oceans and involves a lot of visual stimulation for the sake of open creativity on its resources.

From the above background it is needed a system that it can maintain business strategy and information accounting management system. Actors who do business strategy and use accounting management system and by describing Mental Models are expected to influence the business strategic and Accounting management system process more effective and better. This study takes the object PT JamuJago was stood since 1918. PT JamuJago strive to increased the strategy with differentiation and increased value to customers at low prices simultaneously. The traditional herbal medicine company in Indonesia such as NyonyaMeneer, Air Mancur, SidoMuncul, JamuJago compete with each other tight. Despite the onslaught of medicinal chemistry and Chinese herbal products, PT JamuJago constantly looking for innovative products according to the conditions more modern society. PT JamuJago continues to innovate in making packaging and design more attractive.

As one of the oldest and largest herbal company in Indonesia, PT JamuJago continues to improve research and development to find innovations Blue Ocean, so make the competition irrelevant. Researcher conducted to find a superior product that is herbal health Purwoceng (special herbal male to increase energy and vitality) which turned out to contain chemicals limoneria, dranet-hole, kefeat acid and anisheton.⁸ This product has a great value-added benefits and low cost. Diversification of superior products produced by PT JamuJago including BuyungUpik Herbs, Basmingin Flu, Basmurat (modern liquid herbs for gout) Purwoceng (herbs specially men to increase energy and vitality), Narwastu Aroma Therapy, Beberoosie (Cream Telon). It will be Carried out research to find empirical evidence regarding the business strategy in JamuJago Semarang.

2. EXTENSION-RULE BASED THEOREM PROVING METHOD

2.1. Contingency Theory

Contingency approach is based on the premise that there is no universally management accounting system is always appropriate to be set at, throughout the organization in all circumstances.⁹

2.2. Business Strategy

The strategy has consequences or multidivisional and multifunctional needs into account external factors and internal factors facing the company. Blue ocean strategy divides the company's strategy historically into four postures prospector, Defender, Analyzer, Reactor¹⁰ explain such us following:

Prospector, Defender, Analyzer (combination of a prospector and defender), Reactor, Blue ocean strategy.

Blue Ocean strategy make the competition irrelevant because the company adopted a strategy of creating a leap in value for buyers and companies. Thus the company opened a new market space and without competition. Value innovation occurs only when companies combine innovation with utility (benefit), price, cost positions and pursue differentiation increase buyer value and low cost simultaneously.¹

2.3. Management Accounting Information System

Management accounting information system was a system that produces output information by using the input and process management to achieve specific objectives.¹¹ Characteristics of management accounting information system was divided into four types⁵ namely: Broad scope, Timelines, Aggregated, integration.

2.4. Mental Model

Mental Models owned by managers who have high organizational commitment can constitute psychological tools in running his organization to the achievement of the expected performance.¹²

2.5. Managerial Performance

Manager's performance is a management function namely Plan, Investigation, Coordination, Evaluation, Control, Election staff, Negotiations, Representation.¹³

2.6. Hypotheses Development

Companies create blue oceans pursue differentiation to increase buyer value and low cost simultaneously.¹ Some studies

examined interaction business strategy as moderating variable accounting management, information system and performance manager. The result was that the business strategy as moderating variable has a positive and significant impact on managerial performance.³ The study on the effect managerial accounting information system to the performance manager have supported by the business strategy and decentralization as a moderator variable.⁴ Hence as reflected in the following hypothesis:

H1: Business Strategy has a significant effect on the Managerial Performance.

Managers who have broadscope management accounting information, timelines, aggregation and integration will be able to improve the performance of managers in making better planning and able to achieve the set targets. Management accounting system has a positive and significant effect on managerial performance.¹⁴ In other study stated also that the management accounting system and significant positive effect on managerial performance.⁵ From the above description, the hypothesis is stated as follows:

H2: Accounting Management Information System has a positive and significant effect on Managerial Performance.

Accounting information involved the process of developing an individual's mental and emotional feelings that provide them with ownership of their decision. Accounting information made it important to use their knowledge to develop mental model. Establishing Mental model influence implementation business strategy for increasing managerial performance. Thus, based on this point of view, we attempt to investigate the extent to which the mental model help managers in their participation on creating Business Strategy.

While the research results describe about mental models as a way of thinking or image rooted in people's minds in which mental model influence people's behavior.⁷ In addition, the seven basic dimensions that can drive better mental models of entrepreneurs to a better performance of their organizations, they are: the knowledge, the ability, the mind, the linear relationship, mission and business strategy, creativity and vocation (to undertake). The Hypothesis is stated as follows:

H3a: There is a impact between Business Strategy and Managerial Performance with Mental Model as Mediating Variable.

H3b: There is impact between the Management Accounting Information System and Managerial Performance with Mental Model as Mediating Variable.

3. THEORETICAL MODEL

3.1. Method of Data Analysis

3.1.1. Inner Model or Structural

Inner model describes the connection among latent variable. The model formulation can be written as the following:

$$\eta = \gamma BS\xi_1 + \gamma MAIS\xi_2 + \gamma MM\xi_3 + \zeta \quad (1)$$

4. DATA ANALYSIS AND DISCUSSION

The Outer model for the whole variables show reliable loading value. All variables indicated higher than 0.50 and $p \text{ sig} < 0.05$, that can be seen in Figure 1.

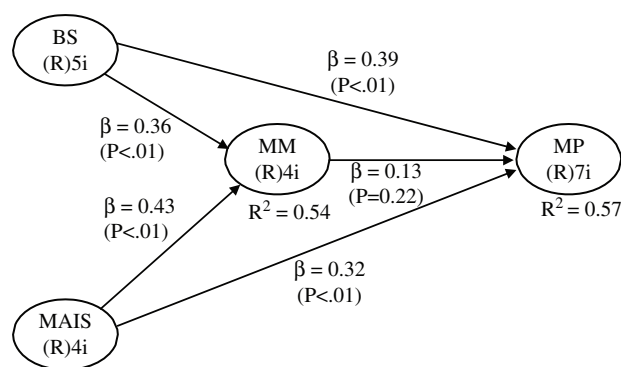


Fig. 1. The result of outer model for all variable.

4.1. Testing of Inner Model or Testing Model Structural

The R-square value is 0.57 meaning that construct variability of Managerial Performance can be explained by Construct of the Business Strategy and Management Accounting Information System, Mental Model that is 57%, whereas the rest as 43% can be affected by other variable outside the model.

5. DISCUSSION

HYPOTHESIS 1. *Business Strategy has a significant effect on the Managerial Performance.*

The output of Path coefficient and P values are presented in Table I where relationship test among the constructs can be concluded that the Business Strategy affects the Managerial Performance as 0.39 with its significance at $p < 0.01$. Hypothesis 1 is accepted. This finding supports PT JamuJago Implemented Business strategy prefector reflects Blue ocean strategy.¹ Blue ocean strategy make the irrelevant competition because PT JamuJago creates a value leap to opened a new market space such as creat, Buyung Upik herbal medicine for children, Lotion Baby and Purwocheng that very innovative without see product competition. The latest product of PT JamuJago now is telon cream in a lotion with RoosieBebe brand, because of the many demands of society at that time, PT JamuJago providing innovative products that are in great demand, namely baby oil products telon for baby lotion. In Addition, value innovation occurs when PT JamuJago combine innovation with utility. Buyung Upik for child, price cheaper, high Quality, low cost positions and people like it. Jamu-Jago create blue oceans pursue differentiation to increase buyer value and low cost simultaneously.

Table I. output path coefficient and P values.

Path coefficients	BS	MAIS	MM	MP
BS				
MAIS				
MM	0.365	0.433		
MP	0.395	0.319	0.127	
P values	BS	MAIS	MM	MP
BS				
MAIS				
MM	0.003	<0.001		
MP	0.003	0.009	0.221	

Source: Primary data processed using Wrap PLS 3.0, 2016.

HYPOTHESIS 2. *Accounting Management Information System has a positive effect on Managerial Performance.*

The result of outer and inner testing can be seen in Table I where the relationship among the constructs can be concluded that the Management Accounting Information System construct affects the Managerial Performance as 0.33 with significance at $p < 0.01$. That value can be purposed that generally second hypothesis is received. Management accounting information system on PT JamuJago always available and detail, complex (integrated), such as raw materials budget information made directly integrated to the production division and to the warehouse division. This Integrated Information to make sure that raw materials budgeted whether sufficient or less. So in this case every decision will soon be taken. In addition broadscope accounting information regarding productivity information such as low cost control with high quality products that are always available. Where the R&D team will seek out products desired by society. R&D team always providing good quality products and Financial Division always take suppression low costs. Managers can take the right decisions and quickly.¹⁴

H3a: There is a relationship between Business Strategy and Managerial Performance with Mental Model as Mediating Variable.

In Table I, Business Strategy affects the Mental Model at 0.36 with the significance at $p < 0.01$, but Mental Model does not impact Managerial Performance, the result showed coefficient 0.13 not significant because $p = 0.22$ ($p > 0.01$). That value can be interpreted that Business Strategy cannot affect Managerial Performance. When we use mediating variable Mental Model. In the path coefficient, the Hypothesis BS-MM-MP is not supported because path coefficient MM to MP is not significant (coefficient of 0.13 and $p = 0.22$).

H3b: There is relationship between the Management Accounting Information System and Managerial Performance with Mental Model as Mediating Variable.

In Table I shows that Management Accounting Information System impact on the Mental Model is at 0.43 with the significance at $p < 0.01$, but Mental Model cannot affect Managerial Performance, the result showed coefficient 0.13 not significant because $p = 0.22$ ($p > 0.01$). Mental Models do not mediate other variables because the mental model dimensions that used in this study such as the knowledge, the ability, the mind, the linear relationship, mission and business strategy, creativity and vocation is not optimal. It does not consistent to always come up with ideas of innovative products and continuously. Although PT JamuJago dominant strategy using prospector Blue ocean strategy always create different products and low cost, but is not yet

supported in an optimal mental model of the knowledge manager to always bring innovative ideas every time, because the innovative products launched only at the time of high public demand. So the manager will support innovative knowledge will only take place when launching product recently and when desirable society. Where the Manager of PT JamuJago bring innovative products when a team of R&D of PT JamuJago find a discovery products tailored to the needs of the community. Examples of the latest products of PT JamuJago now is telon cream in a lotion with Roosie Bebe brand. It faced many demands of society at that time not having telon oil products for baby lotion.

6. CONCLUSIONS

It can be generalized through the discussion and theoretical basis that Mental Model does not mediate the relationship between Business Strategy (BS) and System of Managerial Performance (MP). This is due the Manager of PT JamuJago was not always prepared for competence in generating innovative products. Because the Manager PT JamuJago only prepares continuously to bring new product when the community needs to increase. When Linear relationship is applied to the mental model of the manager, it was not work because prospector business strategy always make a difference and low cost and make broader relationship in order become superior product champion.

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