

Strategic Leadership Influence towards Competitive Positioning Through the Usage of Accounting Information System and Intellectual Capital

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This research examines the role of strategic leadership (SL) against competitive positioning (CP) through two intervening variables, intellectual capital (IC) and usage of accounting information system (usage of AIS). Data obtained from the dissemination of the questionnaire to 300 managers who work in the listed public company city of Surabaya, the result is there are 196 valid questionnaires. The data processed by using Partial Least Square (PLS), the results show that a positive relationship between strategic leadership and usage of AIS, intellectual capital, and competitive positioning. The relationship between usages of AIS against competitive positioning showed a positive relationship, while the last hypothesis is not seen a significant relationship between intellectual capitals against competitive positioning. This research also shows that the intervening variable intellectual capital (IC) and usage accounting information system (usage of AIS) cannot strengthen the relationship between strategic leadership against competitive positioning.

INTRODUCTION

According to Gill (2004) leadership is crucial and it is important that affect the success of an organization. Furthermore, Rowe (2001), revealed that the Strategic Leadership is a leadership style that able to improve the continuity of a company in the long-term through a clear vision in addition to maintaining the stability of short-term financial satisfaction levels. According to Christensen (1997) strategic leadership, defined as the capability of a person to anticipate, envision, maintain flexibility, think strategically, and co-operate with others in order to make changes to create a better future for the organization. In order to achieve the organizational vision, a strategic leadership should be supported by the resources of the company that is intellectual capital. Many experts said that the intellectual capital has a huge role in increasing the added value to an organization. Intellectual capital consists of human capital, customer capital and structural capital (Bontis, 1996). Research conducted by Bontis et al. (2000) showed that human capital and structural capital become a significant factor in improving organizational performance. With the improvement of a good organizational performance then the competitive positioning of the organization will also increase. Competitive positioning is to be possessed by every organization who wants to survive in the business competition. In organizations, the establishment of competitive positioning is derived from the company's unique advantage is not easily follow by others organizations. According to Porter (1998) in the five-force models, there are five elements that can establish competitive positioning, they are the threat of new entrants, suppliers' bargaining power, customers' bargaining power, threats of substitute products, and rivalry within the industry.

According to Soudani (2012), AIS can be used by leaders of the organization as a tool to support the transformation of the financial information as decision-making within the organization. The proper decision taken by the management would be able to increase the competitiveness of the organization, including competitive positioning. Therefore Accounting Information System and Intellectual capital are well aligned in the creation of competitive positioning existing organizations.

Research on strategic leadership has not been too much discussed, especially in Indonesia, specifically in the context of the relationship between strategic leadership with the accounting world, usage of accounting information systems and intellectual capital. This made the researchers are interested in looking beyond the role of these two variables in the relationship between strategic leadership with competitive positioning.

Strategic Leadership

According to Ireland and Hitt (2005), strategic leadership is the ability to anticipate, imagining, maintain flexibility and empower others to make the necessary strategic changes in an enterprise. Strategic leadership has six key indicators of success according to what was conceived by Ireland and Hitt (2005):

1. Determining Strategic Direction is to determine the direction of the organization's strategy by developing a long-term vision of the company. The determination of the strategy is a very important thing to be able to respond immediately to the change required by the organization.
2. Exploiting and maintaining core competencies is to developing, maintaining and further exploring of the resources owned by the organization that can be unique when compared with competitors.
3. Developing Human Capital. Human Capital can be view as an asset of the company. In terms of maximizing the work result of the human resources, the manpower should meet the criteria of the organization. Organizational development is one the way to polish the knowledge and skill of employees.
4. Sustaining an effective organization culture. Essentially, all companies have different cultures. A good leader must be able to develop and maintain good culture owned organization.
5. Emphasizing ethical practices. Ethics is an important matter which is required in a company. Strategic leader is a reflection of a leader who is effectively able to priority against ethics within the organization.
6. Establishing balanced organizational controls. The leaders in the Organization must be able to balance and controlling both the financial aspects as well as the strategic. It means that organization must keep innovating by staying in control of investment cost required to implement these innovations.

In this research, the researcher using leadership strategic indicator which adopted from Ireland and Hitt (2005), as is also widely used by other researchers (Jooste and Fourie, 2009; Kamukama 2013; and Slawinski, 2007).

Competitive Positioning

In the Competitive Positioning, Lings and Greenley (2005) explained that measurement against Competitive Positioning based on relative competitive positioning, meaning that the company's position in the competition based on the relative position of the company compared with competitors. Five forces by Porter (1998) can be applied in terms of measurement the competitive positioning of an organization, the concept consists of the intensity of rivalry, suppliers, the threat of new entry, the threat of substitution, and the bargaining power of buyers.

1. The intensity of the rivalry. The company's position in the competition will be strong if the company is able to follow the pattern of the competitor behaviour and able to follow the various strategy adopted by the competitors. Along with this, the company must also be able to compete with foreign companies that participated in the competition, companies with high competitive power will be able to maintain and expand market share and position.

2. The bargaining power of suppliers. Based on the supply chain, the position of the supplier is a party that provides the raw materials for the purpose of the company. The supplier force will be higher when less of reliable suppliers in terms of providing the raw materials needed by a company.
3. The threat of new entries. New comers will acuminated the rivalry that occurs in the market with more competitors enters the market will be divided because of a new competitor will explore the opportunity to open market, or even seize the enterprise market. The company's ability in presenting the products/services that is better than new entrants will strengthen the company to survive in the market.
4. The threat of substitution. Product replacement determines the company's position in the competition. An Increasing number of substitute products means that the probability of customers to switch to substitute products are larger, it would increase the threat forces on product substitution.
5. Bargaining power of buyers. Buyers are one of the forces that determine the position of the company in the competition. Buyer's forces will increase when buyers have many choices of business players that offer the same product or service. This means bargaining positioning buyers are stronger than sellers, therefore the company must continue to conduct innovation by creating a product and provide a unique service that it will further reduce bargaining positioning from the buyer.

In this research five components from the five forces have been applied to examine the Competitive Positioning. The concept of the five force adopted by the researchers to measure the position of the company in the company are done by Fung (2013); Kumarasinghe and Sachitra (2014); Pecotich, et al. (1999).

Intellectual Capital

According to Bontis (2000) in the research mentioned that there are three dimensional or intellectual capital indicator, which are human capital, organizational capital and social capital:

1. Human Capital. Human capital is the human resources which have an important skills for the development of the products and services within the organization, in order to compete with the competitor.
2. Organizational Capital. The second dimension is talking about the intellectual capital of the organization or embedded in the organization, such as infrastructure, technology or policy information such as hardware and software and other capital which is beneficial to increase competition organization.
3. Social Capital. This third dimension is an asset that is embedded in the form of relationships between employees, customers, suppliers, partners, alliances, and others. Social capital is generating innovation, increased productivity, service, and customer satisfaction.

This study uses indicators of intellectual capital that are based on the theory Bontis (2000) which is then developed in subsequent studies such as Choudhury (2010) or Sharabati et al. (2010).

Usage of Accounting Information System

According to Romney (2009), Accounting Information System is a process that consists of data collection, data entry and record keeping to process data into information that can be used in the decision-making process within a company. According to Hall (2011), Accounting Information System is a subsystem of both financial transactions and non financial transaction that directly impact in the financial transaction. Further Hall (2011) says there are three main subsystems in the Accounting Information System, specifically:

- Transaction processing system (TPS) is as a supporter of the daily business operations that are related to the recording of financial transactions.

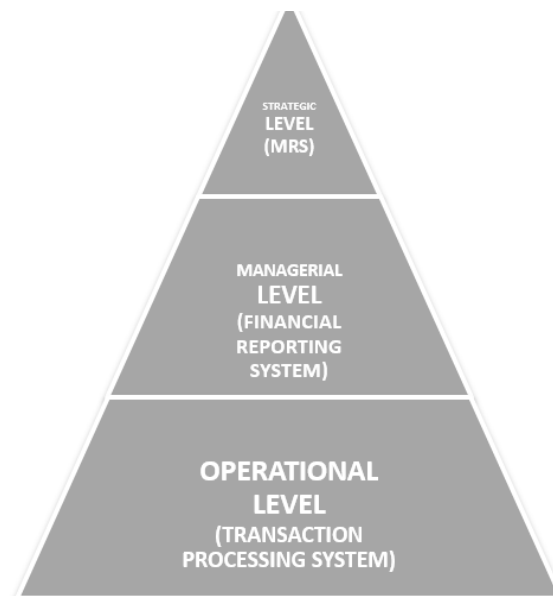
- Financial reporting system (FRS) is a system that produces the traditional financial report such as profit and loss report, balance sheets, cash flow report, rollback tax and other reports which are the requirements of the law.
- Management Reporting System (MRS) is the system that provides a more strategic report in financial, including internal information that is required in term of decision making by a company. The report is produced by MRS such as profit and loss report, budget, and others variant internal reports. MRS reporting types are also called discretionary reporting, since the management could choose information type and how to distribute the information.

According to Anthony (2007), the dimension of the use of accounting information can be divided into three levels that in accordance with the management levels of the organization:

1. Strategic Planning (Top Level Management). Strategic planning is a process to determinizing the objectives of the organization and management of the resources used to achieve those goals and the policies to regulate the acquisition of existing resources.
2. Tactical control (Middle-Level Management), is the process by which the manager ensures that the resources used for the achievement of the objectives of the organization are used effectively and efficiently.
3. Operational Control (Operational Level Management). Operational control is the process to convince management that activity and technical operational tasks are carried out effectively and efficiently.

Based on the combination of opinion between Anthony (2007) and Hall (2011), that the accounting information systems, can be visualized in pyramid model that explains more about the usefulness of accounting information system in business organizations.

**FIGURE 1
USAGE OF AIS IN ORGANIZATION**



Is expected of each organization should be able to maximize the use of existing accounting information systems, it applies not only at the operational level but also on the level of managerial strategic.

The Relationship Between Strategic Leadership Against Competitive Positioning

Based on the result of previous research already mentioned about the importance of leadership style in relation to the company performance. Ojoku et al (2012) mentioned that leadership style has close links with the organization performance. As explained above the Strategic leadership as one of leadership style type, which means that strategic leadership can also be determinant on the performance of the organization. Many researchers (Elenkov, 2005, Ireland and Hitt, 2005) saw that without the existence of an effective strategic leadership (SL) organization will not be able to achieve and maintain competitive advantages positioning. Based on it, researcher then establishes hypothesis as follows:

H1: There is a positive impact on strategic leadership towards competitive positioning

The Influence of Strategic Leadership Against Intellectual Capital

Strategic leadership has a strong relevance to the way of managing company resources. In a study conducted by Singh and Das (2007) mentioned that the resources within the company will be allocated effectively by strategic leaders. Internal Resources organization consist of tangible and intangible resources. Leadership itself is an intangible asset, also has a strong influence and impact on others intangible assets (Muller and Raich, 2005). It strengthens indications that strategic leadership as one type of leadership which also had links to resources or intellectual intangible capital (Ortiz, 2011; Memon, Mangi and Rohra, 2009). From the empirical studies that have been mentioned above, the researchers set the second hypothesis is as follows:

H2: There is a positive effect among Strategic Intellectual against Intellectual Capital

The Impact of Strategic Leadership Against Usage of Accounting Information System

Information is one of the asset parts which can be used as a core competence of the company (Hooley, 2001), therefore strategic leader will attempt to use the information system that is not only for operational level but up to the level of the strategy. This means that with the existence of strategic leadership will be able to push information to the strategic knowledge to help in making a decision and even strategic arrangement precisely (Bozdogan, 2013). Based on the research that has been described above, researchers formulate the fourth hypothesis are:

H3: There are positive effects among Strategic Leadership to Accounting Information System

The Intellectual Capital Impact Against Competitive Positioning

Jardon & Martos (2009) define that there are two types of resources, tangible and intangible which known as intellectual capital. In the further research, explained that the intellectual capital and tangible resources both are suitable to create core competencies that will enhance organizational capabilities. Organizational capabilities will help an organization to increase strategic factor. The strategic factor can be defined as an organization's ability to produce a performance as expected by stakeholders, including customers and other external parties. It will eventually be able to improve the competitive positioning to the existing organizations. Based on that the researcher specifies the fourth hypothesis as follows:

H4: There is a positive impact among intellectual capital against competitive positioning

The Relationship Within Usage of Accounting Information System and Competitive Positioning

According to Lin, et al. (2005), when an organization has the ability to apply an effective system with supported by using the correct technology support is a key factor in improving the organization's position in the competition. In research conducted by Maloni and Benton (1999), explains that the factual information is able to provide guidance in order to make a decision regarding the organization empowerment resources. It will have an impact on improving the organization's ability in competition. Information system can be used as a tool that is able to manage the strength of the competition, the

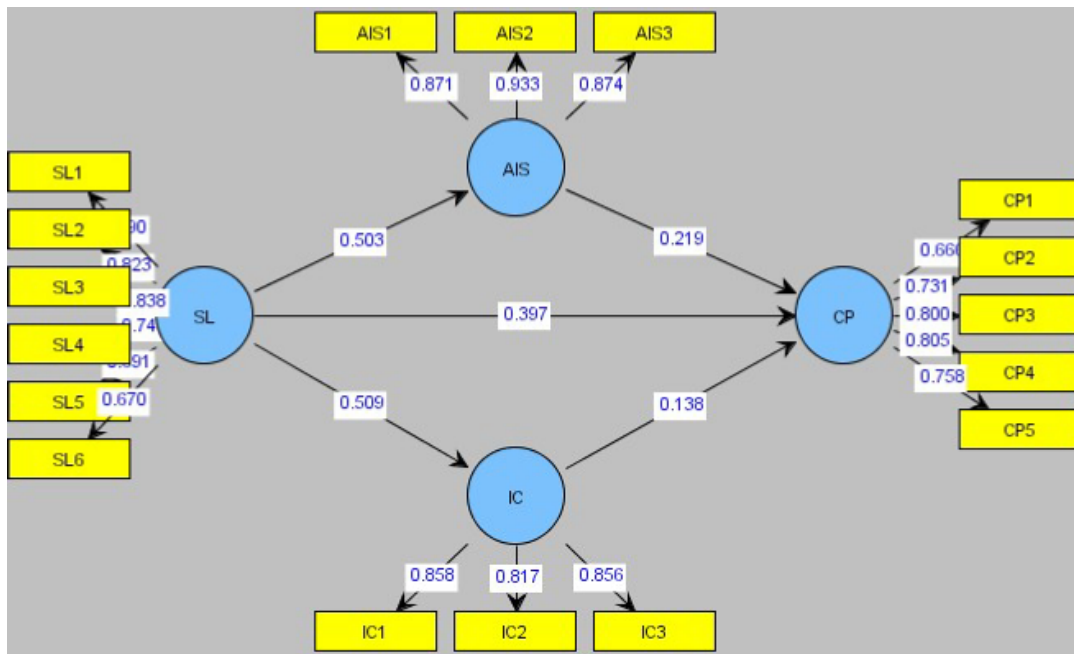
strength of the supplier, the strength of new competitor as well as the strength of the substitution product and the strength of the buyer (Pecotich, et al., 1999), therefore an appropriate and accurate information as well the use of AIS that concern on the overall level of management will be able to strengthen the company's position in the competition. Based on previous research it can be formulated as the following hypothesis:

H5: The use of SIA has positive and significant impact on Competitive Positioning

The Deliberations and Discussion

The purpose of this research was to examine the effect of the strategic leadership impact toward competitive positioning through the usage of AIS and intellectual capital. This is a quantitative research with primary data distributed to public companies in the city of Surabaya, Indonesia. The questionnaire spread to 300 managers of public companies and there are 196 valid questionnaire and meet the criteria to be processed. To examine the hypothesis of the research used Partial Least Square (PLS) analysis with SmartPLS program.

FIGURE 2
PLS OUTPUT



The result of SmartPLS process shows that the outer loading for each indicator variable strategic leadership, competitive positioning, usage of AIS and intellectual capital all have a value of more than 0.50. This means that the indicators used in this study has met the convergent validity, and therefore could be used to create a model for the study. The coefficient value which is influence from the strategic leadership against the usage of AIS is 0.503 with t-statistic 4,114 (>1,96). This shows that influence of the strategic leadership against usage of AIS is significant. The higher quality of strategic leadership within an organization, it has a real impact on the increase in usage of AIS. Therefore the first hypothesis is acceptable.

TABLE 1
T-STATISTIC FOR EACH CORRELATION

	original sample estimate	mean of subsamples	Standard deviation	T-Statistic
SL -> AIS	0.503	0.502	0.122	4.114
SL -> IC	0.509	0.541	0.103	4.940
SL -> CP	0.397	0.453	0.106	3.736
AIS -> CP	0.219	0.212	0.105	2.094
IC -> CP	0.138	0.124	0.127	1.083

As for the value of the coefficient of the influence of strategic leadership against intellectual capital is 0,509 with t-statistic 4,940 ($>1,96$). This shows the influence of strategic leadership against intellectual capital is significant. The higher the quality of strategic leadership within an organization, it impacting significantly towards improving the human quality, structural and customer capital. Therefore the second hypothesis is also acceptable. The coefficient value which is influence from strategic leadership against competitive positioning is 0,397 with t-statistic 3,736 ($>1,96$). It also shows the influence of strategic leadership towards competitive positioning is significant. The higher the quality of strategic leadership within an organization, it has the real impact on the increase in the improvement of the organization's ability to compete expressed with competitive positioning variable. Therefore the third hypothesis is also can be accepted. The fourth hypothesis, regarding the relationship between usages of AIS against variable competitive positioning, is also significant with the value of t-statistic 2,094 and coefficient value 0,219.

The last hypothesis (H5) is the coefficient value from an influence of intellectual capital toward intellectual capital is 0,138 dengan t-statistic 1,083 ($<1,96$). Therefore the fifth hypothesis is not acceptable. The quality of human, structural and customer capital within the organization that investigated this average has not been able to improve significantly the quality of competitive positioning. Since H5 is no significant, therefore the role of intervening intellectual capital variable could not be tested and it can be concluded that the intervening intellectual variable has not been able to performance well.

Based on observation regarding the role of intervening usage of AIS variable in the relationship between strategic leadership against competitive positioning, it can be concluded that it have not been too effective. It means that the usage of AIS variable has not been able to contribute to strengthening the strategic relationship between the leadership against competitive positioning. It is shown that a direct relationship with the competitive positioning of strategic leadership is 0.397 greater than the indirect relationship between strategic leadership against competitive positioning through the variable usage of AIS amounted to 0.111 ($0,509 \times 0,219$). The relationships in the statistic known as the "suppressed", which means a direct relationship is more effective compared to indirect relationship through the usage of AIS, therefore it can be concluded that the leaders of public companies in Surabaya have not achieved a maximum performance of strategic leadership related to the information systems, which means that these leaders have not able to leverage the usage of AIS role in maximizing the quality of competition existing organizations.

CONCLUSION AND SUGGESTION

This research is to examine the relationship between strategic leadership against competitive positioning through the usage of AIS and intellectual capital. This research can be useful to organizations and managers to be able to recognize how the role of strategic leadership in building competitive positioning either directly or through the usage of AIS and intellectual capital. The result of research shown that strategic leadership has a significant relationship with competitive positioning, the usage of AIS and intellectual capital. Therefore the leaders within organizations need to improve their strategic

leadership skills in order to improve the performance of organization such as the competitive positioning, the usage of AIS and intellectual capital. Besides that, should also realize that a strategic skill alone is not enough, the leader also need to train themselves in managing the use of accounting information system more effectively. This can be done through performing interventions in the form of training and coaching over the concept of the usage of accounting information within the organization. It is the same with the intellectual capital, the leaders must understand how to maximize the impact of human capital, capital structural and capital relationship against competitive positioning.

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