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COMPETITIVE STRATEGY, MANAGEMENT ACCOUNTING SYSTEM INFORMATION AND CUSTOMER-RELATED PERFORMANCE

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COMPETITIVE STRATEGY, MANAGEMENT ACCOUNTING SYSTEM INFORMATION AND CUSTOMER-RELATED PERFORMANCE

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Abstract

This study aims to analyse how competitive strategy and managerial use of the management accounting system (MAS) information may affect customer-related performance in the hotel industry. An online survey involving 116 hotel general managers (GMs) was conducted to collect data from 3- to 5-star hotels located in Indonesia. Additionally, in-depth interviews with 19 GMs were performed in order to enhance the validity of the research findings and make the discussion of the results more informative. Based on the analysis, the results revealed that managerial use of MAS information may enhance customer-related performance in the hotel industry after competitive strategy has been applied. This paper provides empirical evidence on the relationship between competitive strategy, managerial use of MAS information, and customer-related performance of hotel industry in Indonesia.

Keywords: competitive strategy, MAS information, customer-related performance

INTRODUCTION

There is a shifted of performance measures in order to capture nonfinancial indicators in the recent literatures (Kaplan and Norton 1992, Horngren et al. 2009). The reason is because using financial performance as a single perspective resulting in inability for a manager to identify other significant impact of nonfinancial factors such as market share, customer satisfaction, or product quality (Hoque 2004). Financial indicators have only focused on short-term performance (Hayes and Abernathy 1980, Hoque and James 2000). In order to complement the shortcomings of financial performance measures, academics and practitioners have advised to put focus on nonfinancial indicators (Hoque and James 2000, Khan et al. 2010). One of the most significant nonfinancial indicators is customer-related performance.

International tourism has experienced fast growth in the last decade (Freitag and Pyka 2009). Tourism industry, one of the largest...
industries in the world, is responsible for 10.2% of global GDP and 292 million jobs worldwide (World Travel and Tourism Council 2016). As an industry which prioritizes on-the-spot customer service (Winata and Mia 2005), it needs a highly skilled, trained and motivated workforce to provide high quality customer service. By having an effective and efficient interaction between staff and customer, customer may be motivated to repeat their stay at particular hotel (Patiar and Mia 2009), lead to a higher revenue. Therefore, customer-focused performance is a highly important perspective in hotel industry.

Indonesia has increasingly become an attractive destination with Bali Island as the icon of tourism in this country. This country has unique and diversity cultures, strategic location and mild weather which attracts foreign investors to establish hotels in Indonesia, resulting in a high competition. Therefore, hotels in Indonesia should apply their strategy by having their own value in order to differentiate themselves from other competitors. This becomes one reason why Indonesia’s hotel managers need to understand their competitive strategy which is a combination of policies, rules and method employed by a company to establish a profitable and sustainable position against the competitors in the industry (Porter 1980a, Zhao and He 2008b).

Though there were many studies of competitive studies had been conducted in hotel industry, most of those studies focused only on the effect of competitive strategy on company financial performance (i.e., Chatthoth and Olsen 2005, Dev and Olsen 1989, Helms et al. 1997, Miller and Dess, 1993, West and Olsen 1988). However, highly fragmented market have encouraged hotel managers to gain competitive advantage by shifting their focus to the potential of their customer base. This is particularly important for the hotel industry because hotel products and services have a high risk of being copied by competitors because these cannot be protected by patents or copyrights (Agarwal et al. 2003). Therefore, the key is to continuously innovate (Agarwal et al. 2003). Reviews on recent literatures showed that research to identify the effect of competitive strategy on hotel customer-related performance is scant. Hence, this study will fill the gap and help managers to have a better understanding of how competitive strategy may affect their hotel’s customer performance.

The implementation of competitive strategy requires hotels to use appropriate information, which be able to help managers to make appropriate decisions and improve hotel’s performance (Mia and Patiar 2001a, Patiar and Mia 2008b). This information should be able to describe accurate company internal and external business environment, provide not only internal, financial, and historical information but also include external environmental, nonfinancial and future-oriented information (Chenhall and Morris 1986; Mia 1993; Mia and Patiar 2001; Mia and Winata 2008, Patiar and Mia 2008). This information called broad scope management accounting system (MAS) information (Gordon 2000). By using MAS information, managers are likely to learn about current problems, feedback and opportunities, leading to accurate decision-making (Ferris and Haskins 1988), including decision related to customer perspective such as how to provide best service quality.

Despite the importance of customer performance in the hotel industry, a review of the customer-focused research conducted from an accounting perspective reveals a modest amount of prior work. Although there was some increase in the number of studies promoting accounting analyses based on individual customers or customer groups, the number of studies remains small (McManus 2013). Therefore, the current study would offer knowledge about how competitive strategy and the managerial use of management accounting system (MAS from henceforth) information may affect customer-related performance in the Indonesian hotel industry. Results from this paper will extend the limited research in the area of management accounting related to hotel customer-related performance.
LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Competitive Strategy and Managerial Use of the MAS Information

There are various definitions of competitive strategy provided by previous researchers. Porter (1980) stated that competitive strategy is “a combination of the ends (goals) for which the firm is striving and the means (policies) by which it is seeking to get there”. Competitive strategy reflects “the policies, rules and methods firms employ to establish a profitable and sustainable position against the competitors in the industry” (Zhao and He 2008). Schaffer (1987) stated that competitive strategy determines “the coherence and internal consistency of the company in its environment and gives the firm its identity, its power to mobilize its strengths, and its likelihood of success in the marketplace”. The present study conceptualises competitive strategy as a combination of policies, rules and methods employed by a company to establish a profitable and sustainable position against the competitors in the industry (Porter 1980, Zhao and He 2008). Further, the present study emphasises how hotels obtain competitive advantage rather than market segmentation. Accordingly, there are two competitive strategies that will be used in the present study: cost leadership and differentiation strategies.

In a highly competitive market like the Indonesian hotel industry, it is important to know how managers may use MAS information to differentiate their products and services from those of their competitors and provide a quick response to customer needs and preferences in the rapidly changing environment. Previous studies showed that companies with a differentiation-focused strategy tend to use MAS information more intensively because they need to provide a quick response to market changes (Abernethy and Guthrie 1994, Simons 1987). Another study by Naranjo-Gil and Hartmann (2007) revealed that MAS information is positively related to strategic change for organizations which are moving towards prospector (differentiation) strategy. This result is in line with Chenhall’s (2003) results that broad scope of MAS can solve the inability of narrow scope MAS to deal with flexibility, decentralization and innovation. It means that for hotel managers applying competitive strategy, they will require broad scope of MAS information that can help them to decide and conduct relevant actions in facing high competition. In this case, hotel managers may need information related to their customers such as what special package to offer their customers so they can create a different and more interesting way to attract customers. This customer-related information can be obtained from MAS. Therefore, MAS information is influential for maintaining hotel competitive strategy.

Previous study by Bordean et al. (2010) argued that Porter’s typology can be used to explain the current strategies applied by hotels. For instance, some researchers suggested that hotel performance may not be guaranteed in the long-term only by applying a cost leadership strategy (Kandampully and Suhartanto 2000, Lee et. al 2003). Hotels need to have their added value to attract customers and differentiate themselves from competitors; this means hotels need to innovate. Kandampully and Suhartanto (2000) suggested that hotel image and customer satisfaction influence customer loyalty, which eventually may improve hotel performance. Another study by Lee et al. (2003), showed that technology-supported service may influence customer loyalty because the hotel has ability to satisfy customer needs for such service. It can be concluded that by applying a competitive strategy, a hotel has an opportunity to differentiate itself from its competitors to attract customers. Hotel managers may need information related to their competitors so that they can devise a special, different package that will attract customers in a different and more interesting way. This information may be obtained from MAS. Therefore, it is arguable that managers will improve their use of MAS information if they apply a competitive strategy.

The earlier discussion suggests that differentiation strategy is required in order to survive in the highly competitive market. For
example, a hotel may prefer to apply an advanced system such as a web-based check-in for its customers. By using their password-protected online accounts, customers can check into their hotel rooms prior to arrival. By gaining the appropriate information related to customer, managers may have a better chance to provide best customer service, leading to the success of their hotels. Therefore, it is arguable that the more a hotel employs a differentiation strategy, the more its managers will use MAS information to help them make more accurate decisions. This discussion leads to the formulation of Hypothesis 1.

**H1:** There is a positive association between competitive strategy and managerial use of the MAS information.

**Managerial Use of the MAS Information and Customer-Related Performance**

Information related to customers can be obtained from MAS information (Chenhall and Morris 1986). Proper MAS information – such as data about customer needs or customer satisfaction – can yield significant feedback to the hotel managers. By increasing the use of customer-related MAS information, managers can find appropriate ways to handle customer complaints; in turn, this will encourage customer retention, eliminate negative word-of-mouth comments, and improve customer performance (Fornell 1992, Ngai et al. 2007). If the customers are satisfied with the company’s services, they will return. Therefore, it can be concluded that the managerial use of MAS information may have a significant effect on a company’s customer performance.

In the manufacturing industry, the study by Mia and Clarke (1999) found a significant relationship between managerial use of MAS information and business unit performance. This study was extended by Faisal (2006) in the Indonesian manufacturing industry by adding strategy and perceived environmental uncertainty (PEU). He found that managers’ use of MAS information became a mediating variable between intensity of market competition and business unit performance, including market share, thus confirming the results of Mia and Clarke’s (1999) study. Although market share may indicate customer performance, adding more customer-related performance indicators will be beneficial to support the argument that managerial use of MAS information may affect customer performance.

McManus (2013) revealed that a hotel would focus more on customer-related performance in the highly competitive market. It is understandable as hotels facing high competition are required to keep their eyes on their customers. They have a greater pressure to focus on their customers and create customer value. In order to understand their customers, hotel managers requires information such as their customers’ long-term worth or their share of the highly competitive market. This information can be obtained from MAS. The significance need of customer-focused information in highly intensive competitive market is also in line with another findings of Guilding and McManus (2002). Hence, the use of MAS information can improve the ability of hotel managers to handle their customers.

In the Australian hotel industry, Mia and Patiar (2001) found that hotel managers, both general and departmental, are likely to use MAS information relating to price, customer satisfaction and profitability more than sales promotion effectiveness and referrals information, especially for long term decision making. Although this study used only a small sample (35 hotel managers) from one region, the results indicate that hotel managers in both senior and middle levels need similar decision-making MAS information. This includes customer satisfaction. In a more recent study, Patiar and Mia (2008) found a positive relationship between the combined effect of market competition and managerial use of MAS information on non-financial performance such as customer satisfaction, extent of repeat business, success of staff development plans, and level of staff morale. However, these studies did not specifically analyse the effects of the managerial use of MAS information on customer retention or market share. Moreover, caution is necessary before generalising Mia and Patiar’s (2008) results to the Indonesian hotel industry.
Like hotels in other countries, hotels in Indonesia also need to know customer’s demands and needs. Guests who stay in hotels include both foreign and domestic guests. They have different needs, such as different tastes in foods. Some guests may require halal food, others may not like spicy food, while another group may be adventurous in their tastes. Hotels should be able to accommodate these various tastes and demands by offering different kinds of food, such as traditional and international cuisine. Management accounting system (MAS) may provide information relating to customer demand and needs; therefore, it can be argued that the managerial use of MAS information may improve customer performance. The current study intends to determine whether the results of Patiar and Mia (2008) generalise to Indonesian hotels. This discussion leads to the following hypothesis.

H2: There is a positive association between managerial use of the MAS information and customer-related performance.

**Competitive Strategy and Customer-Related Performance**

Porter (1980, 1985) stated that companies need to be innovative to make themselves different from their competitors. Particularly, Kohli and Jaworski (1990) argued that increasing competitive market creates more pressure to focus on customers. As a result, companies operating in a highly competitive market need to pay attention on finding the way to create customer value. For instance, a luxurious hotel such as the Ritz Carlton offers value by giving premium service to their customer. Customers would like to stay in order to enjoy the high service quality provided by this hotel. In other word, the more companies apply competitive strategy, then their customer-related performance will be increased. The present study uses customer loyalty, market share, customer satisfaction, new customer acquisition, and service quality to measure hotel customer performance.

Bangchokdee’s (2008) study found a significant positive relationship between competitive strategy and customer performance in the food processing and electronics industries in Thailand. She used market share, customer response time, on-time product delivery, and customer satisfaction in measuring customer-related performance. Caution is needed before attempting to generalise these results to the hotel industry, as it has different characteristics compared to those of the manufacturing industry. For example, hotel staff needs to provide an instant response to customers’ requests – such as in advising which tour package is available for a certain day or which route to take to a certain tourist destination – while manufacturing companies’ staff do not have to give an equally prompt response. Hence, caution is required in generalising the results from the manufacturing industry to the hotel industry.

In the hotel industry, McCaskey and Symes (2004) investigated the impact of the differentiation strategy applied by the Travel Inn hotels to gain market share in the UK. By having a customer 100% satisfaction campaign (where customers can get their money back if they are not satisfied), the Travel Inn attracted both new customers and existing customers to enjoy the facility. As a result, room occupancy increased by 2% a year after the campaign was announced in 2001, leading to the largest market share in 2002 (McCaskey and Symes 2004). These results were based on one hotel group so need to be confirmed by investigating in star hotel groups such as 3- to 5-star hotels.

A study of the Turkey hotel industry was conducted by Avci et al. (2011) to analyse whether there is a difference in non-financial performance among Miles and Snow’s four strategic orientations. The results show that prospector-type (similar to differentiation-type) hotels outperformed other strategic orientations (defender and analyser) in terms of non-financial performance such as market share and customer satisfaction. Another study by Garrigos-Simon and Marques (2005) in the Spanish hotel industry revealed that prospector hotels have a significant influence on stakeholder satisfaction which consisted of customer satisfaction and employee satisfaction. However, using Miles and Snow’s typology may not be appropriate due to conflicting results in previous studies.
Managerial Use of MAS Information

H3: There is a positive association between competitive strategy and customer-related performance.

Discussion on those hypotheses supports the argument that competitive strategy may have direct influence on hotel customer-related performance, and/or indirect influence through a third variable: managerial use of the MAS information. Figure 1 presents research model for the current study.

RESEARCH METHOD

Sample
The present study selected 3- to 5- star hotels in Indonesia. Questionnaires were sent to 713 3- to 5- star hotel GMs in the population using web online. Some questionnaires were sent by E-mail and mail in order to improve response rate. General Managers of the hotels were chosen as respondents because they were able to provide information about the use of MAS information and hotel performance (Patiar and Mia 2008, 2015). In total, 116 questionnaires were fully completed and being used in this paper.

Measurement of Variables

Competitive Strategy
Govindarajan (1988) approach was used in order to describe a company’s strategic orientation in this study. Particularly, six items
they were identified compared to the respondents’ competitors: (1) Product selling price; (2) Percentage of sales spent on research and development; (3) Percentage of sales spent on marketing expense; (4) Product quality; (5) Product features, and (6) Brand image.

The questionnaire used a 5-point Likert scale, where 1 represents significantly lower and 5 represents significantly higher. A high score means that hotels employ more of a differentiation strategy. Reliability analysis was performed, the 0.83 coefficient alpha reported from this paper was acceptable.

**Managerial Use of the MAS Information**

The present study applied the managerial use of MAS information instrument developed by Patiar and Mia (2008, 2015) which applied this instrument on the Australian hotel industry. In this current study, the Cronbach alpha coefficient was 0.87. Seven indicators were assessed: (1) Financial aspects of the operation; (2) Nonfinancial aspects of the operation; (3) Nonfinancial aspects of the market; (4) Future events; (5) Likelihood of the future events taking place; (6) Social changes; and (7) External environment. Respondents (General Managers) were asked to indicate the level of MAS information usage that supports them in a decision-making activity. A 5-point Likert scale was used, where 1 represented ‘not used at all’ and 5 represented ‘very high’.

**Customer Performance**

The customer performance items in this study were adopted from 5 items of customer perspective used by Chen et al (2011). The extent of customer-related performance was assessed on a Likert-type scale ranging from 1 to 5 where 1 indicates *well below average* and 5 indicates *well above average*. The respondents were asked to respond to each of the five items indicating their hotel’s customer-related performance compared that of their competitors. To test the construct validity, Principal Components Analysis with varimax orthogonal rotation was performed. The orthogonal factor loading should be at least 0.55 with 30% of variance to be considered as good factor (Comrey and Lee, 1992). The results, presented in Table 1, suggested that factor analysis extracted a single factor with an eigenvalue greater than one and explained a total of 60.499% of the variance in customer performance. Table 1 presents Varimax rotated factor loadings of this instrument with minimum loading 0.723. Therefore, the instrument was considered meeting the criteria for construct validity. This customer performance variable has good internal consistency with a Cronbach alpha coefficient of 0.83.

<table>
<thead>
<tr>
<th>Principal Component Analysis of the Customer-Related Performance Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer loyalty</td>
</tr>
<tr>
<td>Market share</td>
</tr>
<tr>
<td>Customer satisfaction</td>
</tr>
<tr>
<td>New customer acquisition</td>
</tr>
<tr>
<td>Service quality</td>
</tr>
</tbody>
</table>

**RESULTS AND DISCUSSION**

The responses for this study came from respondents located in Java island (43%), Bali (41%), followed by others provinces (16%). The majority of respondents were General Manager (87%), Chief of Finance Officer (25%), and other functional managers (4%). Most of the respondents had 6-10 years managerial experience in the hotel industry (47%) with undergraduate education level (52%) from hospitality sector (65%). Approximately 85% of respondents were male, and 15% were female. The respondents represented 3- star (27%), 4-star (35%), and 5-star (38%) hotels which belonged to independent chain (20%), national chain (40%), and international chain (40%).
The present study used the path analysis method to test the developed hypotheses and SPSS to test the hypotheses. Following Tabachnick and Fidell (2007) and Pedhazur (1997), it is necessary to test adequate sample size, absence of outliers, absence of multicollinearity, normality, linearity, homoscedasticity, and independence of residuals of the variables used in the current study. The test results found that all assumptions were met (See, for example, Table 2 for absence of multicollinearity).

Based on the results presented in Table 3, competitive strategy had a positive and significant influence on the managerial use of MAS information (path coefficient $p_{21} = 0.392$, $t$-value = 4.868), confirming Hypothesis 1 ($H_1$).

Table 2
Descriptive Statistics and Correlation

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>SD</th>
<th>Alpha</th>
<th>Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>$X_1$ Competitive Strategy</td>
<td>3.59</td>
<td>0.66</td>
<td>0.83</td>
<td>1.00</td>
</tr>
<tr>
<td>$X_2$ MAS Information</td>
<td>4.19</td>
<td>0.59</td>
<td>0.87</td>
<td>0.43</td>
</tr>
<tr>
<td>$X_3$ Customer Performance</td>
<td>3.86</td>
<td>0.61</td>
<td>0.85</td>
<td>1.00</td>
</tr>
</tbody>
</table>

Note: p<0.05
In order to test the hypotheses, standard multiple regressions were applied.

Table 3
Results of Multiple Regression Analysis for the Managerial Use of MAS Information on Competitive Strategy (Hypothesis 1)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Hypothesis</th>
<th>Path Coefficient</th>
<th>$\beta$ (Beta)</th>
<th>$t$-value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive Strategy ($X_1$)</td>
<td>$H_1$</td>
<td>$P_{21}$</td>
<td>0.392</td>
<td>4.868</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Table 4
Results of Multiple Regression Analysis for Customer-related Performance on Competitive Strategy and the Managerial Use of MAS Information (Hypotheses 2 and 3)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Hypothesis</th>
<th>Path Coefficient</th>
<th>$\beta$ (Beta)</th>
<th>$t$-value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive Strategy ($X_1$)</td>
<td>$H_2$</td>
<td>$P_{31}$</td>
<td>0.420</td>
<td>5.045</td>
<td>0.000</td>
</tr>
<tr>
<td>Managerial use of MAS information ($X_2$)</td>
<td>$H_3$</td>
<td>$P_{32}$</td>
<td>0.244</td>
<td>2.764</td>
<td>0.007</td>
</tr>
</tbody>
</table>

$R^2 = 0.367$; Adjusted $R^2 = 0.350$; $F (3,112) = 20.776$; $p < 0.05$ (one-tailed); $N = 116$.

Table 4 demonstrates that the managerial use of MAS information had a positive and significant influence on customer-related performance ($p_{32} = 0.244$, $t$-value = 2.764); thus Hypothesis 2 was supported. This table also shows that competitive strategy had a positive and significant influence on customer-related performance ($p_{31} = 0.420$, $t$-value = 5.045), thus confirming Hypothesis 3 ($H_3$). The model explained 35% of total variation in customer-related performance.

The results provide empirical evidence in support of Chenhall and Langfield-Smith’s (1998) and Bangchokdee (2008) studies, which argued that companies applying a differentiation strategy may need more intensive use of MAS information. An earlier study by Chong and Chong (1997) found a significant relationship between a prospector-type company and managerial use of MAS information at the Strategic Business Unit level; however, the current study extends this to the organisational level. Further, studies in the manufacturing industry (Abernethy and Guthrie 1994, Boulianne 2007, Khan et al. 2010) revealed that prospector-type companies (innovative, more focused on differentiation) are likely to use more MAS information than defender-type (less innovative, more focused on cost leadership) companies. The current
study validates these studies’ results by using samples from the hotel industry.

From the interviews, for example, the manager of Hotel B applied a differentiation strategy based on an advanced business facility by providing a media centre. He noticed that to compete with other 3-star hotels like his own, he needed a value offer to make his hotel more prominent than his competitors. He mentioned that:

“The competition for this segment is very intense. We need to find a specific value for each of our [chain] hotel to be different. Everyone offers cheap price nowadays. [Therefore] Although we are only 3-star, we choose to provide 4-star service and facility."

Information, either financial or non-financial, becomes important when a hotel offers a specific value to survive in the battle against its competitors. Some hotels (Hotels A, C, H, J, L, M, P, O and S) provided high service quality with personalised service to their customers, such as tailored room service or a special facility for a family room. Other hotels gave better facilities such as bigger room size (Hotels I and P) or chose a strategic location for their property (Hotels G, H, and J). Utilising local culture, some hotels offered a cultural package (Hotel Q). For example, the manager of Hotel C, a 5-star hotel that belonged to an international hotel chain, noted:

“Our customers mainly come from overseas such as Europe and United Kingdom. They are willing to pay our high price. For this type of customer, we need to give them the best treatment. For example, we have a customer database contains of all information related to the specific customer so we already know about them before they enter their room. We address the customer with their name since the day they arrive at hotel, we can deliver their ordered food to their room. We give the best we can to satisfy our customers.”

Another example of a differentiation strategy offered by a hotel was described by the manager of Hotel M, a 5-star hotel:

“We focus on Australian market. As they like to bring family to spend the [school] holiday, we built family room with special facility for children such as DVD and Playstation. So, if they booked the room with information that they will bring children, we will offer this room to them.”

The positive and significant relationship between managerial use of the MAS information and hotel customer performance supports the argument that having the right information on hand is crucial for hotel managers in order to be able to give the best service to customers. (thus, confirmed Hypothesis 2). The current study extends Mia and Patiar’s (2001) study, and Patiar and Mia’s (2008) study, by adding more customer-related performance items for analysing the relationship between managerial use of MAS information and hotel customer-related performance. These items are customer loyalty, market share, customer satisfaction, new customer acquisition, and service quality.

From the interviews, the function of MAS information as a benchmark in winning against competitors was described by the manager of Hotel R, a 3-star hotel:

“As our benchmark, we need information related to competitor in order to realize our strength and weaknesses compared to those of our competitors [in order to attract customers]”

All of the hotel managers who participated in the interviews admitted that MAS information, both in financial and non-financial forms, was very valuable in making decisions. For instance, hotel managers need financial-related information such as occupancy rates and room rates. Similarly, hotel managers also need non-financial information related to competitors, market surveys, geopolitical conditions, customer
demands, and market trends. This information may be useful to determine the room price or whether to conduct a special promotional program. By having all of this information delivered in an accurate and timely manner, hotel managers may make the appropriate decisions and act accordingly. As the manager of Hotel I, a 4-star hotel, stated:

“These data is useful for us to be familiar with current market situation so we will be able to arrange strategic action in making decision.”

It can be concluded from the interviews that MAS information is the key for a hotel manager to win customers in the highly competitive Indonesian market. Financial and non-financial MAS information will assist a hotel manager in making proper decisions, and also lead hotel staff to conduct proper actions in serving hotel customers. As a result, customers may feel satisfied and remain loyal to this particular hotel.

Referred to Table 4, the relationship between competitive strategy and hotel customer-related performance was positive and significant. The results support Hypothesis 3 which argued that the differentiation strategy may become a way to enhance a hotel’s customer performance. The results of the current study extend the findings of previous studies by McCaskey and Symes (2004), who argued that differentiation strategy may increase market share. Moreover, the current study supports the previous study by Avci et al. (2011), who revealed that prospector-type (more innovative, more differentiation oriented) hotels have a higher market share, higher customer satisfaction and better company image compared to defender-type (more cost leadership) hotels. The current study also supports the findings of Zhou et al. (2009) that differentiation strategy may improve service quality and customer satisfaction. The current study extends these two studies by adding two more instruments to measure customer performance: customer loyalty and new customer acquisition. As more customers become satisfied with hotel services, the more they are willing to come again in the future.

In the interviews, the managers of Hotels B, E, L and O mentioned that they had experience of being managers at other hotels overseas. They stated that hotels in Indonesia have their own character due to Indonesia’s rich culture and its people, and these make it difficult to draw comparisons with hotels in other countries. The manager of Hotel L, a 5-star hotel, chose to return to Indonesia after managing a hotel overseas. He said that although the hotel industry in Indonesia is very competitive – as it is anywhere else in the world – there is still the chance to explore differentiation strategies that may appeal to customers. This chance may come from the local culture, nature, or the character of local people. By offering these differentiation strategies, hotels may attract customers to enjoy their facilities. To describe how competitive strategy in Indonesia may attract customers, the manager of Hotel Q, a 3-star hotel, stated:

“We offer special dinner at temple package; this is an exclusive package with premium price with a guarantee to give surprise to our guests more than they can expect. The actual result shows us that guests [who are] taking this package are highly satisfied and never imagine that they can obtain such a wonderful service that provide them an unforgettable night.”

In some cases, a high price for a premium service is not important for a customer staying in a hotel, as the hotel’s service is the factor that will encourage them to return. This uniqueness, obtained from superior service, is not only valuable to attract new customers, but also to maintain existing customers. The manager of Hotel C, a 5-star hotel, stated:

“More than 30% of my guests are repeated customers, they come every year to spend their holiday in Indonesia with their family. Our staff knows them well and memorised their names and habits. With this relatively high ratio of
my repeated customers, I have to concentrate on keeping them and making sure they are happy. Price is not the concern for these customers.”

The manager of Hotel R, a 3-star hotel, also emphasised the importance of hotel service as a means to maintain its customers:

“The most important [strategy] for us is how to maintain our product and service as customer will talk to everyone about our product [and service].”

A similar idea was expressed by the manager of Hotel J, a 5-star hotel:

“Apart from our strategic location, our personalised service attract customer to come again.”

By applying a differentiation strategy such as high quality service or strategic location, a hotel may gain a specific value that cannot easily be copied or imitated by its competitors. This specific value will differentiate the hotel from its competitors, and in the end may appeal to more customers. Hence, the more a hotel can employ its competitive value through differentiation, the more it has the chance to attract customers.

CONCLUSIONS

There are two limitations in this study that could be improved in the future research. First, this study only includes hotel industry. As competitive strategy also become an important variable in other sector in the service industry or the manufacturing industry, it will be beneficial to investigate the relationship between competitive strategy, managerial use of the MAS information, and customer-related performance in other service industry sectors (i.e., hospitals, restaurants) or manufacturing industry. Second, although customer-related performance items used in this study were carefully developed based on previous study and pilot study, more studies are required to validate the items.

Despite the limitations above, this study has implications for both theory and practice. This study is offering empirical evidence that hotel managers will have a chance to enhance customer loyalty and market share by applying a competitive strategy. In today’s globally competitive market, hospitality firms have to find ways by which they can communicate uniqueness to its customers through superior performance in order to improve the firm’s market share and to gain customer loyalty. This study clearly provides hospitality managers the insight that will help them create customer-focused strategies. Hotels’ service focus should aim to enhance their customer satisfaction on an ongoing basis such as by offering high service quality as a competitive strategy. Additionally, MAS plays a role as well by having significant relationship with either competitive strategy or customer-related performance. The knowledge of customers’ needs and preferences is crucial for a hotel manager to provide the right service. By having proper information about customers’ needs and preferences which can be obtained from MAS, hotel staff are unlikely will get complain from customers. Therefore, MAS information becomes essential in achieving customer satisfaction, leading to a better customer performance.

REFERENCES


**QUESTIONNAIRES**

<table>
<thead>
<tr>
<th>Competitive Strategy</th>
<th>Strategi Kompetitif</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive strategy is defined as a combination of policies, rules and method employed by a company to establish a profitable and sustainable position against the competitors in the industry.</td>
<td>Strategi kompetitif merupakan rangkaian dari kebijakan, peraturan dan metode yang dilakukan perusahaan untuk mencapai posisi yang profitabel dan berkelanjutan dibandingkan kompetitor pada industri yang sejenis.</td>
</tr>
<tr>
<td>Please position your products relative to the products of your major competitors in the industry by choosing the most appropriate number for each of the following items.</td>
<td>Silakan mengidentifikasi posisi produk perusahaan Anda apabila dibandingkan dengan produk kompetitor dengan memilih satu jawaban yang paling sesuai untuk masing-masing item berikut ini.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Much Lower (Sangat Rendah)</th>
<th>Much Higher (Sangat Tinggi)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product selling price</strong></td>
<td><strong>Harga jual produk</strong></td>
</tr>
<tr>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td><strong>Percentage of sales spent on human resources development</strong></td>
<td>Persentase dari penjualan yang digunakan untuk membiayai kegiatan pengembangan sumber daya manusia (SDM)</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td><strong>Percentage of sales spent on marketing expense</strong></td>
<td>Persentase dari penjualan yang digunakan untuk membiayai kegiatan pemasaran</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td><strong>Product/services quality</strong></td>
<td>Kualitas produk/jasa</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td><strong>A variety of product features</strong> (e.g. entertainment facility, internet facility, sport facility, etc.)</td>
<td>Variasi fitur produk yang ditawarkan (Ct.: fasilitas hiburan, fasilitas internet, fasilitas olahraga, dsb.)</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td><strong>Brand image</strong></td>
<td>Imej merk hotel</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

**Managerial Use of Broad Scope MAS Information**

**Broad scope MAS information** is defined as information which focuses not only on internal, financial and historical information but also on external, non-financial and future-oriented information. Please indicate the extent to which you use the following information for making decisions, choose the most appropriate number of the following items.

**Penggunaan Manajerial Informasi Sistem Akuntansi Manajemen yang Broad Scope**

Informasi SAM yang broad scope merupakan informasi yang berfokus tidak hanya pada informasi internal, finansial, dan informasi yang berorientasi historis namun juga informasi eksternal, non-finansial dan informasi yang berorientasi ke masa yang akan datang. Silakan mengidentifikasi seberapa banyak Anda menggunakan informasi berikut ini sebelum mengambil keputusan, pilihlah satu jawaban yang dianggap paling sesuai.

<table>
<thead>
<tr>
<th>Broad scope MAS information</th>
<th>Sistem Akuntansi Manajemen yang Broad Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informasi SAM yang broad scope merupakan informasi yang berfokus tidak hanya pada informasi internal, finansial, dan informasi yang berorientasi historis namun juga informasi eksternal, non-finansial dan informasi yang berorientasi ke masa yang akan datang.</td>
<td>Silakan mengidentifikasi seberapa banyak Anda menggunakan informasi berikut ini sebelum mengambil keputusan, pilihlah satu jawaban yang dianggap paling sesuai.</td>
</tr>
<tr>
<td>Very Little (Sangat Sedikit)</td>
<td>To A Great Extent (Sangat Banyak)</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>Financial aspects of the operation</td>
<td>Aspek finansial operasi</td>
</tr>
<tr>
<td>Nonfinancial aspects of the operation</td>
<td>Aspek non-finansial operasi</td>
</tr>
<tr>
<td>Nonfinancial aspects of the market</td>
<td>Aspek non-finansial pasar (ct.: kepuasan konsumen)</td>
</tr>
<tr>
<td>Future events</td>
<td>Peristiwa yang mungkin terjadi di masa yang akan datang</td>
</tr>
<tr>
<td>Likelihood of the future events taking place</td>
<td>Kemungkinan kejadian masa depan benar2 terjadi</td>
</tr>
<tr>
<td>Social changes (e.g., social changes in the local community)</td>
<td>Perubahan2 sosial (ct.: perubahan sosial di masyarakat sekitar)</td>
</tr>
<tr>
<td>External environment (e.g., competitor, government regulations)</td>
<td>Lingkungan eksternal (ct.: kompetitor, peraturan pemerintah)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer-related Performance</th>
<th>Kinerja Pelanggan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel customer-related performance is defined as the capacity of a hotel to provide quality customer-related performance. Please indicate your company’s customer-related performance on the following items relative to that of your leading competitors by choosing the most appropriate number for each of the following items.</td>
<td>Kinerja pelanggan hotel didefinisikan sebagai kemampuan suatu hotel untuk memberikan pelayanan konsumen yang berkualitas. Silakan mengindikasikan rata-rata pertumbuhan kinerja pelanggan perusahaan Anda dibandingkan dengan kompetitor perusahaan Anda selama tiga tahun terakhir.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Much Lower (Sangat Rendah)</th>
<th>Much Higher (Sangat Tinggi)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer loyalty</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Market share</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>New customer acquisition</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Service quality</td>
<td>1 2 3 4 5</td>
</tr>
</tbody>
</table>