

The Role of Strategic Management Accounting on Heterogeneity of Human Capital, Information Technology Capabilities and Value Creation

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This study investigates the effectiveness of strategic management accounting practices (SMA) in enhancing the relationship between the heterogeneity of human capital, information technology capabilities and value creation in Malaysian Government Linked Companies (GLCs). The lack of value creation and structural capabilities creates a gap in talent, execution skills and capabilities, which are the challenges commonly faced by GLCs. At present, studies that emphasise the role of SMA practices in promoting value creation and internal capabilities are not widely available. Through structural equation modelling and analyses of data collected from 215 questionnaires, the findings appear to support the role of SMA practices in enhancing the relationship between heterogeneity of human capital and information technology capabilities on value creation in GLCs. These results extend to the growing body of knowledge on SMA practices, value creation and dynamic capabilities theory, specifically on the heterogeneity of human capital and information technology capabilities. Besides, the research framework contributes to the theoretical and management implications that can be applied to management practices and policy design in organisations and serves as a base for future studies on SMA. In addition, this study highlights the application of SMA practices that promote value creation in GLCs by facilitating competitiveness in the industry, improving financial position, creating opportunities for profitability,

business sustainability and long-term performance. However, this study is subjected to its own limitations such as generalisation, and research design and literature, which could be overcome in future research.

Key words: *Strategic management accounting, value creation, heterogeneity of human capital, information technology capabilities, dynamic capabilities, Government Linked Companies.*

Introduction

Strategic management accounting (SMA) practices play important roles in supporting decision making and strategic plan positioning in a firm. They provide management accounting information used for corporate strategic programs, firm development, strategic planning and strategic control (Cadez & Guilding, 2012; Malleret et al., 2015; Turner et al., 2017). SMA practices comprise a range of useful and relevant techniques to facilitate a firm's value creation. Through these techniques, a firm can achieve a competitive advantage and sustain economic growth, which leads to value creation.

Value creation is an important element in every organisation to achieve business sustainability. It is an element that is crucial in maximising shareholders' wealth and is constantly linked to the strategising process. It is also an essential aspect in achieving sustainable performance, resulting in higher earnings per share, continuous improvement in sales growth and increasing competitiveness (Basso, 2015; Abdullah, 2019; Sulaiman et al., 2006). Value creation can be developed through organisational strategic orientation, such as the usage of SMA techniques and higher-order capabilities. These capabilities include the heterogeneity of human capital and information technology capabilities which reflect dynamic capabilities theory. This theory argues that value creation is highly dependent on a firm's strategies in using the higher order of their capabilities. Thus, the role of SMA techniques in enhancing business performance have become the focus of many studies; unfortunately, short-term business performance is not an indicator of sustainability, especially in government linked companies.

Government linked companies (GLCs) are the quintessence of the Malaysian economy. GLCs refer to government business entities that are privatised. A majority of the shares in these companies are held by the Malaysian Government, and one of their main objectives is to maximise financial performance to increase shareholder's wealth. This endeavour requires a commitment to increase effectiveness as well as to improve efficiency and market-oriented culture (Arumugam et al., 2011; Shamsuddin et al., 2016). Inherently, their presence has a great impact on practically every aspect of the business sector in Malaysia, such as