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RESEARCH ARTICLE

PREDICTION MODEL OF VALUE CHAIN ANALYSIS IMPLEMENTATIONS AT INDONESIA'S BUSINESS OF STATE-OWNED ENTERPRISE

***Muhammad Dahlan**

Faculty of Economics and Business, University of Padjadjaran, Bandung, Indonesia

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ABSTRACT

Value chain analysis (VCA) of implementation is sequential event of business activities, we justification sicle of research and development, design of production process or not, productions or not, marketing, distribution, and customer services. Based on literature reviews conclude the relationship between VCA of implementation and management accounting systems, budget tightness and perceived environmental uncertainty. Because that is CEO need any information's to support day to day decision making and business activity. The research method using the explanatory research. The population of research in Indonesia business with research sample are 85 State-Owned Enterprise's. The type of data in this research is primary data and data collections with a questionnaire design were represent by a manager or director as the unit of observation. Validity and reliability data were tested before examining the hypotheses. The hypotheses testing were used binary logistic regression model. Based on hypotheses testing indicate that 59 unit samples were conducted of VCA implementations in business activities with of the predicted percentage correct of 93,70% and 13 unit samples fail to conduct of VCA, the percentage correct of 84,70%. And the management accounting systems, budget tightness and perceived environmental uncertainty indicate positively effect on VCA implementations. Further analysis show that, state-owned enterprise in Indonesia's indicate that the higher weight average of firm performance were conducted of VCA implementations because run of business will be support by sophisticated concept of management accounting systems, budget emphasis and prudent action in change of environmental uncertainty, and another word the lower of firm performance fail to conduct of VCA day to day in business activities. Never the less, budget tightness to be anticipations of environmental uncertainty, sometime cause to VCA conducted less effectiveness. That is effect by the systems and operating procedure of administration requirement.

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INTRODUCTION

Value Chain analysis (VCA) is the sequence of events or activities of a company, from research and development, operation and product design, production, marketing, distribution, and finally to customer service – the ideal cycle of general business processes. While the definition is mostly applicable to manufacturing companies, it is also possible to implement VCA in trade and service companies, except in the production process (Horngren *et al.,* 2015; Hilton, 2009). Strategic decisions and management accountant role have become the important pillars in providing information to the management, including strategic cost management in implementing VCA (Horngren *et al.,* 2015; Hilton, 2009). To that effect, value chain analysis contributes positively in establishing the outline and stages of business processes. Value chain analysis is conducted as follows:

****Corresponding author: Muhammad Dahlan***
Faculty of Economics and Business, University of Padjadjaran, Bandung, Indonesia.

Uncertainties in business environments may change at any moment (Wheelen and Hunger, 2012). Managers should seriously consider the factors involved in decision making, such as designing the value chain of their businesses. Many managers lack the ability to do so, resulting in the decline of their company's performance. Such decline may also be caused by a budget's inability to support planned business strategies, which in turn negatively affect the company's performance (Govindarajan, 1986). Given the above, this study's emphasises on contingency approach as developed by Fisher (1998) and Chenhall (2003). The approach noted that a good fit could improve a company's performance while a poor fit tends to be otherwise. In other words, VCA becomes important for a company in developing conducive business and optimum performance achievements. Tight budgets in uncertain external environments could assist the management to improve the company's performance (Govindarajan, 1986). Van der Stede (2001) noted that budgets may be loose or tight, the implementation of which is adjusted to the daily needs of management.