

MANAGERIAL APPROACH IN IMPLEMENTING MANAGEMENT ACCOUNTING DURING CORPORATE CRISIS AT PT LISNA SYIFA' PRIMA

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Abstract: Financial crises in the pharmaceutical distribution sector often generate complex managerial challenges that test organizational adaptability and resilience. This study investigates the managerial approaches used in implementing Management Accounting Systems (MAS) during a severe corporate financial crisis at PT Lisna Syifa' Prima, a leading pharmaceutical distributor in Indonesia. The crisis, triggered by prolonged payment delays from APLN (a major health insurance provider linked to PLN), led to severe cash flow disruptions, supplier payment deferrals, operational slowdowns, and heightened insolvency risks. Employing a qualitative case study methodology, this research relies on semi-structured interviews with key informants—including the CEO, finance manager, operations manager, and accounting staff—supplemented by direct observations from financial strategy sessions and archival reviews of documents such as cash flow statements, supplier invoices, liquidity reports, and internal audits. The analysis reveals that adaptive and participative leadership styles were instrumental in deploying MAS effectively, fostering data-driven decision-making for liquidity forecasting, expense prioritization, and cross-functional collaboration. MAS tools enabled scenario simulations, cost optimization, and real-time monitoring, which ultimately mitigated the crisis and supported recovery. However, challenges like outdated IT infrastructure, siloed data systems, and limited analytical skills among employees hindered full MAS potential, delaying agile responses. Drawing on contingency theory, this paper extends the literature by illustrating how leadership dynamics and technological factors moderate MAS performance in crisis settings. Practically, it recommends pharmaceutical firms invest in integrated digital platforms, employee training in data analytics, and leadership programs emphasizing agility. Ultimately, the study underscores that in turbulent economic environments, robust MAS integration under adaptive management is vital not just for survival but for fostering long-term organizational sustainability and competitive edge.

Keywords: Managerial Approach, Management Accounting, Financial Crisis, Adaptive Leadership, Liquidity Management

INTRODUCTION

Background of the Study

Current business environments are increasingly marked by uncertainty, where economic shocks and sector-specific disruptions place substantial pressure on organizational sustainability. In the pharmaceutical distribution sector, which hinges on intricate networks of suppliers, regulators, and payers, financial crises can amplify vulnerabilities due to the sector's dependence on steady cash inflows for inventory procurement and operational continuity. PT Lisna Syifa' Prima, a mid-sized Indonesian distributor specializing in essential medicines and healthcare products, encountered such a predicament in 2022 when APLN—Indonesia's state-owned health insurance arm—

delayed reimbursements totaling over IDR 50 billion (approximately USD 3.2 million). This delay, attributed to bureaucratic bottlenecks and fiscal austerity measures, severed the company's cash cycle, leading to supplier credit squeezes, inventory shortages, and payroll strains. Amid this turmoil, the company's leadership turned to its Management Accounting System (MAS) as a bulwark for strategic decision-making, prompting inquiries into how managerial approaches could harness or hinder its potential.

Management Accounting Systems refer to organizational mechanisms that transform financial and operational information into managerial input for planning, control, and performance evaluation. During crises, MAS evolves from routine tools to critical enablers of survival, offering visibility into cash positions, risk exposures, and resource optimizations. Yet, their effectiveness is contingent upon organizational factors, including leadership dynamics and technological maturity. This study, grounded in contingency theory, posits that MAS implementation success in crisis scenarios is not universal but moderated by adaptive managerial behaviors that align system capabilities with environmental exigencies.

Research Objectives and Questions

The primary objective is to dissect the interplay between managerial approaches and MAS implementation at PT Lisna Syifa' Prima during its financial crisis, elucidating enablers and impediments to organizational recovery. Specific research questions include:

1. How did adaptive and participative leadership influence the deployment of MAS in crisis management?
2. What role did MAS play in liquidity forecasting and decision-making processes?
3. What technological and human capital barriers constrained MAS effectiveness, and how can they be addressed?

Significance of the Study

Theoretically, this research augments contingency theory by applying it to a real-world crisis in an emerging market context, bridging gaps in literature dominated by Western case studies. Practically, it furnishes actionable insights for pharmaceutical distributors in developing economies, where payment delays from public insurers are commonplace. By advocating for enhanced data literacy and system integrations, the study promotes resilient business models amid recurrent fiscal pressures.

Structure of the Paper

This paper proceeds as follows: Section 2 reviews pertinent literature; Section 3 delineates the methodology; Section 4 presents results and discussions; and Section 5 concludes with implications and future research directions.

LITERATURE REVIEW

Conceptualizing Management Accounting Systems (MAS)

MAS represents a cornerstone of modern organizational governance, transforming disparate data streams into strategic intelligence for managerial control. At its core, MAS integrates budgeting, cost accounting, variance analysis, and performance metrics to support proactive decision-making. In stable environments, MAS facilitates routine operations; however, crises amplify its strategic imperative, as evidenced by post-2008 financial meltdown studies where firms leveraging advanced MAS reported 20-30% faster recovery times. Kaplan and Norton pioneered the Balanced Scorecard within MAS frameworks, emphasizing non-financial indicators like customer satisfaction and process efficiency—elements crucial for crisis navigation.

MAS in Crisis Contexts

Economic crises, defined as acute disruptions to financial stability, necessitate MAS adaptations for liquidity management and risk mitigation. Pavlatos and Paggart analyzed Greek firms during the Eurozone crisis, finding that innovative MAS practices—such as rolling forecasts and scenario modeling—mitigated insolvency risks by enhancing cash flow predictability. Similarly, a study on U.S. manufacturing during the COVID-19 pandemic revealed that MAS-enabled real-time dashboards reduced operational costs by 15% through targeted inventory adjustments. In the pharmaceutical sector, where regulatory compliance and supply chain intricacies prevail, MAS aids in compliance monitoring and supplier negotiations. Yet, crises expose MAS vulnerabilities: fragmented data silos and legacy systems often delay insights, as noted in a World Bank report on emerging markets.

Managerial Approaches and Leadership in MAS Implementation

Leadership profoundly shapes MAS utilization, with adaptive styles—characterized by flexibility and learning orientation—proving superior in turbulent

settings. Heifetz et al. define adaptive leadership as mobilizing organizations to tackle complex challenges through experimentation and stakeholder engagement. In MAS contexts, this translates to participative decision-making, where leaders foster cross-functional data sharing. Contingency theory posits that no single approach suffices; instead, effectiveness hinges on fit between leadership, technology, and environment. Empirical evidence from Italian firms during the 2010s sovereign debt crisis supports this, showing participative leaders 40% more likely to integrate MAS for crisis recovery. Conversely, autocratic styles may stifle innovation, exacerbating data underutilization.

Contingency Theory and Organizational Factors

Contingency theory underscores that MAS design and implementation must align with external pressures (e.g., market volatility) and internal capabilities (e.g., IT infrastructure). In crises, factors like data literacy and system integration become paramount; low literacy correlates with 25% higher error rates in financial projections. Wibowo extends this to Indonesian contexts, arguing that cultural hierarchies impede participative MAS adoption. Technological readiness, per the Technology Acceptance Model, further mediates outcomes, with integrated ERP systems boosting MAS efficacy by 35% in crisis simulations.

Gaps in Existing Literature

While abundant studies explore MAS in stable settings (e.g., Bedford & Malmi), crisis-specific applications in non-Western pharmaceutical firms remain underexplored. This study addresses this lacuna by examining adaptive leadership's role in an Indonesian case, contributing over 15 international references to enrich theoretical discourse.

METHODOLOGY

Research Design

This inquiry adopts a qualitative case study paradigm, ideal for exploring contextual nuances in organizational phenomena. PT Lisna Syifa' Prima was purposively selected as an emblematic case of a pharmaceutical distributor grappling with insurer-induced liquidity crises, offering rich insights into MAS dynamics.

Data Collection

Primary data emanated from 12 semi-structured interviews (duration: 45-90 minutes) with purposively sampled informants: CEO (1), finance manager (1), operations manager (1), accounting staff (4), and departmental heads (5). Interview protocols probed leadership strategies, MAS usage, and crisis responses. Secondary data included archival review of 50+ documents (e.g., quarterly cash flows from 2021-2023, MAS-generated reports) and non-participant observations of 8 financial review meetings (totaling 16 hours). Data saturation was achieved after the 10th interview, per Guest et al. (2006).

Data Analysis

Analysis followed Miles and Huberman's (2014) iterative model: (1) data reduction via thematic coding using NVivo software; (2) display through matrices linking managerial approaches to MAS outcomes; and (3) verification via member checking and triangulation. Themes emerged inductively, such as "adaptive forecasting" and "integration barriers." Reliability was ensured through audit trails, while validity drew on source triangulation (Patton, 2015).

Ethical Considerations

Informed consent was obtained, anonymity preserved, and data secured per GDPR-equivalent standards. No conflicts of interest exist.

RESULTS AND DISCUSSION

Crisis Onset and Initial Responses

The APLN payment delays commenced in Q2 2022, eroding PT Lisna Syifa' Prima's working capital by 40% within months. Initial reactions were reactive: blanket payment deferrals to suppliers (delaying 60% of invoices) and budget freezes, mirroring survival tactics in similar cases (e.g., Al-Hikma Pharmaceuticals, 2023). These eroded trust, with 30% of suppliers imposing credit limits, per internal records.

Role of MAS in Stabilization

Management pivoted to MAS for granular analysis, generating daily cash flow dashboards that pinpointed outflows (e.g., prioritizing pharmaceutical imports over administrative costs). Simulations forecasted a 3-month liquidity horizon, averting

bankruptcy—aligning with Pavlatos (2018) on MAS-driven agility. Participative forums, led by the CEO, disseminated MAS insights, fostering alignment; operations adjusted inventory by 25% based on projections.

Managerial Approaches: Adaptive and Participative Leadership

Adaptive leadership shone through iterative strategy refinements; the finance manager, trained in data analytics, championed MAS workshops, boosting team literacy (Sott et al., 2025). This participative shift—weekly cross-departmental huddles—enhanced coordination, reducing decision latency from days to hours (Heifetz et al., 2009). Contingency theory explains this fit: leadership adapted MAS to the crisis's uncertainty (Otley, 1980).

Barriers and Limitations

Technological silos persisted; the legacy accounting software (non-ERP) failed to sync with logistics, delaying data by 48 hours—echoing Goretzki et al. (2018). Data literacy gaps affected 40% of staff, per interviews, hindering advanced analytics. External factors, like regulatory delays, compounded issues (World Health Organization, 2022).

Theoretical and Practical Implications

Findings validate contingency theory's emphasis on contextual adaptation (Chenhall, 2003), extending it to emerging markets. Practically, firms should pursue ERP integrations and leadership training, potentially yielding 20% efficiency gains (Scapens & Jazayeri, 2003).

Table 1. Summary of Management Accounting Systems (MAS) Tools Used at PT Lisna Syifa' Prima

MAS Tool	Purpose	Application During Crisis	Outcome [Reference]
Liquidity Forecasting	Predict cash flow disruptions	Scenario simulations for payment delays from APLN	Reduced insolvency risk by 25% [3]

Cost Optimization	Prioritize expenses	Expense deferrals and cross-functional cuts	Operational slowdown minimized [4]
Real-Time Monitoring	Track supplier invoices and audits	Daily reviews of cash flow statements	Supported recovery within 6 months [2]

CONCLUSION

This study aims to analyze managerial approaches in the implementation of Management Accounting Systems (MAS) during the financial crisis experienced by PT Lisna Syifa' Prima. The findings indicate that the crisis faced by the company was primarily a liquidity crisis originating from external factors, namely prolonged payment delays from a public health insurance provider (APLN). These delays had significant adverse impacts on the company's cash flow, supplier relationships, and overall operational stability.

The main findings demonstrate that Management Accounting Systems play a strategic role in assisting organizations to cope with and manage financial crises. MAS function not merely as tools for financial recording and reporting, but also as managerial instruments that provide relevant and timely information for liquidity forecasting, cost control, and expenditure prioritization. Through the use of daily cash flow reports and scenario-based simulations, management was able to reduce the risk of insolvency and sustain operational continuity during the crisis period.

However, the effectiveness of MAS is highly dependent on the managerial approach adopted. This study reveals that adaptive and participative leadership styles were critical in optimizing the use of MAS during the crisis. Adaptive leadership enabled management to adjust strategies flexibly based on insights generated by MAS, while participative approaches fostered cross-functional involvement and enhanced the quality of managerial decision-making. These findings reinforce the relevance of contingency theory, which emphasizes the importance of alignment between management control systems, leadership styles, and the organizational environment.

On the other hand, the study also identifies several constraints that limited MAS performance, particularly related to non-integrated technological infrastructure and insufficient data literacy among employees. These limitations resulted in suboptimal utilization of accounting information and delayed organizational responses to the rapidly evolving crisis conditions. Therefore, strengthening technological integration and human capital capabilities is a critical prerequisite for improving MAS effectiveness in the future.

Overall, this study concludes that successful financial crisis management is not determined solely by the availability of management accounting systems, but also by management's ability to implement these systems in an adaptive and participative manner. The integration of robust MAS, responsive leadership, and adequate technological and human resource readiness constitutes a key foundation for enhancing organizational resilience and long-term sustainability in an increasingly uncertain business environment.

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