The Role of Capability, Regulation and the Use of Accounting Information Technology in Financial Management Performance

Leny Suryanty, Mulia Saputra*, Syukriy Abdullah
Universitas Syiah Kuala, Banda Aceh, Aceh, Indonesia
Corresponding Author: mulia_1@unsyiah.ac.id

Abstract

Objective – This study aims to examine the effect of apparatus capability, the completeness of regulations, and the use of accounting information technology both simultaneous and partial on the financial management performance in SKPK Aceh Singkil, Indonesia.

Design/methodology – The population and unit analysis are the District Work Unit (SKPK) in Aceh Singkil, Indonesia. Respondents comprise of Budget Users (PA-SKPK), SKPK Financial Administration Officials (PPK-SKPK), and Finance Subdivision Heads of 46 SKPK. Documentation technique was utilized and Multiple Linear Regression Analysis was used to test the hypotheses.

Results – The results showed that apparatus capability, the completeness of regulations, and the use of accounting information technology simultaneous and partial affected the financial management performance in SKPK Aceh Singkil. This is a concern for SKPK to pay attention to these variables in improving management performance in Aceh Singkil Regency

Keywords: Apparatus Capability, Regulation, Accounting Information Technology, Financial Management Performance.

1. Introduction

At present, demands in the realization of good governance in Indonesia are increasing so that it has implications for financial management systems that are accountable and transparent. However, until now, there are still many deviations made by the government apparatus in the implementation of regional financial management, which is generally not yet in a more appropriate order (Azlina and Amelia, 2014).

Not only in the Central Government but also irregularities in regional financial management also occur in Regional Governments such as Aceh Singkil District, Indonesia. For example, some problems that arise based on the Financial Audit Board Audit Report (LHP BPK) of Indonesia, which states that there are findings such as: cash management which has not been fully implemented adequately, administration of inventories in several SKPK has not been fully adequate, management of fixed assets has not been entirely satisfactory, management of Land and Building Tax receivables in Rural and Urban areas (PBB-PP) has not been fully adequate, administration of salary of District Government employees is inadequate, management grant expenditure has not been entirely orderly, village funds are late disbursed. In addition, there is an error in budgeting for goods expenditure in an SKPK (Badan Pemeriksa Keuangan, 2019).

Based on these findings, it can be assessed that the financial management of Aceh Singkil District has not been satisfactory. Financial management is related to the process of financial recording and reporting. Recording of all financial transactions must be on time and present by established procedures. Each agency must guarantee that the financial management is carried out strictly by operational standards and applicable regulations. Within regional financial management, there are several rules in the form of a regional financial management sys-
tem in realizing good governance, in reality, there are still several specific factors that can affect the performance of financial management. This notion is based on previous research results specifically related to financial management performance (Resfiana and Syamsir, 2019; Rahmah, 2016; Indah et al, 2017; Sari, Basri, and Indriani, 2017; Rosihan, Bharanti, and Ratang, 2017; Rulyanti, 2016; Sugeng, 2014; Putri, Arfan, and Basri, 2014; Idris and Konadi, 2012; Afiah, 2010, Goodhue and Thompson, 1995).

The first factor is the capability of the apparatus, capabilities which is the ability is an individual’s capacity to perform various tasks in a job (Robbins, 2008:57). Capability can be interpreted as a person’s ability to understand and carry out Government financial management. Rahmah’s research results (2019) show that individual factors significantly influence the performance of regional financial managers in the SKPD in Palu City, Indonesia.

The second factor is the completeness of regulations in the era of regional financial management reforms that have undergone various regulatory changes from time to time. These changes are a series of how a Regional Government can create good governance and clean government by doing good governance. Rosihan, Bharanti, and Ratang (2017) research results prove that regulation influences the performance of apparatus related to asset management.

The third factor is the use of accounting information technology, in accordance with Presidential Instruction (Instruksi Presiden/INPRES) No. 3 of 2003 concerning National Policies and Strategies for e-Government Development, each apparatus seeks to increase the efficiency and effectiveness of governance to realize good governance through the implementation of transparent and accountable tasks, one of which is by utilizing accounting information technology. Sari, Basri, and Indriani (2017) research results show that the use of information technology influences the managerial performance of financial management.

This research is the development of several previous studies that raised the same problem, namely financial management performance. Due to the finding of the diversity of research results related to the performance of financial management, it makes researchers interested in studying more about the performance of financial management in Aceh Singkil District, which is also based on the existing problems as mentioned earlier.

This research was conducted in Aceh Singkil because there were many problems were identified by BPK in 2 consecutive years, among others cash management which has not been fully implemented adequately, inventory management in several SKPKs has not been fully adequate, and fixed asset management has which not been entirely adequate. Therefore, the purpose of this study is to determine the effect of the capability of the apparatus, the completeness of regulations, and the use of accounting information technology both together and separately on the performance of financial management in SKPK Aceh Singkil. The section afterwards explains the research method followed by description of findings and discussion.

2. Literature Review, Theoretical Framework and Hypotheses development

Agency Theory

The main theory used in this research is agency theory. Agency theory explains the relationship between principal and agent. One party (principal) makes a contract either implicitly or explicitly with another party (agent) so that the agent does the work as desired by the principal. Based on agency theory, local government management must be monitored to ensure that management is carried out in full compliance with various applicable regulations and provisions. With the increasing accountability of local governments, the information received by the public becomes more balanced against local governments, which means that the information asymmetry that occurs can be reduced (Mardiasmo, 2006). With the reduced information asymmetry, the possibility of corruption in the management of government finances is also less.
Financial Management Performance

Based on the Indonesian Government Regulation Number 58 the Year 2005, what is meant by regional financial management is the whole activity which includes planning, implementation, Administration, reporting, accountability, and regional financial supervision (Nomor 58 Tahun 2005 Tentang Pengelolaan Keuangan Daerah, 2005). Regional finances are managed in an orderly, obedient to laws and regulations, efficient, economical, effective, transparent, and responsible by paying attention to the principles of justice, propriety, and benefits to the community. Financial management performance appraisal can be used to measure the activities of the organization in achieving its objectives and also as material for improvement in the future. The estimated amount of fund allocation for each regional government work unit and work program needed to produce a level of public service, adjusted to the demands and needs of the community, so that the identification of inputs, production techniques of public services, and the minimum level of quality that must be produced by a work unit becomes a condition in determining the optimal allocation of funds for each unit of public service work (Mahsun, 2009).

The capability of Financial Management Apparatus

Government Regulation Number 58 of 2005 concerning Regional Financial Management states that regional financial management is the whole activity that includes planning, implementation, Administration, reporting, accountability, and supervision of regional finances. Therefore, required apparatuses are capable of every financial management activity in accordance with applicable regulations. There are 3 (three) elements of capability, according to Moenir (2003:76). Skill element, Physical elements, and mental elements. Meanwhile, according to Robbin (2007:57) the overall ability of an individual basically consists of two groups of factors: intellectual abilities and physical abilities.

Completeness of Regulation

Regulation in Indonesia is defined as a source of formal law in the form of legislation that has several elements, namely a written decision, formed by a state institution or authorized official, and is binding on the public (www.bsn.go.id). At present, the regulations governing regional financial management are Peraturan Menteri Dalam Negeri (P) Number 13 of 2006 concerning Guidelines for Regional Financial Management and PP Number 58 of 2005 concerning Regional Financial Management, which is subsequently revised to PP Number 12 of 2019 concerning Regional Financial Management (Nomor 12 Tahun 2019 Tentang Pengelolaan Keuangan Daerah, 2019). Regulations related to regional financial management in Aceh Singkil District currently refer to Aceh Singkil District Regulations Number 5 of 2014 concerning Procedures and Management of Regional Fund.

Use of Accounting Information Technology

According to Mustafa (2010) utilization of information technology is the level of integrity of information technology in the implementation of accounting tasks. This means that information technology impacts the behavior of using information technology to complete tasks, attitudes, and behaviors. The suitability of the use of information technology is influenced by the interaction between the individual characteristics of the users of the technology used and the tasks performed.

3. Research Method

The population and unit analysis in this study is the District Work Unit (SKPK). Furthermore, the respondents were Budget Users (PA-SKPK), SKPK Financial Administration Officials (PPK-SKPK), and Finance Subdivision Heads of 46
SKPK. Each SKPK will be taken by respondents as well as elements of the population as many as 3 people so that the total population is 138 people (46 SKPK x 3 people). Considerations in taking respondents because the government officials are directly involved and responsible for the financial management of each SKPK. Because all elements of the population are used as respondents. This research is a census study. The source of data in this study uses primary data that is the acquisition of questionnaires from respondents. At the same time, the research data collection technique is done by the documentation technique. The analytical method used is Multiple Linear Regression Analysis.

**Financial Management Performance (Y)**

Financial management performance, according to Mahsun (2009), is the level of achievement of the implementation of an activity/program/policy in realizing the goals, objectives, mission, and vision of the organization as outlined in the strategic planning of an organization. The indicators used in measuring the performance of financial management based on Permendagri Number 13 of 2006 are; planning and budgeting, cash management, accounting and reporting, internal audit, asset management, and external audit (Peraturan Menteri Dalam Negeri Nomor 13 Tahun 2006 Tentang Pengelolaan Keuangan Daerah., 2006). A measuring instrument used is the interval scale in the form of a 5-point Likert scale.

**Apparatus Capability (X₁)**

The capability of the apparatus, according to Amir (2011:86) is the ability to properly exploit the resources possessed within themselves and within the organization and the potential for oneself to carry out certain activities or a series of activities. Indicators or elements and measuring instruments used according to Hersey and Blanchard (1992) include; Technical abilities, human/social abilities, and conceptual abilities. A measuring instrument used is the interval scale in the form of a 5-point Likert scale.

**Completeness of Regulation (X₂)**

The completeness of the regulation referred to is the complete regulation issued by the central and regional governments on implementing financial management (Kurniawan, 2008). The indicators or elements and measuring instruments used according to Kurniawan, (2008) are clarity of financial management regulations, the enactment of financial management regulations, and violations of financial management regulations. A measuring instrument used is the interval scale in the form of a 5-point Likert scale.

**Use of Accounting Information Technology (X₃)**

Celviana and Rahmawati (2010) define accounting information technology as the use of information technology to implement financial management functions. The indicators used are; Devices, financial data management, and maintenance. The measuring instrument used was an interval scale in the form of a 5-point Likert scale.

### 4. Results

#### Descriptive Analysis

Descriptive analysis for each variable in this study was obtained by questionnaires filled out by 46 respondents to the variable; apparatus capability (X₁), the completeness of regulations (X₂), the use of accounting information technology (X₃), and financial management performance (Y). The following are descriptive statistical values for each of the research variables in Table 1.
Minimum | Maximum | Average | Standard Deviation
--- | --- | --- | ---
3.14 | 4.43 | 3.92 | 0.28
2.89 | 4.44 | 3.95 | 0.29
2.17 | 5.00 | 4.12 | 0.50
3.33 | 4.53 | 4.10 | 0.24

Table 1. Descriptive statistics

Research Instrument Testing Results

Based on the results of testing, the validity shows that the correlation coefficient obtained from each item variable apparatus capability (X₁), regulatory completeness (X₂), the use of accounting information technology (X₃), and financial management performance (Y) are all above the value critical correlation of product-moment (correlation coefficient > 0.29) so that the questionnaire used can be declared valid.

Based on the reliability in mind that each instrument in this study is reliable (reliably) because of the value of Cronbach Zach’s Alpha greater than 0.6. So it can be concluded that the questionnaire used as a measurement tool in this study is feasible to use (reliable).

Classical Assumption Testing Results

Normality Test

![Normal Q-Q Plot and Histogram Graph](image)

Based on the histogram graph, it can be seen that the observation data is normally distributed where the distribution patterns deviate to the right, which means that the data is normally distributed. While from the P-Plot graph, it can be seen that the points follow and approach the diagonal line, so it can be concluded that the regression model of this study meets the assumption of normality.

Multicollinearity test

| Model  | Collinearity Statistics |
| --- | --- | --- |
| (Constant) | Tolerance | VIF |
| X₁ | .922 | 1.085 |
| X₂ | .997 | 1.003 |
| X₃ | .921 | 1.086 |

Table 2. Multicollinearity Test

a. Dependent Variable: Y
Based on Table 2, the tolerance of the variable capabilities of the apparatus ($X_1$), the completeness of regulation ($X_2$), and the use of information technology accounting ($X_3$) $> 0.10$, which means that no multilinearity between the independent variables. Meanwhile, the VIF value calculation results also showed that none of the independent variables have a VIF value of more than 10. Thus, it can be concluded that in this study, the regression model did not happen multilinearitly between the independent variables.

Heteroscedasticity test

From the Figure 2, a scatterplot is known that there is no particular pattern in the chart. Therefore it can be concluded that the regression model did not happen heteroscedasticity.

Hypothesis Testing Results and Discussion

The results of testing the research hypothesis can be seen in Table 2.

<table>
<thead>
<tr>
<th>No.</th>
<th>Variable Name</th>
<th>Regression Coefficient ($\beta$)</th>
<th>Provisions</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Apparatus Capability ($X_1$)</td>
<td>0.610</td>
<td>$\beta \neq 0$</td>
<td>Positive influence</td>
</tr>
<tr>
<td>2</td>
<td>Completeness of Regulation ($X_2$)</td>
<td>0.146</td>
<td>$\beta \neq 0$</td>
<td>Positive influence</td>
</tr>
<tr>
<td>3</td>
<td>Use of Accounting Information Technology ($X_3$)</td>
<td>0.339</td>
<td>$\beta \neq 0$</td>
<td>Positive influence</td>
</tr>
</tbody>
</table>

Based on the Table 3 the regression results obtained by the multiple regression equation as follows:

$FMP = 0.477 + 0.610AC + 0.146CR + 0.339UAIT + \varepsilon$

The Effect of Apparatus Capability on Financial Management Performance in SKPK Aceh Singkil

The results showed that the capabilities of the apparatus affect the performance of financial management. The regression coefficient ($\beta_1$) obtained at 0.610 indicates that each increase in the capability of the apparatus by 1 unit of the interval scale will be followed by an increase in financial management performance by 0.610 units of the interval scale. A positive influence on the capability of the apparatus on the performance of financial management. This means that if the financial management apparatus has good capabilities, the performance of financial managers will be better.

This is in line with Government Regulation Number 58 of 2005 concerning Regional Financial Management which states that regional financial management is the
whole activity that includes planning, implementation, Administration, reporting, accountability, and supervision of regional finances. Therefore, capable apparatuses are needed in every financial management activity in accordance with applicable regulations.

At present, the apparatus SKPK in Aceh Singkil District have received training related to financial management performance such as the Regional Financial Management Technical Guidance, the Regional Administrative Bimtek, the Technical Guidance on financial Administration, the Technical Guidance for Accrual-based Financial Reporting, the Technical Guidance for RKA and DPA, the Technical Guidance for Regional Treasury Administration, procurement of service goods, Bimtek how to calculate and collect taxes and other Regional Financial Training. In addition, the Aceh Singkil district government apparatus has also received technical training such as the Personnel Training, Bimtek Procurement of Government Goods, Technical Training in the Field of Information and Communication Technology (ICT) as well as the Bimtek of Planning and Development of HR for the State Civil Apparatus. The training is given with the aim that the apparatus, especially financial managers, have high capabilities so that the implementation of regional financial management can run well.

The results of this study are consistent with the results of research conducted by Rahmah (2019), which shows that individual factors significantly influence the performance of regional financial managers in SKPD in Palu City. This proves that the apparatus that have sufficient knowledge, skills, abilities, self-confidence, motivation, and commitment will result in improved performance in financial management.

The Effect of Completeness of Regulation on Financial Management Performance

The results showed that the completeness of regulations affected the performance of financial managers. The regression coefficient ($\beta_2$) obtained at $0.146$ indicates that each increase in regulatory completeness by 1 unit of the interval scale will be followed by an increase in financial management performance by 0.146 units of the interval scale. A positive effect on the completeness of regulations is obtained on financial management performance. This means that if the Government of Aceh Singkil District has complete regulations related to regional financial management, the performance of financial managers will be better.

These results are in line with Government Regulation Number 58 of 2005 Article 151 concerning Regional Financial Management which stipulates a Regional Regulation on the principles of regional financial management and based on the Regional Regulation, the regional head then establishes a blood head regulation regarding the system and procedures for regional financial management. This regional head regulation becomes the guideline for all SKPD in carrying out its financial management (Indah et al., 2017).

At present, the regulations relating to financial management in Aceh Singkil District refer to the Regulation of the Aceh Singkil Regent Number 5 of 2014 concerning Procedures and Management of Regional Money. The regulation clearly regulates the authority and scope of the regional treasurer while also regulating the use of regional money, regional accounts, regional government revenue, SKPD inventory money, regional government cash planning, managing cash surplus/excess, reporting, and accountability of regional money to supervision money management (Peraturan Bupati Aceh Singkil Nomor 5 Tahun 2014 Tentang Tata Cara Dan Pengelolaan Uang Daerah., 2014).

The results of this study are consistent with the results of research conducted by Rosihan, Bharranti, and Ratang, (2017) which proves that regulations affect the performance of apparatus related to asset management. This means that regulations are guarantees that must exist so that the management of regional assets can be carried
out properly, which indirectly guarantees that there will be no irregularities or fraud that have the potential to emerge in the stages of regional asset management.

The Effect of Using Accounting Information Technology on Financial Management Performance

The results showed that the use of accounting information technology affects the performance of financial managers. The regression coefficient ($\beta_3$) obtained by 0.339 indicates that each increase in the use of accounting information technology by 1 unit of the interval scale will be followed by an increase in the performance of financial management by 0.339 units of the interval scale. The positive influence of the use of accounting information technology on financial management performance is obtained. This means that if the use of accounting information technology is applied properly within the SKPK Aceh Singkil District, the performance of financial managers will be better.

The results of this study are in accordance with the theory revealed by Goodhue and Thompson (1995) who explains that information technology impacts behavior using information technology to complete tasks, attitudes, and behaviors. The suitability of the use of information technology is influenced by the interaction between the individual characteristics of the users of the technology used and the tasks performed. The research supporting this theory is Ariyanto (2007) which gives the result that the use of appropriate information system technology and then equipped with users who are experts in using it can improve individual performance and organizational performance.

Utilization of information technology by Aceh Singkil District Government refers to PP No. 56 of 2005 concerning the Regional Financial Information System that gives Aceh Singkil District Government an obligation to develop and utilize information technology advancements to improve the ability to manage regional finances. Specifically emphasizing the use of technology within the Aceh Singkil District agency was subsequently poured into Aceh Singkil District Regulation No. 25 of 2017 concerning Management of Information and Communication Technology within the district government of Aceh Singkil.

The results of this study are consistent with the results of research conducted by Sari, Basri, and Indriani (2017) showing that the use of information technology influences the managerial performance of financial management. The results of this study are also consistent with the results of research conducted by Resfiana and Syamsir (2019) which shows that the contribution of the use of information technology affects the performance of the apparatus in financial management.

5. Conclusions

This study was aimed at investigating the influence of apparatus capability, the completeness of regulations, and the use of accounting information technology both simultaneous and partial on the financial management performance in SKPK Aceh Singkil, Indonesia. Survey was conducted involving Budget Users (PA-SKPK), SKPK Financial Administration Officials (PPK-SKPK), and Finance Subdivision Heads of 46 SKPK. Documentation technique was utilized and Multiple Linear Regression Analysis was used to test the hypotheses.

It was found that the capability of the apparatus, the completeness of regulations and the use of accounting information technology together affect the performance of financial management in the Aceh Singkil SKPK, the apparatus capability affects the financial management performance of the Aceh Singkil SKPK, The completeness of the regulations affects the financial management performance of the Aceh Singkil SKPK, The use of technology accounting information has an effect on financial management performance at SKPK Aceh Singkil. This study is based on a very local context of government institutions in one of provinces in Indonesia, hence the results derived from this study may not be generalized to the wider context.
References
Resfiana, & Syamsir. (2019). Pengaruh Penerapan Teknologi Informasi terhadap

JAROE VOL. 4(3)


