Readiness of Local Government in the Implementation of Accrual Accounting: The Case of Local Government in Aceh, Indonesia

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ABSTRACT

This study aims to examine the influence of human resources, information technology, and organizational culture on Indonesian local governments’ readiness in implementing accrual accounting system. The hypotheses were tested by using quantitative approach with the utilization of survey method. The unit of analysis consists of 52 working units of government institution in Aceh, Indonesia. Simple random sampling technique was employed and a total of 92 respondents participated in the survey. The result shows that human resources and information technology influence government readiness in implementing accrual accounting while organizational culture does not. The findings of this study imply that the government entities need to further strengthen its human resource and information technology to fully support the successful implementation of accrual based accounting system.

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1. Introduction

The implementation of accrual accounting in public sector is seen crucial in achieving greater transparency and accountability of governmental financial reporting. An increasing number of governments are now using accrual-based accounting frameworks, while others still follow hybrid approaches that can be classified as either modified cash accounting or modified accrual accounting (PriceWaterhouseCoopers, 2013). The Indonesian government has taken part to convert the accounting system from a cash base to an accruals base which was marked with the issuance of government regulation (Peraturan Pemerintah) PP 71/2010 in 2010, a regulation about governmental accounting standard or also known as SAP (Standar Akuntansi Pemerintah). The regulation requires central and local government agencies to implement accrual accounting in 2015. The conversion is aimed to improve the quality of the financial statements and provide accurate data in measuring performance of government. It is in line with the policy of IFAC (International Federation of Accountants) as a constituent of international accounting standards that recommends implementation of the accrual accounting in the public sector.

According to the IFAC Public Sector Committee (2003), a report of an organization that is based on accrual system is more useful to evaluate the performance of the government with regard to the cost of services, efficiency, and achievement of goals. The accrual-based financial statements better help the users to identify the financial position of the government and its changes. In addition, users can also identify whether the funding of government activities are in accordance with the funding capabilities. Thus
the government’s capacity can actually be measured.

Accrual accounting also allows the government to identify opportunities in the use of future resources and realize the proper management of these resources. According to the International Best Practice accountability of the state financial management, using the accrual system can improve reliability in the presentation of the value of the rights and obligations of government because: a) the calculation of the cost can be more accurate in realizing certain output which is used as the basis for assessment of performance compared to a cash basis; b) presentation of assets in the balance sheet become more reliable due to the calculation of depreciation expense, amortization and allowance for doubtful accounts which result in the presentation of assets in accordance with the net realizable value. Apart from the above advantages of accrual accounting, empirical evidence also suggests that the benefits of implementing of accrual accounting in government (1) contribute to better fiscal management and improve the effectiveness of financial management (Accountant General’s Department, 2013); (2) make better decisions (Hyndman & Connolly, 2011), and (3) improve the efficiency, effectiveness, transparency, and accountability (Chan, 2003; Hodges & Mellet, 2003; Barton, 2005; Deaconu, Nistor, & Filip, 2011; Monteiro & Gomes, 2013).

Nevertheless, transformation of the old system to the new system requires the readiness of the government that is dependent on several factors. The main factor that determines the success of the transformation is the readiness of human resources (Shah & Shah, 2010) as the changes to the accrual basis result in a more complex governance system as compared to the cash based system (The Malaysian Institute of Accountant, 2011). Readiness of human resources have been reviewed by several researchers from various aspects such as from the aspect of behavioral attributes (Atan & Yahya, 2015; Anh Truong & Swierczek, 2009); perception, acceptance, training and development capabilities, communication skills and participation (Xu, Kaye, & Duan, 2003); competence (Mahadi, Noordin, Mail, & Sariman, 2014); and re-education and re-training employees (Monteiro & Gomes, 2013).

The conversion process must also be supported by the availability of information technology to run the new system (Mahadi et al., 2014; Thompson & Baril, 2002). Organizations will be more advanced and dynamic if the information technology is readily available (Krumwiede, 1998), especially for applying or developing the accounting information system (Vaassen & Hunton, 2009), although there are studies that claim information technologies affect the resistance of users in the implementation of accrual basis accounting (Ahmad, 2016).

Another factor that determines the readiness of an organizational change is organizational culture (Johansson, Åström, Kauffeldt, Helldin, & Carlström, 2014). Organizational culture affects everything that will be implemented within the organization (Armenakis, Harris, & Mossholder, 1993) and how do employees respond to changes depending on the prevailing culture within the organization (Johansson et al., 2014). In order to guarantee the achievement of goals in new system implementation, all involving employees must accept and believe that the changes implemented have positive impact on people and organizations. Thus, the acceptance of change becomes one of the essential elements needed to support the successful implementation of these changes (Cunningham et al., 2002).

Indonesia has been through several phases in the process of transformation of government accounting system. The first phase was the preparation phase, started in 2003 when the government issued Law No. 17 of 2003 on State Finance. The law states that the government accounting system using the accrual basis and the financial statements should be prepared based on SAP. The system was expected to be implemented in five years. However, Government of Indonesia has not had any regulation related to SAP in 2003. Therefore cash basis accounting system was still applied in that era.

The second phase, called as transitional phase was from 2005 to 2015. During this phase, the government already has a government accounting standard (i.e. SAP). Nevertheless, despite the availability of SAP regulation, cash towards accrual basis was used during this period due to the difficulties in the process of system conversion. Only since 2015, the government
required all central and local governments to use the accrual system in preparing its financial statements. Local government of Aceh was of no exception to this requirement. Nevertheless, such transformation has been challenging for the local government of Aceh added with the fact that until the year of 2015, the financial statements of government of Aceh has never been granted an unqualified audit opinion.

The process of transformation of accounting system necessitates for readiness of the government particularly in the aspects of human resources as agents of change, information technology readiness as the technical facilities and organizational culture change as the readiness of values and norms in the face of change. Accrual accounting is a newly required form of accounting practice in the government sector in Indonesia and no previous studies was performed in this topic particularly within the unique environment of local government of Aceh. Departing from this background, this study intends to address several issues of whether the human resources, information technology and culture affect the readiness of the government to implement accrual accounting system. In addition, this study also seeks to identify whether there are differences in readiness of changes for the respondents with the educational background of accounting and non-accounting background. This paper is organized as follows. Section 1 describes introduction. Section 2 discusses theoretical framework and hypotheses development. This is followed with the explanation of research design. Findings and analysis will be subsequently presented followed with the section on discussion and conclusion.

2. Theoretical Framework and Hypotheses Development

Accrual-Based Governmental Accounting Standards

An accrual-based governmental accounting standard (GAS) is a standard that recognizes revenues, expenses, assets, liabilities and equities in the period of occurrence (Halim, 2007). From cost-benefits perspective, financial reports which are prepared under accrual-based GAS offer more benefits to the stakeholders as compared to cost incurred in preparing such reports (Wulandari & Kusufi, 2014). Bastian, (2010) highlights that among the benefits of using accrual accounting are; 1) it provides measurement tool for goods and services which are acquired, processed and consumed, 2) the measurement becomes more objective, and 3) accrual basis is also useful in equities measurement.

Despite the above benefits, several limitations associated with accrual accounting require certain level of prudence in its implementation process. Among the weaknesses of accrual accounting are: 1) the relatively high subjectivity of preparers in recording transactions which may lead to the distortion of accounting information, 2) the relevance of accrual accounting may become limited in relation to the historical values and inflation, 3) as compared to cash accounting, the adjustment procedure in accrual accounting is more complicated and more costly, and 4) the chances for financial manipulation is higher with the use of accrual accounting. Nonetheless as mentioned before, with the proper implementation and control mechanism accrual accounting is believed to give more advantages.

Government Readiness in the Implementation of Accrual-Based GAS

Readiness to change is a set of thoughts and willingness to face particular change (Madsen et al., 2005). It is also defined as a comprehensive attitude which is simultaneously influenced by four factors, i.e. process, content, context and individual attribute (Holt, Armenakis, Feild, & Harris, 2007). Process refers to steps that are taken towards the change while content is new things that will be introduced as substance of the intended change. Meanwhile context indicates the environment and condition where the staff carry out their functions. The fourth factor which is the individual attributes has to also be considered as different individuals behave differently in responding the change. Hanpachern, Morgan, & Griego (1998) propose another approach in the measurement of readiness to change which consist of promotion of change, staff involvement in the process of change, and level of acceptance to the change among the staff.

The readiness of government in implementing accrual-based GAS refers to its readiness to reform its government accounting system (Negara, 2015). According to Kusufi & Achadiyah (2014), a number of conditions are needed to support the
implementation of accrual accounting in the government sector. First is human resource who are well-competent and professional in financial management. Second is the support from auditors as the change in accounting basis requires the change in auditing approach. Third is the availability of information technology that can accommodate all the requirements of the implementation of accrual accounting. Fourth is the availability of accrual-based budgeting system to enable the comparison between budgeting and realization which is based on accrual basis. Lastly is the the commitment and political support from relevant decision makers in the government. The effort to implement accrual-based accounting system is costly and time-consuming hence necessary support from political leaders is crucial in its successful implementation.

In short, the readiness of human resource, a well-established information technology, a safe and conducive socio-political environment, and the positive support from government auditors are definitely needed to achieve the accounting reform in the government sector hence the expected benefits out of the reform can be well materialized (Kusufi & Achadiyah, 2014).

Human Resources and Readiness for the Implementation of Accrual Accounting

As discussed in the previous section, attitude towards change is basically influenced by process, content, context, and individual attributes (Holt et al., 2007); socialization, worker involvement, and the level of staff’s acceptance to change (Hanpachern et al., 1998). In the face of changes to the system in Indonesia, Accounting Standards Committee (2010) describes the preparation of strategies that can be done within the framework of the accrual system implementation at the local government are as follows: 1) socialization and training phases; 2) preparation of legal documents; and 3) test as a stage prior to implementing full accrual accounting.

Meanwhile to manage the individuals in the face of change, Hiatt (2006) promoted a model consisting of awareness, desire, knowledge, ability, and reinforcement (ADKAR). The purpose of managing the individual in the face of changes in an effort to empower every person affected by the change were able to make the transition as well as possible, in accordance with solutions to problems that have been agreed by the organization to which individuals in the organization are the human resources that will face these changes. Several studies show that the quality of human resources has a positive influence on the success of the change (Anh Truong & Swierczek, 2009) in the implementation of accrual-based government accounting (Mahat & Ali, 2013; Sukadana & Mimba, 2015). Therefore it is hypothesized that:

**H1:** Human resources affect the readiness for the implement accrual accounting system

Information Technology and Readiness for the Implementation of Accrual Accounting

Information Technology (IT) refers to anything related to computing technology, such as, hardware, software, telecommunications network, and the management of data sources (Post & Anderson, 2000; Wilkinson et al., 2000; O’Brien, 2005). Many organization snow have IT departments for managing the computers, networks, and other technical areas of their activity. Pavic, Koh, Simpson, & Padmore (2007) highlighted the importance of IT stems from its role as one of the main tools employed in the service activities of business organizations. An IT infrastructure is the foundation upon which a firm can deliver reliable services through an organized and coordinated central information system (Mitchell, Gagné, Beaudry, & Dyer, 2012).

In order to support the implementation of accrual accounting, the use of reliable technology is vital to support the successful data processing. Preparations in the field of information technology is mainly directed to the development of accounting systems where the role of IT in an organization as a facilitator, catalyst, motivator and enabler of management accounting and financial accounting system. Such important role of information technology is due to its function which can be input as well as output, and it can affect every function of the organization. Previous study also showed that information technology can affect the government's readiness to implement the accrual accounting system (Sulani, 2009). Hence the following hypothesis is proposed:
**H2**: Information technology affects the readiness of the implement accrual accounting

**Organizational Culture and Readiness of Implementation of Accrual Accounting**

Culture has been defined in various ways in the literature. However, the majority of definitions highlight notions such as shared values, beliefs, and assumptions among organizational members (Schein, 2004; Kotter & Heskett, 1992; Detert, Schroeder, & Mauriel, 2000; Jones et al., 2009; Jones, 2010; Bligh & Hatch, 2011). Another most quoted definition of culture is of Hofstede (2011) who defined culture as the collective programming of the mind that distinguishes the members of one group or category of people from others. In the context of this study, organizational culture “deeply affects how organizational members interpret social objects and practices, what goals members develop, and what strategies members enact to link the objects and practices to the goals” (Love & Cebon, 2008; Ax & Greve, 2016). Organizational culture is a portrait of involvement, consistency, adaptability, and the appreciation of the mission Denison (2000).

The general idea is that organizational culture is an important factor influencing behaviour and outcomes in organizations (Jung et al., 2009; Bligh & Hatch, 2011; Kotter & Heskett, 1992). Particularly in the face of change, organizational culture (Rajput, Novitskaya, & Vanyushyn, 2013) and positive behaviour (Atan & Yahya, 2015) has an important role in shaping the readiness to face a change. Therefore, the following hypothesis is proposed:

**H3**: The organizational culture affects the readiness of the government to implement accrual-based government accounting standards.

### 3. Research Design

**Data Collection**

The hypotheses were tested by using quantitative approach with the utilization of survey method. The unit of analysis in this research is the government institution totaled 52 work units in Aceh, Indonesia. Aceh is one of provinces in Indonesia which was granted privileges in terms of education, religion, and culture. Due to the long history of local struggles for independence, the memorandum was finally reached between local government of Aceh and central government to grant Aceh as an autonomous province. Subsequent to the memorandum, Aceh has been given special fund in addition to other regular funding from central government to the local governments in Indonesia. Therefore undertaking this study within the context of Aceh government is believed as interesting.

Respondents were employees who worked in the finance department and involved in the process of preparation of financial statements in each work unit. Samples were drawn on random basis through a list of employees provided in the organizational structure. Distribution of the questionnaire was carried out directly hence the assurance of completely answered questionnaire by the respondents was possible since the respondents were able to ask questions directly about the details that were not understood from the questionnaire (Sekaran & Bougie, 2013).

**Measurement of Variables**

The measurement of variables in this research is consistent with the previous studies. In line with previous studies, a seven-point Likert-type scale was used to measure the items. The scale for readiness of the implementation of accrual (RIA) range from strongly disagrees” to “strongly agree”. The individual aspects of the proposed model by Hiatt (2006) consist of awareness, desire, knowledge, ability, and reinforcement. Information technology (IT) in this study is defined as the hardware technology, software, telecommunications network, and the management of data sources (O’Brien, 2005). The scale for IT range from “strongly disagree” to “strongly agree”. Organizational Culture (OC) is defined as a set of values and norms that governs the interaction of members of the organization, both among members of the organization and with external parties (Jones, 2010). The measurement using the model of organizational culture as proposed by Denison (2000), consisting of four indicators, namely the involvement, consistency, adaptability, and appreciation of the mission. The scale range from “strongly disagree” to “strongly agree”.

**Data Analysis Method**

The data was analyzed using multiple linear regression with the following equation model:
RIA = a + b\textsubscript{1}HR + b\textsubscript{2}IT + b\textsubscript{3}OC + e

Where:
RIA = Readiness in Implementing Accrual
a = Constant
b\textsubscript{1}; b\textsubscript{2}; b\textsubscript{3} = Regression Coefficients
HR = Human Resources
TI = Technology Information
OC = Organizational Culture
e = Error

4. Results and Discussion

Descriptive Statistic

A total of 92 questionnaires were distributed with 86 questionnaires were returned and answered by respondents making a response rate of 93.48%. Descriptive summary of respondents including gender, education, age, position and years of working experience can be seen in the following table.

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Gender:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Male</td>
<td>38</td>
<td>44.2</td>
</tr>
<tr>
<td></td>
<td>• Female</td>
<td>48</td>
<td>55.8</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>86</td>
<td>100</td>
</tr>
<tr>
<td>2</td>
<td>Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• High School</td>
<td>4</td>
<td>4.7</td>
</tr>
<tr>
<td></td>
<td>• Undergraduate</td>
<td>61</td>
<td>70.9</td>
</tr>
<tr>
<td></td>
<td>• Master</td>
<td>19</td>
<td>22.1</td>
</tr>
<tr>
<td></td>
<td>• Doctorate</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>• Other</td>
<td>2</td>
<td>2.3</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>86</td>
<td>100</td>
</tr>
<tr>
<td>3</td>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• &lt; 30 Years</td>
<td>21</td>
<td>24.4</td>
</tr>
<tr>
<td></td>
<td>• 30 – 50 Years</td>
<td>60</td>
<td>69.8</td>
</tr>
<tr>
<td></td>
<td>• &gt; 50 Years</td>
<td>5</td>
<td>5.8</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>86</td>
<td>100</td>
</tr>
<tr>
<td>4</td>
<td>Specialization/ Education Background:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Accounting</td>
<td>41</td>
<td>47.7</td>
</tr>
<tr>
<td></td>
<td>• Non-Accounting</td>
<td>45</td>
<td>52.3</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>86</td>
<td>100</td>
</tr>
<tr>
<td>5</td>
<td>Job Position</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Head of Department / Office / Agency</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>• Head of Division</td>
<td>2</td>
<td>2.3</td>
</tr>
<tr>
<td></td>
<td>• Subsection Head</td>
<td>16</td>
<td>18.6</td>
</tr>
<tr>
<td></td>
<td>• Section Head</td>
<td>5</td>
<td>5.8</td>
</tr>
<tr>
<td></td>
<td>• Staff</td>
<td>63</td>
<td>73.3</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>86</td>
<td>100</td>
</tr>
<tr>
<td>6</td>
<td>Working Experience</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>• &lt; 1 Years</td>
<td>5</td>
<td>5.8</td>
</tr>
<tr>
<td></td>
<td>• 1 – 5 Years</td>
<td>13</td>
<td>15.1</td>
</tr>
<tr>
<td></td>
<td>• &gt; 5 Years</td>
<td>68</td>
<td>79.1</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>86</td>
<td>100</td>
</tr>
</tbody>
</table>

Overall, the average value for the variable readiness of implementation of accrual-based SAP is 3.48 with a minimum value of 1.14, the maximum value of 4.85, and a standard deviation of 0.66 (Table 2). The minimum value of 1.14 indicates that there are respondents who are still not ready to run the system changes. Standard deviation value of 0.66 also illustrates the readiness of government officials in running the
system change are not evenly distributed, although the application of the system is mandatory.

Human resource is the element that is directly involved in the implementation of a system. Overall, the government of Aceh has adequate human resources in order to implement accrual-based SAP. This is indicated by the mean of the variable of human resources amounting to 3.99 and the minimum value of the human resources of 3.2, which signify that most of the indicators of human resource variables are well accepted by the respondents. Meanwhile the average value of respondents' perception about information technology amounted to 3.74. This means that in order to support the implementation of accrual based accounting system, the government has provided adequate information technology devices. Indicators measuring organizational culture in this research are the involvement, consistency, adaptability, and the appreciation of the mission. The average value obtained for organizational culture is 4.0 which indicate that the government of Aceh has a good organizational culture in the face of change.

Validity dan Reliability
Validity and reliability tests were performed using SPSS version 23.0. The validity test results showed that all the value of the correlation coefficient obtained are greater than the critical value product moment correlation (critical value r product moment correlation to N = 86 is 0.213). Therefore, all the items in the questionnaire are valid.

To measure the consistency of measures, this study has adopted the inter-item consistency reliability using the most popular test of Cronbach’s alpha coefficient. Reliability test results showed Cronbach alpha values for each variable to variable RIA are 0.786, 0.776 for HR, IT 0.656 for, and 0.821 for the OC. This shows that all the variables in this study are reliable because it has met the requirements α>0.60.

Hypothesis Testing Results
The results as depicted in Table 3 show that both variables human resources (b1=.558; p<0.05) and technology information (b2=.338; p<0.05) has a positive and significant effect on readiness of government to the implementation of accrual-based accounting system. Based on these results, hypothesis 1, hypothesis 2 are supported. Nevertheless the effects of the variable culture is not significant (b3=130; p>0.05) which indicates that hypothesis 3 is not supported.

Additional Findings
This study also looked at whether there are differences in preparedness between employees Set Back Education (LPDD) of accounting and non-accounting. The results showed that the readiness of employees with accounting background is higher at 3.6085 compared with the readiness of employees with no accounting background.

Table 2
Descriptive Statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>RIA</td>
<td>1.14</td>
<td>4.85</td>
<td>3.48</td>
<td>.66</td>
</tr>
<tr>
<td>HR</td>
<td>3.20</td>
<td>4.90</td>
<td>3.99</td>
<td>.42</td>
</tr>
<tr>
<td>IT</td>
<td>2.20</td>
<td>5.00</td>
<td>3.74</td>
<td>.54</td>
</tr>
<tr>
<td>OC</td>
<td>2.85</td>
<td>5.00</td>
<td>4.00</td>
<td>.39</td>
</tr>
</tbody>
</table>

Valid N (listwise) 86

Table 3
Result of Analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Value</th>
<th>Std error</th>
<th>t-value</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>a</td>
<td>-.468</td>
<td>.599</td>
<td>-.781</td>
<td>.437</td>
</tr>
<tr>
<td>HR</td>
<td>b1</td>
<td>.558</td>
<td>.150</td>
<td>3.699</td>
<td>.000</td>
</tr>
<tr>
<td>IT</td>
<td>b2</td>
<td>.338</td>
<td>.118</td>
<td>2.864</td>
<td>.005</td>
</tr>
<tr>
<td>OC</td>
<td>b3</td>
<td>.130</td>
<td>.162</td>
<td>.798</td>
<td>.427</td>
</tr>
</tbody>
</table>

Additional Findings
This study also looked at whether there are differences in preparedness between employees Set Back Education (LPDD) of accounting and non-accounting. The results showed that the readiness of employees with accounting background is higher at 3.6085 compared with the readiness of employees with no accounting background.
background for 3.3716, but the test of differences showed that both groups of samples being compared is no different. It can be seen from the results of Levene's test that it is not significant with the value of F = 0.058 and 0.810 based on the level of significance greater than p>0.05. Levene's test results indicate that there is a variance between the two groups of samples, therefore the use of t value on equal variance assumed. Based on the value of 1.675 and p value of 0.098 as presented in Table 5, thus it can be concluded that the readiness of both government employees who have the educational background of accounting and non-accounting is no different.

**Table 4**

<table>
<thead>
<tr>
<th>Group Statistics</th>
<th>Educational Background</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>RIA</td>
<td>Accounting</td>
<td>41</td>
<td>3.6085</td>
<td>.68982</td>
<td>.10773</td>
</tr>
<tr>
<td></td>
<td>No-Accounting</td>
<td>45</td>
<td>3.3716</td>
<td>.62218</td>
<td>.09275</td>
</tr>
</tbody>
</table>

**Table 5**

<table>
<thead>
<tr>
<th>Independent Samples Test</th>
<th>Levene's Test for Equality of Variances</th>
<th>t-test for Equality of Means</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>Sig.</td>
</tr>
<tr>
<td>RIA</td>
<td>.058</td>
<td>.810</td>
</tr>
<tr>
<td>Equal variances assumed</td>
<td>1.667</td>
<td>80.88</td>
</tr>
<tr>
<td>Equal variances not assumed</td>
<td>1.667</td>
<td>80.88</td>
</tr>
</tbody>
</table>

In the process of changing, human resource is not only the input. The human resource also influences how the change is implemented (Sever, 2007). The success of a change depends on the contribution of all elements involved (Doorewaard & Benschop, 2003). Therefore, if the quality of human resource improves, so does the organizational work, and vice versa (Negara, 2015). Even though the implementation of accrual based accounting system is an obligation, the government would be more prepared if assisted by qualified human resource. The result of this study was supported by Anh Truong & Swierczek (2009) who noted that human resource affected the effectiveness of a change, while Sukadana & Mimba (2015) said that the quality of human resource plays an important role in the implementation of the accrual based accounting system.

Apart from the need for good quality of human resource in the implementation of accrual based accounting system, the government should also provide a new regulation for an accrual based system aided with the well-equipped information technology. In order to operate the system of information technology, the training is needed (Mahadi et al., 2014). The better quality of information technology the government has, the more prepared government in implementing the accrual based GAS (Negara, 2015).

The government of Aceh has provided adequate IT infrastructure. This was showed by the total means for the variable of IT which was 3.74. In particular the government has equipped necessary equipments; the hardware, the software which in this case is software of information system for district financial management (Sistem Informasi Pengelolaan Keuangan Daerah/SIPKD), and the internet connection. Furthermore, the staffs who are involved in preparing financial statement of accrual based system have been generally assisted with the presence of SIPKD software.

In this respect, the result of the study confirmed that the information technology influences the readiness of the government in implementing the accrual base GAS. This is in line with the study of Negara (2015) and Sulani (2009) who also found that information technology has an impact on the readiness of the government in implementing the accrual accounting.

Another factor which was expected to influence the government readiness in implementing accrual accounting is the organizational culture. The culture of organization plays a crucial role in measuring the
ability of an organization to experience the change (Johansson et al., 2014). The changes and the culture of organization are related to each other. The changes influence the culture of an organization by introducing new values, beliefs, and norms. While the culture of organization gives a concept in the implementation of that change. Hence, if all the dimensions of the culture of organization has totally been represented, the labor management is needed to form the readiness in facing the change (Rajput et al., 2013). However, if the dimensions are not fully represented, the effort of the management is needed to form the readiness in facing the change.

In general, the culture of organization in the government of Aceh is considered good. This was showed by the value of the mean for the variable of organizational culture which was 4.0. This was not apart from the perception of the respondents who saw the change as means of corrective action and continuous learning instrument. Additionally those who are directly involved with the implementation process have been also granted equal opportunity for training. Interestingly to note also that the task of financial statement preparation based on accrual accounting could be performed by any of the staff in the department, not only by certain individuals.

Nonetheless the result of the hypothesis testing pointed out that the culture of organization did not influence the readiness of the government in implementing the accrual-based accounting. This is probably due to the fact that all dimensions of the organizational culture had been well represented in the government of Aceh. This was in line with the study of Rajput et al. (2013) which stated that the culture of organization did not influence the readiness in facing the change, but rather it had an important role in forming the foundation in dealing with a change. Therefore, the organizational culture within the context of this study is believed to have shaped the strong base for the organization to face the change but it is not an influential factor for the readiness to change.

5. Conclusions

As a summary of this study, three major findings can be pointed out. Firstly, the implementation of accrual based GAS, the elements of human resource, information technology, and the organizational culture within the government of Aceh are deem capable to encounter the change. Secondly the human resource and information technology influence the government readiness in implementing the accrual base standard accounting of governance, while the culture of organization does not have the influence on it. Lastly the additional result of this study also demonstrates that there was no difference between the state apparatus with accounting educational background or non accounting background.

Despite the meaningful results as discussed in the previous section, this study is subject to several limitations. First, it is limited in its units of analysis since the objects of this study were only government units in Aceh, i.e. SKPA (Satuan Kerja Perangkat Aceh), Indonesia, thus the results of this study cannot be generalized to the whole public sector in Indonesia. Different results may be obtained due to the different locations and different units of analysis. Second, there is also probably weakness in the questionnaire that was used as the instrument in collecting the data. The issues regarding the seriousness and subjectivity of the respondents in filling up the questionnaire are beyond the control of the researcher.

Based on the limitations of study, future research is suggested to see the consistency between this study, the previous and the future studies investigating this issue in order to support and sharpen the result of this study. It can be done, for instance, by recomposing the items in the questionnaire or using various indicators for the measurement of each variable. Future research may also aims to recognize other variables which are considered to influence the readiness of government in implementing accrual based accounting system. Other possible research may approach this issue by utilizing other research instruments such as interview or other techniques to minimize the subjectivity of the respondents.

Based on the findings of this study, it is recommended that the government entities particularly in Aceh to further consider supporting the initiatives in the implementation of accrual based accounting. The role of local government is vital in ensuring the successful implementation of accrual accounting hence the greater transparency and accountability of governmental financial
reporting can be materialized. In particular the government is urged to focus on improving the quality of human resource and the information technology as these are the essential factors that affect the readiness for change to accrual accounting. In this respect relevant public policy measures need to be undertaken by the government to achieve the targeted quality of human resource as well as information technology.

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