

# Increasing Managerial Performance through The Use of Information Technology and Decentralization Characteristics of the Management Accounting System

<sup>1</sup>Andhika Ligar Hardika, <sup>2</sup>Andina Nur Fathonah, <sup>3</sup>Anni Darrini, <sup>4</sup>Mohd Haizam Mohd Saudi

***Abstract---**The purpose of this study is to discuss the use of information technology, decentralization of the characteristics of accounting systems and managerial management of state-owned enterprises. This type of research uses descriptive verification. The population of all managers of state-owned enterprises in the city of Bandung. Sampling uses a sampling of 68 middle-level managers. The study uses path analysis by processing statistical data using multiple regression analysis. Data were analyzed using IBM SPSS Ver 20. This study found that the use of information technology and decentralization applied to the characteristics of management accounting systems and managerial performance. This research provides insights about top management to improve performance in developing information technology and delegating authority and responsibility to provide solutions to improve managerial performance.*

***Keywords---**Utilization of information technology, Decentralization, Characteristics of management accounting systems, Managerial performance*

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## I. INTRODUCTION

The Indonesian government seeks to improve the performance of state-owned enterprises, which are expected to provide public services in the form of goods and services in good quantity and quality and contribute to the development of the national economy. General Chairman of the union employees of PT. Telkom, as one of the state-owned enterprises, assessed the performance of the state-owned enterprises that declined due to the lack of synergy between the Ministry and the technical departments of the relevant State-owned enterprises. Guidance carried out by the Ministry of State-owned enterprises does not have the principle of openness and unclear evaluation. The guidance mechanism from the Ministry of State-owned enterprises has no clear direction and instead tends to weaken the performance of state-owned enterprises. PT. Telkom also considers that there is no strategic guidance from the Ministry of state-owned enterprises to PT. Telkom (Pechancová et al., 2019). It can be seen from the performance evaluation that it was not carried out effectively and efficiently. For this reason, union employees of PT. Telkom invites unions and employees of state-owned enterprises to build synergies between state-owned enterprises and strengthen management performance to ensure the competitiveness and professionalism of employees of state-owned enterprises for national independence and welfare (Pikiran Rakyat online: 2013).Research

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<sup>1</sup>Widyatama University

Andhika.ligar@widyatama.ac.id

<sup>2</sup>Widyatama University

<sup>3</sup>Widyatama University

<sup>4</sup>Widyatama University

on the use of information technology, decentralization, and characteristics of management accounting systems about managerial performance is still a concern for top management of companies in Indonesia so that by conducting this research can provide valuable insights about the importance of managerial performance for the company. Several studies on the use of information technology have been carried out in Indonesia, other studies conducted by (Ardi, 2013; Hakim, 2016; Kurniawan & Nensih, 2014; Laksmana & Muslichah, 2002) with the aim of research to prove empirically that the use of information technology has an effect on improving the characteristics of the management accounting system. Furthermore, other studies conducted by (Dwirandra, 2007; Rante, Rosidi, & Ali, 2014; Riyadi, 2007; Solechan & Setiawati, 2009; Soobaroyen & Poorundersing, 2008; Yazid, 2012) there are positive effects caused by decentralization to improve characteristics of the management accounting system and allows the value of information in accordance with the actual events that occur in the field.

Research conducted by (Juniarti & Evelyne, 2003; Kurniawan & Nensih, 2014; Laksmana & Muslichah, 2002; Soobaroyen & Poorundersing, 2008; Yazid, 2012; Saudi et al., 2018) proves the design of management accounting systems helps organizational managers in planning, organizing, directing and decision-making. Research conducted by (Hakim, 2016) proves that to improve managerial performance in carrying out its operational activities, information technology support is urgently needed. Research conducted by (Dwirandra, 2007; Hakim, 2016; Rante et al., 2014; Riyadi, 2007; Solechan & Setiawati, 2009; Soobaroyen & Poorundersing, 2008) proving that improving managerial performance is reflected in the completion of the work that is more effective in setting goals and determined by the level of delegation of authority in making decisions regarding daily operations.

Based on the previous explanation, this study aims to improve managerial performance through the use of information technology, decentralization, and characteristics of the management accounting system.

## II. LITERATUR REVIEW

Information technology is a combination of computer technology and communication technology that is used to process data into information and communicate that information (Kurniawan & Nensih, 2014). According to (Kurniawan & Nensih, 2014; Laksmana & Muslichah, 2002; Hussain et al., 2018, Rosdianti, 2018), the use of information technology includes capturing, conveying, creating, storing and communicating information. Information processing tasks are used to provide information or can also be combined to create a system that handles all tasks.

H1: The use of information technology affects the characteristics of the management accounting system

According to (Galbraith, 1973; Riyadi, 2007; Soobaroyen & Poorundersing, 2008), decentralization will allow the processing of information and decision making closest to the source of an event that occurs thereby increasing performance. However, decentralization that is equipped with the characteristics of management accounting information systems that are broad in scope and aggregate will be more effective for improving managerial performance (Gordon dan Narayanan, 1984; Rante, Rosidi, & Ali, 2014; Yazid, 2012).

H2: Decentralization affects the characteristics of the management accounting system

(Juniarti & Evelyne, 2003; Rante et al., 2014; Yazid, 2012), found that there was a relationship between information characteristics and managerial performance, but the level of the relationship varied depending on the manager's needs to achieve their performance. (Juniarti & Evelyne, 2003; Kurniawan & Nensih, 2014; Laksmana & Muslichah, 2002; Solechan & Setiawati, 2009; Soobaroyen & Poorundersing, 2008), prove empirically the characteristics of information produced by management accounting systems on managerial performance.

H3: Characteristics of the management accounting systems affect managerial performance

The use of information technology in the world of work aims to solve problems, open creativity, also increase the effectiveness and efficiency of work (Sutarman, 2009; Hakim, 2016). The same thing was expressed by (Haag dan Cummings, 2009; Hakim, 2016), information technology is a computer device used to process information and support the information process needs of an organization.

H4: The use of information technology affects managerial performance

Decentralization is the delegation of authority and responsibility to lower management to make policies independently and take decisions on activities carried out. A delegation of authority includes budgets, programs, and activities, determining employees, prioritizing activities and reducing employees (Dwirandra, 2007; Rante et al.,

2014; Yazid, 2012). The greater the level of delegation of authority and responsibility of top management to middle and lower managers in decision making, the higher the level of managerial performance (Rante et al., 2014).

H5: Decentralization affects managerial performance

### III. RESEARCH METHOD

This type of research is descriptive verification, as a form of research based on data collected systematically on the facts of the object under study which will then be interpreted based on theory and literature (Sekaran, 2013). The population is all managers of state-owned enterprises in the city of Bandung. Sampling using saturated sampling there are 68 middle-level managers. The study uses path analysis by processing statistical data using multiple regression analysis.

### IV. RESULT AND DISCUSSION

**Table 1:** Hypotesis Testing

H	Hypothesis	Path coefficient	t-statistic	sig	conclusion
H1	Technology Utilization → MAS Characteristics	0.477	5.080	.000	Sign
H2	Decentralization → MAS Characteristics	0.309	4.069	.000	Sign
H3	MAS Characteristics → Managerial Performance	0.500	4.686	.000	Sign
H4	Technology Utilization → Managerial Performance	0.223	2.029	.032	Sign
H5	Decentralization → Managerial Performance	0.237	2.394	.020	Sign

The results of testing the use of information technology on the characteristics of the management accounting system produced a t-statistic value of 5.080 with a significance  $.000 < 0.05$ , it was found that the use of information technology affected the characteristics of management accounting systems. The results of this study are in line with (Hakim, 2016; Kurniawan & Nensih, 2014; Rosdianti, 2018) saying that there is influence, meaning the accuracy of data at the source is initially guaranteed, presents useful information, accurate information is returned, data is stored structured, there are online processing and network databases that help employees produce reports and send them on time.

The results of the decentralization test on the characteristics of the management accounting system resulted in a t-statistic value of 4.069 with a significance  $.000 < 0.05$ , so it was found that decentralization affected the characteristics of management accounting information. The results of this study are in line with (Rante et al., 2014; Soobaroyen & Poorundersing, 2008; Yazid, 2012) saying that there is an influence, meaning the higher delegation of authority and responsibility the better the characteristics of management accounting systems to expand the information needed.

The results of testing the characteristics of the management accounting system on managerial performance resulted in a t-statistic value of 4.686 with a significance  $.000 < 0.005$ , so it was found that the characteristics of the management accounting systems affected managerial performance. Results of this study are in line with (Solechan & Setiawati, 2009; Soobaroyen & Poorundersing, 2008; Yazid, 2012) saying that there is an influence, meaning that the better the characteristics of accounting information will the higher managerial performance.

The results of testing information technology utilization on managerial performance resulted in a t-statistic value of 2.029 with a significance of  $.032 < 0.005$ , so it was found that the use of information technology affected managerial performance. The results of this study are in line with (Laksmna & Muslichah, 2002; Kinarwanto, 2012; Hakim, 2016) saying that there is an influence, meaning to improve managerial performance there is a need for information technology support to provide quality information so that it can assist management in making good decisions.

The results of the decentralization test on managerial performance resulted in a t-statistic value of 2.394 with a significance of  $.000 < 0.005$ , so it was found that decentralization affected managerial performance. The results of this study are in line (Dwirandra, 2007; Yazid, 2012; Rante et al., 2014) saying that there is an influence, meaning delegation of authority and responsibility will encourage managers or subordinates to actively participate in decision making so that managerial performance increases.

## V. CONCLUSION

There are two important things that can provide input to the top management of state-owned enterprises in the city of Bandung. First, this study provides empirical evidence that the use of information technology influences the characteristics of management accounting systems which will ultimately improve managerial performance. Second, this study also explains that decentralization affects the characteristics of management accounting systems and will ultimately improve managerial performance. To improve the characteristics of the management accounting systems and managerial performance of top management can improve individual performance based on experience and information needed.

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