

# The Influence of Organizational Culture on the Implementation of Regional Financial Management Information Systems (Empirical Study in Regency Government of Humbang Hasundutan)

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## ABSTRACT

This study aims to analyze the influence of organizational culture (the ability to adapt, mission, involvement, and consistency) partially and simultaneously on the implementation of regional financial management information systems in the Regency Government of Humbang Hasundutan.

This type of research is associative explanatory research using a quantitative approach. The population used in this study was all regional apparatus organizations in the Regency Government of Humbang Hasundutan. At the same time, the sample of this research consisted of 100 respondents, including regional apparatus organizations leaders, financial administration officials, financial treasurers, and staff. The data collection technique used in this study is a questionnaire method. The data analysis technique used is validity and reliability analysis using Smart PLS software.

The results in this study indicate that partially, the ability to adapt, missions, and involvement have a positive and significant influence on the implementation of regional financial management information systems, and consistency has no effect on the implementation of regional financial management information systems in the Regency Government of Humbang

Hasundutan. In addition, simultaneous test results also show that the ability to adapt, mission, and involvement has a positive and significant influence on the implementation of regional financial management information systems, and consistency does not affect the implementation of regional financial management information systems in the Regency Government of Humbang Hasundutan.

**Keywords:** *organizational culture, adaptability, mission, involvement, consistency, financial information system, regional financial management information system implementation.*

## INTRODUCTION

The main agenda of reforms expected to be carried out consistently by the Regional Government is to realize good governance (Farida, 2013). The use of information systems in the Regional Government is regulated in PP No. 56 of 2005 concerning Regional Financial Information Systems, which helps realize regional financial management, namely the Regional financial management information systems application.

The development of significant regional development with the principle of good governance is the central government, and the regional government aims to improve the

quality of regional financial governance and channel regional financial information to the public. The central government developed a structured management information system between the center and the regional government by simplifying the work units (departments).

Regional financial management information systems are integrated applications of the local government used to increase the effectiveness of regional financial information systems regulations based on efficiency, economics, effectiveness, transparency, accountability, and auditability (Saragih, 2008).

Regional financial management information systems implementation uses a cash base method adjusted to PP No. 71 of 2010 concerning the Accrual-Based Government Accounting Standard. Implementing regional financial management information systems changes the flow of financial management applications from cash bases to accrual bases, for example, revenue recognition on revenue targets, SKP SKP issuance, SKP or SKR repayment, and accounting journals in the transaction (Ansar, 2013).

The Regency Government of Humbang Hasundutan has changed the regional financial governance information system from a cash base to an accrual base using the central government information system application, Regional Financial Management Information Systems (RFMIS). Regency Government of Humbang Hasundutan is a government agency that has implemented a regional financial management information system since 2015 with the adjustment stage, previously using RMIS (Regional Management Information Systems). The previous regional financial management application used by the regional government was RMIS, which regional financial management information systems have now replaced.

Regional financial management information systems implementation in the Regency Government of Humbang Hasundutan was used in early January 2015 and applied to 100

regional apparatus organizations. Regency Government Financial Data Processing Humbang Hasundutan operates effectively. The more effective the implementation of regional financial management information systems is, the better the quality of financial statements in the Regency Government of Humbang Hasundutan, which is increasingly transparent and accountable in regional finance management.

The cultural norms in the Regency Government of Humbang Hasundutan stated that the services of members of the organization must be friendly by smiling when interacting with the community, not open to the development of the use of regional financial management information systems (Intellectual Intelligence) applications, considering other cultural factors that can affect emotional in a culture and very dysfunctional.

From the background of the problem described, researchers are interested in examining "The Effect of Organizational Culture on the Implementation of Regional Financial Management Information Systems" (Empirical study in the Regency Government of Humbang Hasundutan).

## **LITERATURE REVIEW**

### **Implementation of regional financial management information systems**

The main characteristics of regional financial management information system (RFMIS) implementation are that it is to be understood and used by its users. If this happens, implementing a regional financial management information system is considered adequate to achieve organizational goals (Ansar, 2013). The implementation of regional financial management information systems has obstacles due to discrepancies in human resources (human error), inadequate server memory capacity, errors in the information system, incorrect transaction codes in input data, and other technical problems (Bagoë, 2013).

Based on the Ministry of Home Affairs Circular No. 900/122/BAKD, regional

financial management information systems, and Regional Financial Information Systems have two objectives, namely general and particular objectives:

1. Specific objectives, namely: to develop the implementation of regional financial management information systems applications based on regional needs and conditions.
2. General Objectives: To realize financial governance that is easy, fast, accurate, and accountable, as well as realize orderly and better financial administration governance in the future.

Regional financial management information systems can identify the financial position of the regional government and its changes. Accrual-based Regional Financial Information Systems recognize income, expenses, assets, debt, and equity in accrual-based financial statements and recognize income, expenditure, and financing in the budget realization report adjusted in the APBN/APBD.

### **Adaptability**

The ability to adapt is an organizational culture that has an orientation to the community, takes risks, improves weaknesses, and can create innovation (Fey & Denison, 2003).

Adaptive culture is characterized by organizations that dare to take risks, have the trust of organizational members, have a proactive approach in organizational life, work together to identify problems, have the ability of themselves/members of the organization and colleagues (partners) and have enthusiasm for work, and the ability to adopt strong organizations to increase sales and market (Fey & Denison, 2003). There are three indicators of the ability to adapt (Fey & Denison, 2003), namely:

1. Creating change: High-performance organizations have the idea to create new changes. Therefore, Creating Change is a particular part of the

organization.

2. Customer Focus (public community): members of the organization/employee can serve the community/customers, both internal and external.
3. Organizational Learning: Organizations/Companies that know the organization's success and failure.

### **Mission**

The mission is the common goal of members of the organization who invest resources in the organization's interests (non-economic) (Fey & Denison, 2003).

The mission creates clarity of vision (direction) to identify training (activities) as per the objectives of the organization and can develop the organization (Kwarteng & Aveh, 2018).

Successful organizations have clear goals and missions to determine the organization's strategy and vision in the future. There are three indicators to measure missions (Fey & Denison, 2003), namely:

1. Strategic direction and intent refer to multi-year-old strategies with high priority.
2. Goals and Objectivity is a short-term goal of members of the organization/employee to see daily activities related to the vision and strategy of the organization/company.
3. Vision is a short-term or long-term goal achieved by the organization/company.

### **Involvement**

Involvement is to utilize and develop the resources of members of the organization so that they can run informally or formally and structure. Voluntary involvement is the involvement of organizational structure from the bottom up to the structured and structured impact on the organization's effectiveness (Fey & Denison, 2003).

Hiriyappa (2009) defines work involvement as an individual level that

identifies with actively participating in work, assuming the performance provides self-value. The high level of work involvement can reduce the attendance and resignation of employees (members of the organization). In contrast, low work involvement can increase employees' attendance and resignation rates (organization members).

Involvement reflects the commitment of members of the organization/employee, the decisions of organizational members (staff), and the performance orientation of organizational members (Kwarteng & Aveh, 2018). This model is often used to find out organizational profiles.

The involvement of organizational/employee members can reduce the supervisory system formally, leading to the achievement of quality performance. In compiling measurements of involvement, there are three elements (Fey & Denison, 2003), namely:

1. Empowerment is the ability of organizational members to make decisions and obtain input beyond the responsibility of the organization/employee members.
2. Team Orientation is the creative idea of organization members completing work.
3. Capability Development is training, teaching, and giving examples to organization members regarding new rules and responsibilities.

### Consistency

Consistency is well-coordinated and integrated (Fey & Denison, 2003). Consistency provides the primary sources of integration, coordination, and control. There are three principles based on the consistency value when an action is carried out (Fey & Denison, 2003), namely:

1. Core values, namely: high-performing organizations, have clear core values and help members (employees and leaders) make decisions and behave consistently.

2. High-performance organizations can agree when problems arise through dialogue and legally get a double perspective.
3. Coordination & Integration: The organization/employee members can understand the work and analyze the impacts.

### Previous Research

Napitupulu (2018) found that organizational culture positively and significantly affects Mais in BUMN. Twati Gammack (2006) found a significant influence on the organizational culture of the financial information system of the banking and oil sector in Libya. Raymond (1990) shows that organizational culture significantly affects the success of the SIM. Ben Amar et al. (2019) show that organizational culture significantly affects the harmony of information systems. Claver et al. (2001) show that information systems and organizational culture significantly and positively affect regional financial management information systems implementation. Dewi Mimba (2014) states that the implementation level of the regional financial management information system is classified as effective and significantly affects the quality of financial statements.

### Framework

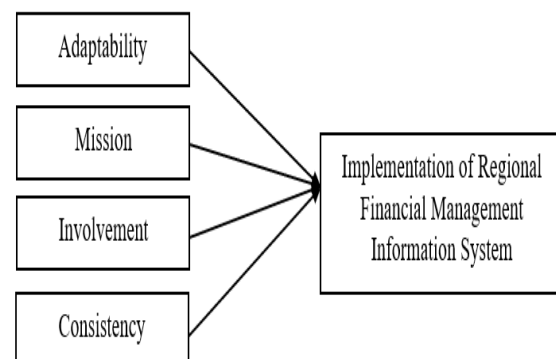


Figure 1. Conceptual Framework

H1: Adaptability positively and significantly affects regional financial management information systems implementation in the Regency Government of Humbang Hasundutan.

H2: Mission positively and significantly affects regional financial management information systems implementation in the Regency Government of Humbang Hasundutan.

H3: Involvement positively and significantly affects regional financial management information system implementation in the Regency Government of Humbang Hasundutan.

H4: Consistency does not affect regional financial management information system implementation in the Regency Government of Humbang Hasundutan.

## MATERIALS & METHODS

The research design used is quantitative descriptive research, and the data used is primary data with a period of research using cross-sectional and the level of data acquisition, namely the survey method.

This study used a type of closed question that was analyzed quantitatively using a Likert scale with an answer scale of 1-5. Measurement of this research instrument uses a Likert scale. The Likert scale is level-determining, and it is grouped based on specific categories and measures the number of differences in one's perception (Sekaran, 2014).

The population in this study was 25 regional apparatus organizations in the Regency Government of Humbang Hasundutan, with respondents totaling 100 respondents. The sampling technique uses saturated sampling, where all populations in this study are sampled. The sampling technique consists of exogenous variables: the ability to adapt, mission, involvement, and consistency.

Data collection techniques use a questionnaire as a collection of questions (statements) written to get information from respondents (Malhotra, 2010). First are regional apparatus organizations

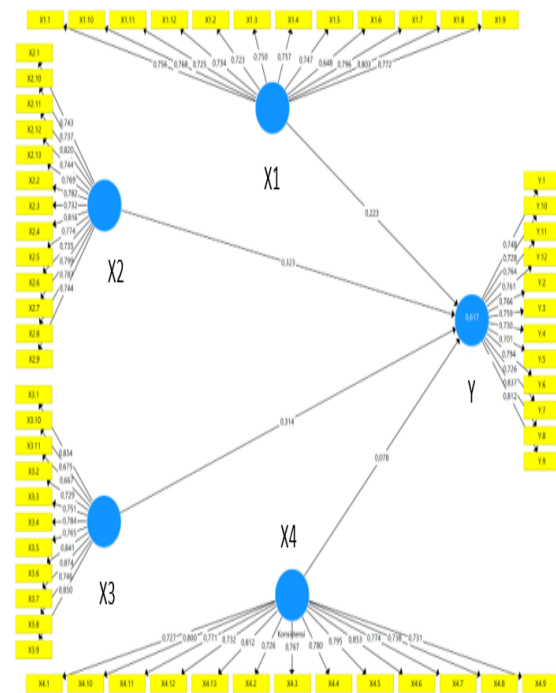
leaders; second is the PPK (Financial Entrepreneur Officer); third is the Financial Treasurer; and fourth is the Regency Government of Humbang Hasundutan staff. The questionnaire was distributed online through Google Forms because it has been proven effective in settling and reducing document costs. Data analysis techniques in this study use Smart PLS software.

## RESULT

### A. Data Quality Testing

#### 1. Convergent Validity Test

Convergent validity can be measured by determining any valid estimated indicators. Convergent validity is the latent variable's loading factor value with indicators. The expected value is more than the number > 0.7.

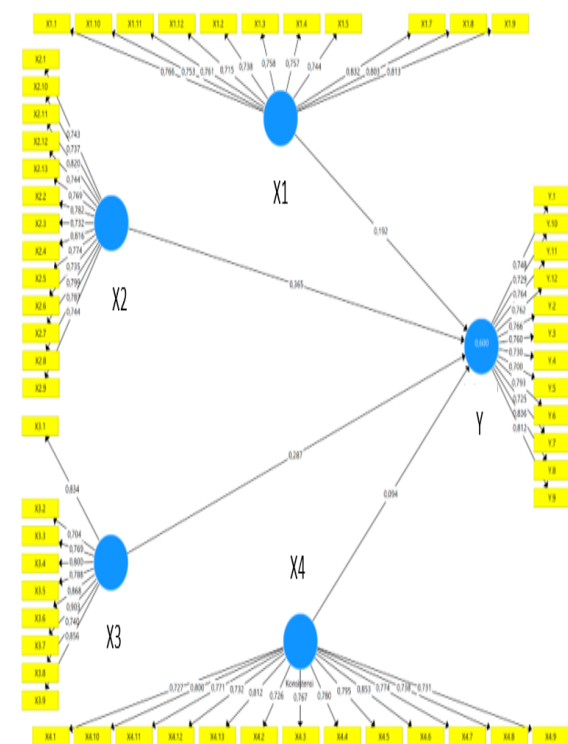


Source: SEM PLS Data Processing Results, 2023  
Figure 2. Research Model Before Modification

The results of the data process above indicate that in the adaptability variable (X1), there is a loading factor value < 0.7, i.e., at X1.6 of 0.648. In addition, in the involvement variable (X3), two indicators have a loading factor value < 0.7, found at X3.10 of 0.675 and indicator X3.11 of 0.667. These results indicate that the indicator has a

low validity level, so indicators X1.6, X3.10, and X3.11 must be removed from the research model because they do not meet the convergent validity. While other indicators contained in this study already have a high validity level ( $> 0.7$ ).

After the indicator is removed from the research model, the convergent validity test is carried out to test that the research model meets convergent validity after modification of the research model. The following are the results of the convergent validity test after the model has been modified.



Source: SEM PLS Data Processing Results, 2023  
Figure 3. Research Model After Modification

The data processing results with Smart PLS shown in Figure 3 above show that all indicators of all research variables have a loading factor value greater than 0.7. It shows that after being modified by issuing indicators that do not have sufficient validity, the research model has shown good results, so it has met the convergent validity. Thus, testing can be continued by conducting a discriminant validity test.

## 2. Discriminant Validity Test (AVE)

This value is a cross-loading value factor

used to determine the discriminant construct. By comparing the loading factor value at the destination, the construct must be greater than the loading factor value with other constructs.

Table 1. Average Variance Extracted Results

No.	Research Variable	Average Variance Extracted (AVE)
1	Adaptability (X1)	0,580
2	Mission (X2)	0,590
3	Involvement (X3)	0,655
4	Consistency (X4)	0,594
5	Implementation of RFMIS (Y)	0,590

Source: SEM PLS Data Processing Results, 2023

Based on the table above, the AVE value for each variable, including the ability to adapt, mission, involvement, consistency, and implementation of regional financial management information systems, is more significant than 0.5 ( $> 0.5$ ), and each research variable has good discriminant validity.

## 3. Composite Reliability Test

Composite reliability is a value that can indicate the extent to which a gauge can be trusted to be reliable (reliable). Variables with a composite reliability value  $> 0.7$  are said to have a high level of reliability. Composite Reliability Indicator blocks that measure a construct can be evaluated with two techniques, namely internal consistency and the value of Cronbach's Alpha.

Table 2. Composite Reliability Results

No.	Research Variable	Composite Reliability
1	Adaptability (X1)	0,943
2	Mission (X2)	0,940
3	Involvement (X3)	0,944
4	Consistency (X4)	0,950
5	Implementation of RFMIS (Y)	0,949

Source: SEM PLS Data Processing Results, 2023

Table 2 above shows that the composite reliability value of each research variable is  $> 0.7$ . These results indicate that each research variable has met composite reliability. It can be concluded that the whole variable has a high level of reliability.

#### 4. Cronbach Alpha

Cronbach Alpha strengthens the reliability test. The expected value is more than the number > 0.6 for all constructs.

**Table 3. Cronbach Alpha results**

No.	Research Variable	Cronbach's Alpha
1	Adaptability (X1)	0,934
2	Mission (X2)	0,932
3	Involvement (X3)	0,933
4	Consistency (X4)	0,943
5	Implementation of RFMIS (Y)	0,942

Source: SEM PLS Data Processing Results, 2023

A variable is declared reliable if Cronbach's Alpha value > 0.7. Based on the table above, each variable's Cronbach's Alpha value is > 0.7. Thus, each research variable has a high level of reliability.

### B. Data Analysis Testing

#### 1. Multicollinearity Test

**Table 4. Multicollinearity Test Results**

No.	Research Variable	VIF
1	Adaptability (X1)	1,526
2	Mission (X2)	2,237
3	Involvement (X3)	2,016
4	Consistency (X4)	1,248

Source: SEM PLS Data Processing Results, 2023

Based on Table 4 above, the VIF value of each research variable < 10. There are no symptoms of multicollinearity in the interaction of the variable ability to adapt, mission, involvement, and consistency.

#### 2. Multiple Linear Regression Analysis

This test is used to show how strong the effect or influence of the independent variable is on the dependent variable. So, this test can show a picture of the size of the effect of the variable ability to adapt, mission, involvement, and consistency of the implementation of regional financial management information systems. The results of multiple linear regression analysis in this study can be seen in the following table:

**Table 5. Multiple Linear Regression Analysis Result**

No.	Research Variable	Path Coefficient
1	Adaptability (X1)	0,192
2	Mission (X2)	0,365
3	Involvement (X3)	0,287
4	Consistency (X4)	0,094

Source: SEM PLS Data Processing Results, 2023

Based on Table 5, the most significant coefficient path value is the effect of the mission on the implementation of the regional financial management information system, which is 0.365. The description of these results shows that the ability to adapt, mission, involvement, and consistency in this study have path coefficients with positive numbers (values). It shows that the greater the path coefficient value in one independent variable on the dependent variable, the stronger the influence between the independent variables on the dependent variable.

#### 3. Determination Coefficient Test (Adjusted R2)

The coefficient of determination is a test that can show the ability of independent variables to explain the dependent variable. The adjusted R2 results of 0.67 and above indicate the effect of the independent variable on the dependent variable included in the excellent category (height). Whereas if the result is 0.33-0.67, it is included in the medium category, and if the result is 0.19-0.33, it is included in the weak category. Based on the data processing that has been done, the adjusted R2 value is obtained as follows:

**Table 6. R-Square Results**

Research Variable	R-Square	Adjusted R-Square
Implementation of RFMIS (Y)	0,600	0,582

Source: SEM PLS Data Processing Results, 2023

Table 6 shows an R2 value in this study, which is 0.600, and the adjusted R2 value obtained is 0.582, with the percentage of the magnitude of the implementation of regional

financial management information systems in the independent variable being 0.582 (58.2%). In contrast, the remaining 41.8% is influenced by other variables not used in this study. The adjusted R2 value obtained is 0.582 and is included in the moderate category.

#### 4. Partial test (t-Test)

The data processing results can be used to answer the hypothesis in this study. The hypothesis test in this study was conducted by t test by assessing t arithmetic and p-values value of each independent variable of the dependent variable. The hypothesis is accepted if the value of t-value > t-table (1,960) and p-values <0.05. The results of partial tests obtained in this study follow:

**Table 7. Partial Test Results**

No.	Research Variable	t-Count	P-Value
1	Adaptability (X1) → Implementation of RFMIS (Y)	2,156	0,032
2	Mission (X2) → Implementation of RFMIS (Y)	3,188	0,002
3	Involvement (X3) → Implementation of RFMIS (Y)	3,105	0,002
4	Consistency (X4) → Implementation of RFMIS (Y)	1,039	0,299

*Source: SEM PLS Data Processing Results, 2023*

Table 7 shows that of the four hypotheses that partially affect the study, one independent variable, consistency (X4), does not significantly affect the implementation of regional financial management information systems. The hypothesis is rejected. The mission has a p-value > 0.05; the t-value <t table used is 1,960.

The ability to adapt (X1) has a p-value value of 0.032 <0.05 and a t-value of 2,156 > 1,960, meaning the ability to adapt positively and significantly to the implementation of regional financial management information systems in the Regency Government of Humbang Hasundutan. The mission variable (X2) has a p-value value of 0.002 <0.05, and the value of t-count is 3,188 > 1,960, meaning that the mission has a positive and significant effect on implementing regional financial management information systems in the Regency Government of Humbang Hasundutan.

Involvement (X3) has a p-value of 0.002 <0.05, and the value of t count is 3.105 > 1,960, meaning that involvement has a positive and significant effect on implementing regional financial management information systems in the Regency Government of Humbang Hasundutan. Consistency (X4) has a p-value of 0.299 > 0.05 and a t-value of 1,039 <1,960, meaning that consistency does not affect the implementation of regional financial management information systems in Regency Government Humbang Hasundutan.

#### CONCLUSION

Based on the results obtained in this study, there are several conclusions, namely:

1. The ability to adapt (X1) positively and significantly affects regional financial management information systems implementation in the Regency Government of Humbang Hasundutan.
2. Mission (X2) positively and significantly affects regional financial management information systems implementation in the Regency Government of Humbang Hasundutan.
3. Involvement (X3) positively and significantly affects regional financial management information systems implementation in the Regency Government of Humbang Hasundutan.
4. Consistency (X4) has no positive and significant effects on regional financial management information systems implementation in the Regency Government of Humbang Hasundutan.

#### LIMITATIONS

The limitation of this study is that it is only focused on the Government of Humbang Hasundutan Regency, so the results obtained in this study cannot be generalized for the district government (cities) in Indonesia. However, the research is related to the Denison organizational culture of implementing regional financial management information systems. In that case, research



can be used as a reference material, and the researcher is then expected to add a new moderation variable.

## IMPLICATIONS

Based on the conclusions contained in this study, researchers provide the following advice:

1. Theoretically, the ability to adapt, mission, and involvement positively and significantly affect regional financial management information systems implementation in the Regency Government of Humbang Hasundutan. So, the implementation of regional financial management information systems in the Regency Government of Humbang Hasundutan is based on the condition of the organizational culture that is owned, especially how the ability to adapt, the mission, and the involvement of the staff. All regional apparatus organizations in the Regency Government of Humbang Hasundutan are recommended to create and maintain the organizational culture and implement regional financial management information systems so the Regency Government of Humbang Hasundutan can run smoothly.
2. More research is advised on other variables affecting regional financial management information system implementation in the Regency Government of Humbang Hasundutan (various other local governments). Further research is also expected to use other independent variables not used in this study, such as human resource competencies, information technology, information security, and training and development.

## Declaration by Authors

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