Luder’s Contingency Model in the Implementation of E-Government and its Impact on Government Performance in South Sulawesi

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Abstract:

This study aims to look at the performance of Indonesian local governments by looking at social culture, politics, and administration through information technology as a moderating variable. This research was conducted in 9 regions with the object of research namely the DPRD, OPD and the community. Data collection techniques use questionnaires. The results of the study show that (1) social culture does not affect the performance of the government. (2) Accounting information technology is able to strengthen social cultural relations to government performance (3) political culture does not affect government performance. (4) Accounting information technology is able to strengthen the relationship of political culture to government performance (5) administrative culture influences government performance. (6) Accounting information technology is able to strengthen social cultural relations to government performance

Key words: Luder’s Contingency model, Accounting information technology, Government Performance

1. Introduction:

The dynamics of the company that is developing at this time is very rapid, demanding the application of a different system in processing an organization. One theory that is relevant in discussing this is contingency theory. This theory claims that there is no best way to organize a company, lead a company, or make a decision. Conversely, optimal action is dependent on internal and external situations. Organizational effectiveness depends on compatibility between types of technology, environment, and organization (Islam & Hu, 2012).

Contingency theory was developed in terms of the sociological theory of functionalist organizational structures as a structural approach to organizational
studies by Woods (2009). This study postulates that organizational structure depends on contextual factors such as technology, environmental dimensions of tasks and organizational size. Researches related to contingency theory continue to develop in various fields. In the field of accounting, contingency models are used as a framework for understanding contingency variables that explain why and how accounting has changed and how different factors influence accounting changes in various different ways (Waweru et al. 2004, Otley; 1978).

In government accounting, the emergence of contingency theory originated from the desire to carry out a reform of the government accounting system from the traditional accounting system to a more informative accounting system. A more informative system will aim at a comprehensive and reliable supply of information and provide a basis for financial control of government activities.

To understand accounting changes in the public sector Luder (1992) developed a model known as Luder's Contingency Model. Luder tried to explain the transition from traditional government accounting to a more informative system through the interaction of various social, political and administrative factors including its application. Based on comparative studies between the United States, Canada, and several European countries, the model was developed in four modules: stimuli, social structural variables about information users, structural variables that describe political-administrative systems, and implementation barriers. Further development of the Luders model is carried out by Luder, Chan, and Jones (1996) where the framework emphasizes three important factors that influence the results of the innovation process, namely: the expectations of the general public as users of information, expectations and behavior of political actors as information users and producers behavior of administrative actors as producers of information.

To meet the needs of the community, governments in various countries make innovations by using all resources. Research has found that organizations that innovate by investing in IT systems, will lead to strategic competitive advantage, thus affecting company performance (Pavlou and El Sawy 2006;). In addition, more and more companies face a rapidly changing business environment. To develop in such an uncertain environment, companies are under constant pressure to improve their capabilities (Lyengar, 2015). One of the innovations carried out by countries in the world currently being promoted is the application of e-Government.

E-Government is the use of information technology as a tool to increase access made by the government in providing services to the community, business partners and other government agencies (Palvia, 2016). An important challenge facing e-government is that the use of systems does not always survive and investment is often wasted (Zhang et al., 2010). This finding is supported by international research that has highlighted that around 70 to 80 percent of e-government implementations have failed to deliver the expected results (Heeks and Stanforth 2007). This makes a measurement of the success of an important e-government system if it must be used as a vehicle for delivering government results.

Most countries today have implemented e-government that allows them to improve efficiency in the public sector and streamline government systems to support sustainable development (United Nations, 2012). The implementation of e-government in some countries is not always successful, some countries are still experiencing obstacles in the implementation of e-government. Many accounting information systems fail to develop so that they do not produce quality information (Indira Bastian, 2010), a perceived failure of users, namely accounting information systems that cannot produce information as expected by users of Kieso et al (2011).

Some scandals are still found in the use of E-government in several countries and have an impact on low financial information. Even though the application when e-government is implemented properly is expected to increase transparency and accountability of the government. Chalu (2011) in his research in Tanzania, North Africa, revealed that the
use of e-government has not been able to improve good governance. In the matter of transparency, there has been a limited flow of information to the general public, thereby reducing its accessibility. Dener (2011) in his research in Mongolia, found that there were inconsistencies between the classification of budgets and account system charts, and the lack of adequate budget data for Entities, the system was not used for all accounting needs and was not used as the only reporting tool.

GAN Business Anti-Corruption reveals several countries that still have a high risk of fraudulent governance. Based on the 2016 UN Government, Spain is ranked 17th in e-government development index, but there is still a risk of corruption in public services. Italy is ranked 22nd in the e-government development index and found there is still a higher risk of dealing with corruption in the Italian public service sector. Business assesses the inefficient government bureaucracy as the most problematic factor in doing business in Italy, and considers government regulations to be very burdensome (GCR 2014-2015).

The Philippines is ranked 71st in e-government development index, but the risk of corruption is still high when dealing with public services. Inefficient government bureaucracy is classified as the most problematic factor in doing business in the Philippines. Thailand, ranked 76th in the E-Government Development Index, but still has a high risk of corruption in most sectors in Thailand. There is a high risk of corruption when dealing with public services in Thailand, indicating that there is still a lack of accountability of the Thai government to the public.

In Indonesia, the implementation of e-government is supported by official regulations from the government since 2001. Based on the E-government Development Index, June 2016, Indonesia ranks 116th in e-government development down 10 ranks compared to 2014 which ranked 106. In Indonesia, The Regional Government Financial Statements are assessed annually in the form of opinions from the Supreme Audit Agency. When the BPK gives a reasonable opinion without exception to the Local Government Financial Report, it means that it can be said that the financial statements of a local government entity have met the requirements or can be said that the report has been presented and disclosed relevantly, reliably, comparatively and understood.

To fulfill the concept of a good information system, the elements contained such as humans, technology, procedures and organizations must have standards that must be obeyed and implemented, so that information systems from one government institution to another government institution can be connected, and information generated from the system this information can be used for government purposes in carrying out its functions both inside and out. To synergize the information system of government institutions, it must strengthen the cultural, political and economic factors of a country. The purpose of this study is to see how the influence of luders contingency models on government performance and get accounting information technology to strengthen its influence.

2. Theory Based:

2.1 Luders Contingency Model:

In understanding changes in the public sector, Luder (1992) developed a model known as Luders's Contingency Model. Luder tried to explain the transition from traditional government accounting to a more informative system through the interaction of various social, political and administrative factors including its application. Based on comparative studies between the United States, Canada, and several European countries, the model was developed in four modules: stimuli, social structural variables about information users, structural variables that describe political-administrative systems, and implementation barriers. Lüder asserted that government accounting innovations can occur given appropriate stimuli and conducive environmental factors (Lüder, 1992; 1994).

Luders model was further developed by Chan, Jones and Luder (1996) where the framework emphasizes three important factors that influence the results of the
innovation process, namely: expectations of the general public as users of information, expectations and behavior of political actors as information users and producers, behavior as an information producer. Community expectations affect social structure variables, such as social culture and regions. Political expectations and behavior will influence political structure variables such as political culture and political competition. Administrative variable variables affect the administrative structure, such as administrative culture, staff formation systems, and standard setting organizations.

The Luders model emphasizes the existence of political influence in the management of a State. Politics can mediate between the community and the government in making a decision in a system to manage the organization (Luders; 1992). Politics can also influence government accounting (Luders; 1992)

2.2 Delone & Mclean’s Information System Success Model

In today's modern age, companies throughout the world conduct business transactions very quickly. This very fast business growth raises business complexity which will certainly hinder the business transaction process that will be carried out. For this reason, an information technology (IT) system is needed. This sophisticated technology system is used to accelerate business transactions to be able to be processed quickly, precisely, and efficiently. With the presence of breakthrough information technology systems in the corporate environment, it has given so much influence to an organization, not just organizations but that influence extends to business processes and organizational transactions. The question now is whether all information technology systems applied to organizations can be categorized as successful? Then how can organizations know the success of information systems. After various experiments, the researchers found it very difficult. Then in 1992, DeLone and McLean introduced the Information System Success Model for the first time, in a study entitled "Information System: The Quest for Dependent Variable". This model is better known as the D & M IS Success model.

2.3 Model Research:

Based on these problems, the second problem becomes the main problem, namely: what is the basis of the dependent variable on MIS?. Keen in his presentation stated that there were gaps in the basis of the Information System research and asked questions, what the dependent variables in the Information System research were. On this basis, many researchers are motivated to try to identify what factors are the success of information systems. After various experiments, the researchers found it very difficult. Then in 1992, DeLone and McLean introduced the Information System Success Model for the first time, in a study entitled "Information System: The Quest for Dependent Variable". This model is better known as the D & M IS Success model.

2.3 Research Method:

This research is quantitative research. Data analysis techniques in quantitative research use descriptive statistics to analyze data by describing or describing collected data as they are without intending to make general conclusions or generalizations. The data collection of this research uses survey design by giving questionnaires to respondents, after the respondents fill out the questionnaire, the researcher will process the results of filling out the questionnaire and explain the influence between the variables and test the hypotheses that have been formulated. In this study using the method of structural equation modeling (SEM) using the AMOS program.
3. Results:

| Hypothesis | Sig  | Information |
|------------|------|-------------|
| X1 → Y     | .156 | Rejected    |
| X1.Z → Y   | .001 | Accepted    |
| X2 → Y     | .857 | Rejected    |
| X2.Z → Y   | .000 | Accepted    |
| X3 → Y     | .000 | Accepted    |
| X3.Z → Y   | .027 | Accepted    |

Discussion:

The Influence of Social Culture influences Government Performance:

The results of testing hypothesis 1a (H1a) with respect to the performance of local governments show that social culture does not have a significant effect on the performance of local governments. The results of this study are in line with the Asian Development Bank (2006), Sopanah 2012 which revealed that social culture does not affect the performance of local governments.

The results of this study indicate that the culture or habits that occur in the community in following the budget process have no influence with the performance of the local government. In Indonesia the budgeting process begins with development planning meetings (musrenbang) at the district, provincial and central government levels. Community involvement in the development plan deliberation is merely to fulfill budget regulations, but the aspirations of the community are still not realized in the budget process at the next stage. Asian development Bank (2006) revealed that the meeting was only a rubber stamp, because public hearings did not accommodate any changes despite corrections from the public.

Sopanah 2012 which states that apparent participation occurs in the MUSRENBANG process because the government only conducts musrenbang ceremonially, only as the implementation of tupoksi without truly becoming a good democratic process. Psychologically, the cause of apparent participation is due to pessimism due to frequent budgetary requests not accommodated by executives. Apathetic people tend to be pessimistic and surrender to surrender the development process to the executive.

Effect of Accounting Information Technology in strengthening the relationship of Social Culture to Government Performance:

The results of testing hypothesis 1b (H1b) with respect to the performance of local governments show that accounting information technology is able to strengthen the cultural social relationship to the performance of local governments. The results of this study are in line with Sirsat (2006), Almamary (2016) who revealed that the use of information technology can increase transparency and accountability to the public.

The use of information technology related to budgeting such as E-planning and E-Budgeting is very helpful for the community in overseeing the budget from planning to budget allocation. People can monitor these activities through E-planning and E-Budgeting. The existence of accounting information technology is able to strengthen public relations with government performance.

Influence of Political Culture on Government Performance

The results of testing hypothesis 2a (H2a) with respect to the performance of local governments indicate that political culture does not have a significant effect on the performance of local governments. The results of this study are in line with Pariury and Adi (2015) which reveal that political culture has no significant effect on the performance of local governments.

In the budgeting process provides opportunities for opportunistic behavior to the legislature because in the process, there is interaction between the legislature and the executive to discuss and ratify the executive budget proposal. At this stage, the legislature has the opportunity to include its interests in the budget, including its political interest. This is called legislative opportunistic behavior (Pariury and Adi 2015).
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Jumaidi (2014) revealed that political behavior is a reflection of the political culture of a society, so that an increase in supervisory performance on the APBD will be achieved by each member of the DPRD if cultural values are created within him, namely a culture of awareness for the interests of the community DPRD will work more optimally which will further improve its performance.

Utami (2013) revealed that the education and experience possessed by the average DPRD member is still very limited. DPRD members are not provided with sufficient education and experience in their respective fields, such as regional financial training. In general, board members depart from political parties besides the absence of special qualifications to become a member of the board.

Effect of Accounting Information Technology in strengthening the relationship of Political Culture to Government Performance

The results of testing hypothesis 2a (H2a) with respect to the performance of local governments show that accounting information technology is able to strengthen the relationship of political culture to the performance of local governments. The results of this study are in line with Sirsat (2006), Almamary (2016) who revealed that the use of information technology can increase transparency and accountability to the public.

Opposunistic behavior of budgeting can be reduced by improving the planning system, namely by implementing participatory planning involving the community so that budget planning is more transparent and aspirational. 2) Opportunistic behavior of budget compilers occurs because of opportunities, therefore more explicit and clear regulations need to be formulated, for example by publishing RAPBD and APBD (Pramnata).

APBD reports published through accounting information technology can increase the transparency of the budget process and accountability of legislators as representatives of the people in the government to the public.

Effect of Administrative Culture on Government Performance

The results of testing hypothesis 3a (H3a) with respect to the performance of local governments indicate that administrative culture has a significant effect on the performance of local governments. The results of this study are in line with Altoya (2013) which revealed that administrative culture has a significant effect on the performance of local governments.

Theoretically stated that the process of empowering employees includes training, giving trust, involvement in planning, taking Decision and recognition is one of the requirements to achieve performance (Evered & Salman, 1990 in Walker, 1994). This means that employee and organizational performance is determined by the factors of attitudes and behavior of leaders. This is reinforced by the view of Mahmudi (2007: 27), which states that behavior-based performance is not solely focused on employee factors, but concentrates on the behavior or process that someone performs in doing work. These findings are also supported by Hopwood, (1992), who states that a successful system implementation is not only determined by mere technical mastery, but many studies show that the behavioral factors of individuals and system users really determine the success of implementation towards high performance.

Effect of Accounting Information Technology in strengthening the relationship of Administrative Culture to Government Performance

The results of testing hypothesis 2a (H2a) with respect to the performance of local governments show that accounting information technology is able to strengthen the administrative cultural relationship to the performance of local governments. The results of this study are in line with Gorla (2010) who revealed that the use of information technology can increase transparency and accountability to the public.

The disclosure of information for people in the modern era is very important for everyone. Some
people even consider it as a necessity in achieving better social development. According to UNDP is cited as Naihasy (2006: 50). One of the characteristics of governance in realizing Indonesian reform is the creation of this e-budgeting system, the government hopes to facilitate SKPDs or Work Units and the Regional Government Anniversary Team (TAPD) in the process of budgeting and improve the quality of the APBD in terms of compliance with the RPJMD, the accuracy of account values and accountability for expenditure allocations. The use of information technology has increased E-Planning and E-Budgeting is effective in achieving the framework of E-Governance and E-Government.

Conclusion:

1. Social Culture does not have a significant effect on the performance of local governments. However, accounting information technology is able to strengthen social cultural relations to government performance, thus the community plays an active role in the budget process after the existence of information technology.
2. Political culture does not have a significant effect on the performance of local governments. However, accounting information technology is able to strengthen the relationship of political culture to government performance with the existence of technology. It is expected that the legislature which is the people's representative in the government can increase accountability to the people and transparency in budgeting and financial management.
3. Administrative culture has a significant effect on the performance of local governments. Likewise, accounting information technology further strengthens the relationship between administrative culture and government performance. The use of technology makes it easier for the State apparatus in work and reporting.

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