



The Effect of Dynamic Capability, User Ethics and Top Management Support on Quality Management Accounting Information Systems and its Impact on the Quality of Decision Making (An Empirical Case of Local Governments in Indonesia)

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Abstract: This research aimed to predict to what degree dynamic capabilities, user ethics and top management support influence management accounting information systems and the impact on quality decision making. Data in this research was collected through a questionnaire distributed to 128 municipalities and districts throughout West Java and Bali, Indonesia. The data analysis used for hypothesis testing was an approach using structural equation modelling with partial least squares. The research shows that dynamic capability and top management support have a significant influence upon the quality of management accounting information systems but user ethics has no significant influence. Quality of management accounting information systems, dynamic capability, user ethics and top management support have a significant influence upon the quality of decision making.

INTRODUCTION

The high demand for transparency and accountability in local government's performance has prompted governments to continue to innovate. Local governments are required to be more professional in managing all their resources and able to accelerate in order to improve the implementation in all aspects, through creative and innovative policies tailored to the characteristics, abilities and local wisdom in their respective regions. To improve the performance of local governance through regional innovation cannot be separated from the improvement of accounting information system's quality, so that, regions can advance and also dare to make innovations. Local

governments need an accounting information system that allows local financial managers to perform financial operations and automation of local financial reporting based on accounting principles contained in PP 71 Year 2010.

In the local government environment, dynamic capability can be regarded as the ability of the government to perform various internal and external changes with its capacity to realize good governance through various policies^[1, 2]. Local governments are required to be more adaptive and anticipative to changes that occur in society such as through public service innovation. Public service innovation is a must for local government and one of the required changes is

bureaucracy reformation. Implementation of bureaucratic reforms in local government is still far from expectations. Based on an evaluation of the results of bureaucracy reform in 32 provincial governments, only three provincial governments had a Bureaucracy Reform Index above 60 ("Good" category), representing only 8.82% of the provincial population in Indonesia. For the regency or municipal government, the implementation of bureaucratic reform is worse than for provincial government. Based on evaluation results of bureaucracy reform at 52 regency cities as evaluated in a pilot project, only five regency or municipal governments or 0.97% of the 514 areas in Indonesia had a Bureaucracy Reform Index above 60.

In addition to the issue of bureaucratic reform, there are also problems related to the performance accountability of government agencies. Based on the results of an evaluation of performance accountability of government agencies over the 6 years from 2010 until 2015 from the Ministry of Administrative Reform and Bureaucracy Reform (PAN RB) as much as 91.8% of government agencies at the level of district and city were included in categories C, CC and D which means that they did not yet have a good system for managing performance. The current systems still needed a lot of improvement and were shown to be unreliable.

Other problems regarding the quality of management accounting information systems in local government can be seen from the results of a BPK RI examination of 533 LKPD which showed that there were 6,150 internal control system weaknesses consisting of problems of accounting and reporting control systems, weaknesses in control system implementation of revenue and expenditure budgets and weaknesses in internal control structure.

The other factors that affect the information system is ethics^[3]. Phenomena related to ethical violations occur in many local governments, especially, the problem of corruption. Base on data from the Ministry of Home Affairs, there are 343 district heads who are in jurisdictions in the prosecutor's office, the police and the Corruption Eradication Commission (KPK). Corruption in the management of regional finances mostly derives from budgeting, taxes and levies, procurement of goods and services, grants and expenditures and travel expenses. This is due to the lack of integrity, the lack of e-procurement and the bureaucracy's vulnerability to the intervention of outside interests. In addition to the problem of corruption, ethical issues are also caused by integrity issues. Integrity is absolutely necessary in order to ensure a government that is clean and free of fraud. However, based on the Government Institution Performance Accountability Report in Year 2015, the implementation of integrity systems in every government agency is still low.

The quality of an accounting information system is also influenced by top management support or leadership support. In local governments, the regional head makes a major contribution to the successful implementation of government activities. It can be said that the advancement of an area depends on the political will of the regional head. The phenomenon associated with top management support in implementing information systems is seen in performance accountability evaluation reports on government institutions which show results far from satisfactory. This is due to a lack of leadership support within the top management.

MATERIALS AND METHODS

Dynamic capability: According to Teece *et al.*^[2], dynamic capability is a company's ability to integrate, build and reconfigure internal and external competencies to cope with rapid environmental changes. Helfat^[4] state that dynamic capability is the capacity of an organisation to deliberately create, expand or modify its resources. According to Eisenhardt and Martin^[5], dynamic capability is an organisational and strategic routine where the company reaches a new form or resource structure.

Giniuniene and Jurksiene^[6] state that dynamic capability is a company's ability to cope with environmental changes and productively use existing resources to produce new forms or arrangements in routines and sources. So, dynamic capability basically focuses on various organisational processes such as: integration, learning, modification and others. Furthermore, Zolo and Winter^[7] focus on organisational learning as a source of dynamic capability. They define dynamic capability as a stable activity pattern generated by the organisation through the modification of its operational routines in order to improve effectiveness. So, the focus is on modifying the operational routines of the organisation.

Based on the definitions above, it can be said that dynamic capability is the ability of the organisation to make changes continuously and productively by using existing resources in overcoming various environmental changes. Thus, the main focus of dynamic capability lies in innovation and continuous improvement. Characteristics of dynamic capability are marked by new ideas, new perceptions, continual upgrading, quick action, flexible adaptation and creative innovation^[1]. In more detail^[1] state that the characteristics of dynamic governance capability can be seen from three things.

Thinking ahead which is the ability to identify future environmental developments, understand the wide range of socio-economic impacts and identify strategic investments and options that are needed to enable people to take advantage of new opportunities and anticipate potential threats.

Thinking again, i.e., the ability to deal with the current state of performance of existing strategies, policies and programs and then redesign the strategies, policies and programs to achieve better results and quality.

Thinking across, the ability to dare to change old ways of limiting by learning from the experiences of others so that good ideas can be adopted and adapted to enable innovating with new policies or programs and to allow them to be tested and customized.

User ethics: User ethics in this study is the ethics of user accounting information management systems. The definition according to Griffin and Moorhead^[8] is one's belief about right and wrong behaviour. The same thing is also expressed by Duzka *et al.*^[9] who state that ethics in any form, focuses on right or wrong action, good or bad. Furthermore, Laudon and Laudon^[10] define ethics as a principle of right and wrong that can be used by individuals to act as free moral agents in making choices that will guide their behaviour.

Hansen *et al.*^[11] state that ethics is a system of moral principles, the standard behaviour of a group, involving rules of behaviour. Similarly, Atkinson^[12] state that ethics is a discipline that focuses on the investigation of standards of behaviour and moral judgment.

Based on these definitions, it can be said that ethics is a science that discusses morality as being about good and bad and right and wrong. It can also be said that ethics is the science that investigates moral behaviour. Dimensions or ethical characteristics that will be used to measure user ethics in this study are competency, confidentiality, integrity and credibility.

Top management support: Top management support in information systems is a level at which top management understands the importance of information systems and further engages in information-related activities^[13]. Xu^[14] states that top management support is defined as the degree to which top managers understand and support business activities. Furthermore, Khrosrowpour and Travers^[15] state that top management support is the willingness of top management to provide the necessary resources and authority or power for project success.

Based on the above definitions, it can be said that the support of top management in information systems is a form of motivation, attention, participation and involvement of top management, through its authority, for the successful implementation of information systems. Dimensions or characteristics of top management support that will be used in this study are resources, structural arrangements, communication, expertise and power^[16].

The quality management accounting information system: Management accounting information systems, according to Hansen *et al.*^[11] are defined as a process that describes activities such as collecting, measuring, storing, analysing, reporting and managing information. Susanto^[17] defines management accounting information systems as systems used by a company for the inclusion of financial and non-financial information. Furthermore, Atkinson *et al.*^[12] state that a management accounting information system is a system that provides information, both financial and non-financial to managers and employees of the organisation prepared for the specific needs of decision makers. Based on these definitions, it can be said that a management accounting information system is a process of identifying, measuring, collecting and managing information to assist managers in carrying out their functions.

Chitmun and Ussahawanitchakit use four dimensions as a measure of the quality of management accounting information systems: Scope refers to a series with narrow coverage on the one hand (internal focus, financial information, historical information) and broader scope on the other (focus on external, non-financial and future-oriented information). Timeliness refers to the frequency (how often the information is given to the manager) and the speed of reporting (how long does it take for a manager to request up-to-date information, along with the availability of that information). This will speed up the feedback and the resulting information will be useful and valuable. Aggregation refers to a summary of the information it generates, for example through a model or analysis. Integration refers to the linkage of information in one section with information in other parts, so that the decision taken will affect the performance of the other part.

The quality of decision making: Decision making is the process of selecting one alternative among several alternatives^[8]. Management accountants have a role in helping managers in the decision-making process. Caniels and Bakens^[18] state that one factor that affects the quality of decision making is the quality of information generated through the accounting information system. In addition, other things that improve the quality of decision making are the following criteria:

- Improving the quality of decisions
- Reducing decision-making time
- Helping to better manage the budget
- Helping to better allocate resources
- Helping to better monitor activities

According to McLeod and Schell^[19], the quality of decision making can be characterized by an increase in the quality of decisions and a reduction of the time required for decision making.

Theoretical framework and hypotheses development
Effect of dynamic capability on the quality of management accounting information systems:

Organisations operate in an environment that cannot be fully understood^[20]. The ever-changing environment will affect the design of management accounting information systems in an organisation^[21]. Dynamic capability requires an accounting information system that is capable of meeting the information needs for decision making within the ever-changing business environment situation. Therefore, dynamic capability also demands a dynamic accounting information system. Organisations capable of identifying the external environment will be more effective in the use of accounting information systems^[22]. In other words, accounting information systems must be flexible, so that, they can assist decision making in a dynamic business environment^[23] and can facilitate changes and dynamic capability in ways that an organisation can respond to within rapidly changing environments^[24, 25].

The government can create conditions for the growth and development of its people through policies, implementation and evaluation. The government should be able to create a productive and innovative environment continuously by improving ways that can improve the quality of service. In other words, the government is required to perform dynamic governance (dynamic government capability). The key to dynamic governance lies in human resources and processes^[1]:

- H₁: dynamics capability affects the quality of management accounting information systems

Effect of user ethics on quality management accounting information systems:

Accounting is inseparable from various standards and regulations. Therefore, the quality of financial reporting (both for external and internal parties) closely related to the accounting information system cannot be separated from compliance with various regulations. Higher-quality financial reporting is judged by compliance with laws/rules or standards. Ethical behaviour builds on knowledge, commitment, work ethic and other factors that are not always related to the law. Ethical behaviour will affect the quality of financial reporting, for example, through the prevention of earnings management^[26]. This is in line with the results of research by Mulyani *et al.*^[27, 28] which states that behaviour is a factor affecting the success of the use of information systems.

Research conducted by Taicu (2013) states that professional organisations of management accountants around the world have developed ethical professional standards. Further, Rogerson *et al.*^[30] state that ethical issues relate to the implementation of information systems. This means that the increase in ethical behaviour

must be applied carefully and validated through employment, hence in this way it will improve ethical behaviour in the use of information systems. Similar statements are also expressed by Ballantine *et al.*^[31] in the results of their research which finds that ethical issues are important and cannot be separated from the information system. Furthermore, Olumoye^[32] reveals that ethics in this case related to the responsibility and accountability of a person is necessary in activities for the development of information systems. The ethical framework should be integrated into the design of the system as it will affect the behaviour of its users and will affect the quality of financial reporting^[12, 26]. Dillard and Youthas^[3] similarly express that the information system is influenced by various conditions related to ethics:

- H₂: user ethics affects the quality of management accounting information systems

The impact of top management support on quality management accounting information systems:

One of the keys to the success of information systems in an organisation is the support of top management^[8, 27, 28, 33, 34]. Top management support in an organisation plays an important role in enabling organisations to respond dynamically to various environmental changes. Top management is also instrumental in determining the direction of organisational success through its support of change including determining the various systems it needs^[8, 13]. Research by Doll^[35] indicates that integration of information system development and implementation is strongly influenced by top management support. Further research results by Raghunathan^[34] also show that the participation of top management can improve the alignment and effectiveness of information systems.

Law and Ngai^[36] state that the successful implementation of Enterprise Resource Planning in an organisation is influenced by the support of senior managers. Furthermore, Sohal^[37] conducted a study of 500 top companies in Australia that showed that one of the failures in the implementation of systems in companies was lack of support from top management. Furthermore, Ragu-Nathan^[13] also show that top management support has a significant impact on the integration of information systems. The results show that the integration of information systems requires cooperation and communication among various organisational units. Further, research results by Lee^[38] also point out that support from the top management team influences the integration of accounting information systems. Lee *et al.*^[39] conducted a study of 118 organisations in Taiwan and concluded that top management support through knowledge sharing is a way to achieve information system success. Further, research

results by Mulyani *et al.*^[28] also revealed that top management support is a factor affecting business intelligence systems.

- H₃: top management support affects the quality of management accounting information systems

The influence of quality management accounting information systems on quality decision making: The fundamental purpose of a management accounting information system is to assist managers in making decisions through the information it generates^[40, 41]. The results of research by Kloot^[42] state that an adequate accounting management system can provide appropriate information for decision making. Further, Heidmann^[43] mentions that a management accounting information system should be designed specifically to make decision making more rational. Another study was conducted by Saeed and Abdinnour-Helm^[44] where they found that the availability of high-quality information in information systems is essential for helping users make decisions, thereby improving the performance of managers. Research conducted by Caniels *et al.*^[18] states that one factor that affects the quality of decision making is the quality of information generated through accounting information systems.

Another study conducted by Al-Mamary *et al.*^[45] states that the quality of information generated by the system affects the quality of managerial decision making. The study supports the results of research by Sajady^[46] which concluded that the effectiveness of the application of accounting information systems can improve the decision-making process undertaken by managers, resulting in better decisions. Chitmun also state that the management accounting system has a positive effect on the performance of decision making:

- H₄: the quality of the management accounting information system influences the quality of decision making

The effect of dynamic capability on quality decision making: Dynamic capability is very important for organisations living in an ever-changing business environment. It aims to stay ahead of the competition. Dynamic capability should be a major focus in strategic management processes that will specifically affect the decision-making process^[24]. Further, research conducted by Neo and Chen^[24] states that the dynamic capability of the Singapore government affects decision making in creating and implementing policy.

Dynamic capability is closely related to environmental change. The results of research by Negulescu and Doval^[47] suggest that environmental factors are the highest factors affecting the quality of

decision making. Further, research conducted by Prasad and Green^[23] states that dynamic capability can assist management in making decisions in dynamic business environments through flexible accounting information systems. This is supported also by the results of research by Kloviene and Gimzauski^[22] which states that pressure or changes from the environment will affect the decision making:

- H₅: dynamic capability affects the quality of decision making

The effect of user ethics on quality decision making: Decision making in an organisation is inseparable from the role of managers as individuals who have behavior, be it ethical behaviour or unethical behaviour. The results of Trevino's^[48] study which makes a model of cognitive moral development show how one thinks to decide what is right and what is wrong about conditions that are being faced. After all, one's thoughts about what is good and what is bad will affect the decisions that one makes. Trevino^[48] concludes that the ethical behaviour of a person affects the decision making. Another study conducted by Negulescu and Doral^[47] states that the quality of decision making is influenced by ethics. Ethics becomes one of the trigger factors in achieving quality decision making. Zeni *et al.*^[49] developed a model of the stages of the decision-making process. In addition, to identifying problems, it must also be through ethical evaluation and the importance of ethics. In other words, ethics affects the decision-making process. Ethical values influence the sustainability of a decision:

- H₆: user ethics affects the quality of decision making

The impact of top management support on quality decision making: Top management has a huge role in planning and decision making for all levels and across functions within a company^[50]. Support from top management is a critical factor in the success of an organisation and will determine the success of the organisation in responding to dynamic environmental changes^[13]. Results of research by Dauth *et al.*^[33] argue that the involvement of top management in various accounting policies will affect the quality of accounting information on which the decision is based. Thus, the quality of decision making will depend on top management support through its policies. Further, research results from Al-Mamary *et al.*^[45] state that top management support to an integrated information system model affects the quality of managerial decision making:

- H₇: Top management support affects quality decision making

Methodological framework: This research is quantitative research and the method used is the survey method, conducted by a questionnaire. The target population is local governments in Java and Bali, of which there are 128. Respondents are heads of sub-budgeting areas, heads of accounting sub-divisions and heads of financial sub-divisions at Financial Management and Regional Assets Bodies in every local government.

Data analysis for hypothesis testing in this research uses the approach of structural equation modelling with partial least squares. The sampling technique uses probability sampling with a simple random sampling technique. The sample size is minimal in this study using the power analysis method, at the 5% significance level, the number of the most arrow direction pointing toward the dependent construct is three with statistical power 0.8 and to produce R^2 0.25, the minimum sample size required in this study was 59 samples^[51]. The sample represents 86 individuals from local governments.

RESULTS AND DISCUSSION

At this stage the convergence validity test and discriminant validity test are performed. Using the partial least squares estimation method, we get the full-path model diagram of the influence of Dynamic Capabilities (DC), user ethics (EP) and top management support (DMP) on quality of management accounting information systems (KSIAM) and its impact on decision-making quality (KPK), as seen in Fig. 1.

Testing convergent validity

Variable dynamic capabilities: Dynamic Capabilities (DCs) are measured in three dimensions and consist of 12 indicators. The test results of each indicator are presented in Table 1.

Table 1 is a recapitulation of CFA loading factor results of the second-order variable of DCs. In the first-order model, all indicators on thinking ahead (DC1), thinking again (DC2) and thinking across (DC3) dimensions have a loading factor >0.50 . This means that all indicators are valid as a measuring tool. All dimensions have a loading factor >0.50 . This means that all dimensions are valid as a measuring tool. The CR value of $0.957 > 0.7$ and the VE value of $0.648 > 0.5$ indicate that these dimensions are consistent (reliable) in measuring DC variables.

Variable user ethics variables: User Ethics (EP) is measured in five dimensions and consists of eight indicators. The test results of each indicator are presented in Table 2.

Table 2 is a recapitulation of CFA loading factor results of the second-order variable of EP. In the first-order model, all indicators in the competence (EP1), confidentiality (EP2), integrity (EP3) and credibility (EP4) dimensions have a loading factor >0.50 . This means that all indicators are valid as a measuring tool. All dimensions have a loading factor >0.50 . This means that all dimensions are valid as a measuring tool. The CR value of $0.920 > 0.7$ and the VE value of $0.591 > 0.5$ indicate that the dimensions are consistent (reliable) in measuring the EP variable.

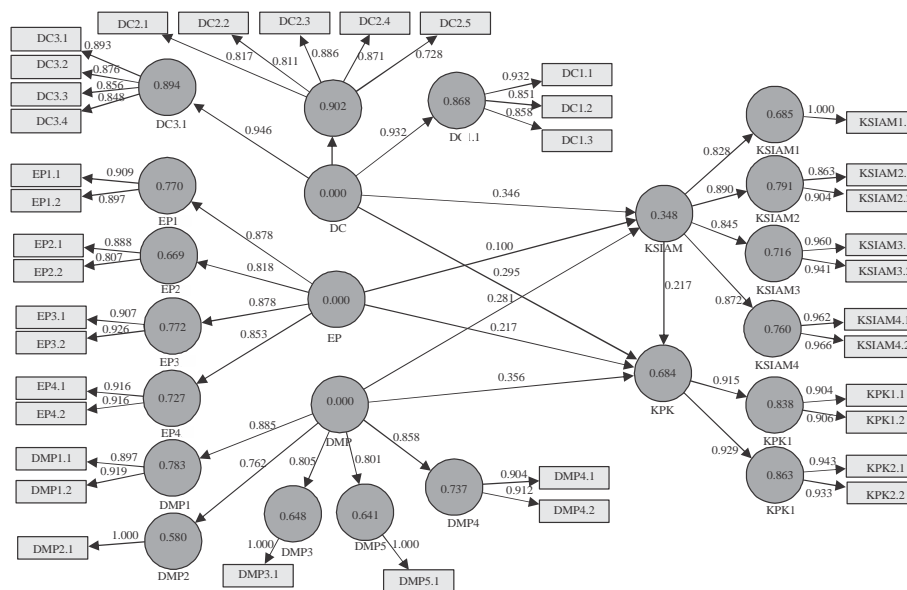


Fig. 1: Path diagram full model

Table 1: Summary test reliability validity variable measurement model dynamic capabilities

Latent variables	Indicators	Loading factors	t-statistic	Results	AVE	CR	Results
First order							
Thinking ahead (DC1)	DC1.1	0.932	67.158	Valid	0.776	0.912	Reliable
	DC1.2	0.851	23.356	Valid			
	DC1.3	0.858	28.151	Valid			
Thinking again (DC2)	DC2.1	0.817	16.047	Valid	0.680	0.913	Reliable
	DC2.2	0.811	18.133	Valid			
	DC2.3	0.886	38.084	Valid			
	DC2.4	0.871	36.508	Valid			
	DC2.5	0.728	9.234	Valid			
Thinking across (DC3)	DC3.1	0.893	36.131	Valid	0.755	0.925	Reliable
	DC3.2	0.878	33.861	Valid			
	DC3.3	0.856	26.485	Valid			
	DC3.4	0.848	24.600	Valid			
Second order							
Dynamic Capabilities (DC)	DC1	0.932	61.086	Valid	0.648	0.957	Reliable
	DC2	0.950	69.884	Valid			
	DC3	0.946	77.463	Valid			

Table 2: Summary test reliability validity variable measurement model user Ethics (EP)

Latent variables	Indicators	Loading factors	t-statistic	Results	AVE	CR	Results
First order							
Competence (EP1)	EP1.1	0.909	60.811	Valid	0.816	0.898	Reliable
	EP1.2	0.897	34.591	Valid			
Confidentiality (EP2)	EP2.1	0.888	38.574	Valid	0.720	0.837	Reliable
	EP2.2	0.807	12.529	Valid			
Integrity (EP3)	EP3.1	0.907	46.988	Valid	0.840	0.913	Reliable
	EP3.2	0.926	93.160	Valid			
Credibility (EP4)	EP4.1	0.915	55.046	Valid	0.838	0.912	Reliable
	EP4.2	0.916	42.889	Valid			
Second order							
User Ethics (EP)	EP1	0.878	34.730	Valid	0.591	0.920	Reliable
	EP2	0.818	22.791	Valid			
	EP3	0.878	34.558	Valid			
	EP4	0.853	18.042	Valid			

Variable top management support: Top management support (DMP) is measured in five dimensions and consists of seven indicators. The test results of each indicator are presented in Table 3.

Table 3 is a recapitulation of CFA loading factor results of the second-order variable of DMP. In the first-order model, all indicators in the resources (DMP1) and expertise (DMP4) dimensions have a loading factor >0.50, while all indicators in structural arrangements (DMP2), communication (DMP3) and power (DMP5) have loading factor >0.5, CR and VE are 1,000 because they are measured only by one indicator, indicating that the indicator is consistent. This means that all indicators are valid as a measuring tool. All have a loading factor >0.50. This means that all dimensions are valid as a measuring tool. The CR value of 0.921>0.7 and the AVE value of 0.625>0.5 indicate that these dimensions are consistent (reliable) in measuring the DMP variable.

Variable quality management accounting information systems: The quality of management accounting information systems (KSIAM) is measured by four dimensions and consists of seven indicators. The test results of each indicator are presented in Table 4.

Table 4 is a recapitulation of CFA loading factor results of second-order management information system quality management variables (KSIAM). In the first-order model, the ease of use dimension (KSIAM1) with KSIAM1.1 indicator has loading factor, CR and VE is 1,000 because it is measured only by one indicator. It indicates that the indicator is consistent in measuring the ease of use dimension (KSIAM1). Furthermore, on the dimensions of flexible (KSIAM2), integration (KSIAM3) and accessibility (KSIAM4), all indicators have a loading factor >0.50. This means that all indicators are valid as a measuring tool.

All dimensions have a loading factor >0.50. This means that all dimensions are valid as a measuring tool. The CR value of 0.931>0.7 and the VE value of 0.658>0.5 indicate that the dimensions are consistent (reliable) in measuring the quality variable of the management accounting information system (KSIAM).

Variable quality of decision making: The quality of decision making (KPK) is measured in two dimensions and consists of four indicators. The test results of each indicator are presented in Table 5.

Table 5 is a recapitulation of CFA factor loading results of the second-order variable of KPK. In the

Table 3: Summary test reliability validity variable measurement model top management support (DMP)

Latent variables	Indicators	Loading factors	t-statistic	Results	AVE	CR	Results
First order							
Resources (DMP1)	DMP1.1	0.897	41.308	Valid	0.824	0.904	Reliable
	DMP1.2	0.919	49.366	Valid			
Structural arrangements (DMP2)	DMP2.1	1.000		Valid	1.000	1.000	Reliable
	DMP3.1	1.000		Valid			
Communication (DMP3)	DMP4.1	0.904	24.479	Valid	0.825	0.904	Reliable
	DMP4.2	0.912	38.220	Valid			
Power (DMP5)	DMP5.1	1.000		Valid	1.000	1.000	Reliable
Second order							
Top Management Support	DMP1	0.885	25.693	Valid	0.625	0.921	Reliable
	DMP2	0.762	8.538	Valid			
	DMP3	0.805	16.983	Valid			
	DMP4	0.858	27.859	Valid			
	DMP5	0.801	18.076	Valid			

Table 4: Summary test reliability validity variable measurement model management accounting information systems (KSIAM)

Latent variables	Indicators	Loading factors	t-statistic	Results	AVE	CR	Results
First order							
Ease of use (KSIAM1)	KSIAM1.1	1.000	-	Valid	1.000	1.000	Reliable
Flexible (KSIAM2)	KSIAM2.1	0.863	24.449	Valid	0.781	0.877	Reliable
	KSIAM2.2	0.904	71.620	Valid			
Integration (KSIAM3)	KSIAM3.1	0.950	71.869	Valid	0.894	0.944	Reliable
	KSIAM3.2	0.941	46.666	Valid			
Accessibility (KSIAM4)	KSIAM4.1	0.962	84.854	Valid	0.928	0.963	Reliable
	KSIAM4.2	0.965	104.401	Valid			
Second order							
Quality management accounting information Systems (KSIAM)	KSIAM1	0.828	36.307	Valid	0.658	0.931	Reliable
	KSIAM2	0.890	39.982	Valid			
	KSIAM3	0.846	22.306	Valid			
	KSIAM4	0.872	21.354	Valid			

Table 5: Summary test reliability validity variable measurement model quality of decision making (KPK)

Latent variables	Indicators	Loading factors	t-statistic	Results	AVE	CR	Results
First order							
Improved decision quality (KPK1)	KPK1.1	0.904	35.675	Valid	0.818	0.900	Reliable
	KPK1.2	0.905	55.381	Valid			
Reduction of time needed to make a decision (KPK2)	KPK2.1	0.943	95.717	Valid	0.880	0.936	Reliable
	KPK2.2	0.933	67.860	Valid			
Second order							
Quality of decision making (KPK)	KPK1	0.915	47.170	Valid	0.722	0.912	Reliable
	KPK2	0.929	74.218	Valid			

first-order model, on the dimensions of decision quality improvement (KPK1) and reduction of time needed to make decisions (KPK2), all indicators have a loading factor >0.50. This means that all indicators are valid as a measuring tool. All dimensions have a loading factor >0.50. This means that all dimensions are valid as a measuring tool. The CR value of 0.912>0.7 and the AVE value of 0.722>0.5 indicate that the dimensions are consistent (reliable) in measuring the KPK.

Testing discriminant validity: The discriminant validity test is performed to test the correlation of each indicator with all the latent variables tested. The following shows results of discriminant validity testing by comparing AVE roots and correlations between latent variables (Table 6).

From the above test results it can be seen that all variables have an AVE root value higher than the highest

Table 6: Validity test of discriminant

Correlation	DC	DMP	EP	KPK	KSIAM
DC	0.805				
DMP	0.460	0.790			
EP	0.496	0.275	0.769		
KPK	0.681	0.653	0.537	0.849	
KSIAM	0.525	0.468	0.349	0.614	0.811

Bold text indicates AVE root value

correlation between variables. So, it can be concluded that the research model has a good discriminant validity.

Full structural model testing results: The result of the full structural model estimation by using the second-order method is presented in Fig. 2.

Table 7 summarizes the estimation results of the structural model of the relationship between the latent variables through the coefficient test path.

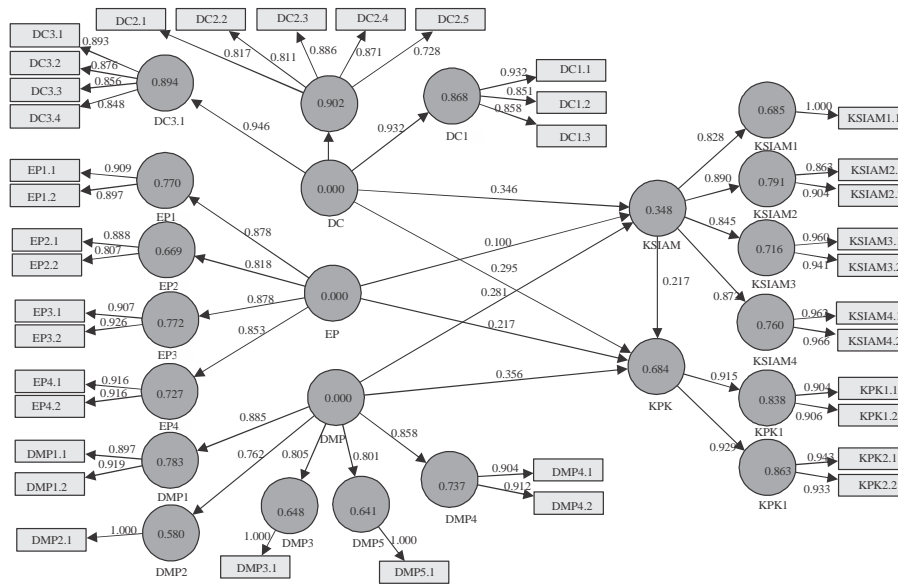


Fig. 2: Full structural model results (t-values)

Table 7: Summary of coefficient of path and statistical test

Sub-structure/Path	Path coefficient	t-values	R ² Partial	R ² simultaneous
First				
DC → KSIAM	0.346	2.777	0.182	0.348
EP → KSIAM	0.100	1.081	0.035	
DMP → KSIAM	0.281	2.546	0.131	
Second				
DC → KPK	0.295	2.022	0.201	0.684
EP → KPK	0.217	3.477	0.117	
DMP → KPK	0.356	3.364	0.233	
KSIAM → KPK	0.217	2.131	0.133	

Table 8: Hypothesis testing results

Hypothesis	Path			Conclusion
	Coefficient	T _{statistic}	T _{value}	
H ₁	0.346	2.777	1.96	Accepted
H ₂	0.100	1.081	1.96	Rejected
H ₃	0.281	2.546	1.96	Accepted
H ₄	0.217	2.131	1.96	Accepted
H ₅	0.295	2.022	1.96	Accepted
H ₆	0.217	3.477	1.96	Accepted
H ₇	0.356	3.364	1.96	Accepted

Through the recapitulation results shown in Table 7, it can be seen that in the first sub-structure, the Dynamic Capabilities (DC), user Ethics (EP) and top management (DMP) variables give 34.8% of the influence on the quality of the KSIAM while the remaining 65.2% of influence is from other variables.

In the second sub-structure, Dynamic Capabilities (DC) user Ethics (EP), top management support (DMP) and quality management accounting information system (KSIAM) give 68.4% of the influence on KPK, while the remaining 31.6% is influenced by other variables.

Hypothesis testing: The results of the significance tests for hypothesis s are as follows:

Based on Table 8, note that the t-statistic value is greater than the value for H₁, H₃, it can be concluded that the dynamic capability, top management support significantly influence the quality of management accounting information system, while user ethics has no significant effect on the quality of the management accounting information system (H₂). Furthermore, hypothesis H₄, H₅, H₆ and H₇ have t-statistic values greater than the t-value which means that dynamic capability, user ethics, top management support and the quality of management accounting information systems significantly influence the quality of decision making.

CONCLUSION

The results provide empirical evidence that dynamic capability and top management support significantly influence the quality of management accounting information systems while user ethics has no significant influence. Furthermore, dynamic capability user ethics, top management support and

quality of management accounting information systems have a significant effect on the quality of decision making.

Dynamic capability demands a dynamic accounting information system as well. The results of this study provide empirical evidence that dynamic capability affects the quality of accounting information systems. This supports the results by Prasad and Green^[23] study which states that accounting information systems must be dynamic and quickly respond to any internal and external changes that occur^[23]. Kloviene and Gimzauskiene^[22] state that organisations that are able to identify the external environment will be more effective in the use of accounting information systems. Dynamic capability affects the effectiveness and efficiency in converting input to output.

The user's ethics of accounting information systems in local government is related to compliance with governmental accounting procedures and standards while management accounting information systems are tools or media used to carry out their work based on established policies and procedures. Therefore, user ethics does not significantly affect the performance of accounting information systems, such as system integration, ease of operating the system, system flexibility and ease of access. Improving the quality of management accounting information systems in government areas is more related to the needs of local governments concerned in order to improve transparency and accountability of governance. Improving the quality of accounting information systems related to the ethics of users of the system more to the fulfilment of optimal policies and procedures and on the discipline of work. The quality of management accounting information systems can be improved if the development plan for implementation gets full support from the leadership. Implementation of a successful accounting information system requires commitment, local resources and the commitment of stakeholders who obtained from the communication conducted by the leadership to support both from the readiness to the sustainability of the implementation of the systems used.

Management accounting information systems in computerized and integrated local governments will have a significant impact on local financial transparency and accountability. Management of financial information with a good information system can minimize the occurrence of manipulation of public finance data. If financial information is online on a local government website, it will increase the accessibility of stakeholders in obtaining the desired information, so as to improve the accuracy and speed of decision making. Local government decisions are reflected in the various policies generated. Local governments are empowered to undertake various changes through innovations that can be undertaken to develop an appropriate policy and decision.

Decision making in an organisation including local government is inseparable from the role of someone as an individual who has behaviour, be it ethical behaviour or unethical behaviour. Such behaviour is strongly influenced by various aspects related to ethics such as competence, integrity and credibility. Employees within the local government are required to comply with various codes of ethics, codes of conduct and all established rules. In local government, regional heads or leaders have a very big role in planning and decision making. Support from heads of regions is a critical factor in the success of an area and will determine its success in responding to dynamic environmental changes. Support from the leadership will result in a policy that aligns each related field in preparing financial statements so that financial statements can be presented on time.

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