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## ANALYSIS OF THE EFFECT OF DECENTRALIZATION AND THE EFFECTIVENESS OF MANAGEMENT ACCOUNTING INFORMATION SYSTEMS ON MANAGERIAL PERFORMANCEN

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**Abstract:** The technological revolution has hit all aspects of human life. In the business world in particular, the technological revolution has caused tremendous changes in competition, marketing and human resource management. With globalization, very large companies cannot be controlled and managed by one person so that the performance of these companies is not as good as decentralized companies. Where companies need to make decisions quickly and accurately, so that with good decentralization it will improve the performance of managers. Companies also need an effective management accounting information system to produce quality information so that it will improve managerial performance This study was conducted to determine the effect of decentralization and the effectiveness of management accounting information systems on managerial performance at PT. Main Greentextile Indonesia II Bandung. This research is a quantitative descriptive research by distributing questionnaires to collect the required data. The population of this study were middle and lower managers with a sample of 33 managers at PT. Main Greentextile Indonesia II Bandung. This study uses data analysis techniques used are descriptive statistics, multiple linear regression techniques. The results of this study indicate that 1) Decentralization has an effect on managerial performance at PT. Main Greentextile Indonesia II Bandung. 2) The effectiveness of the management accounting information system consisting of broad scope, timelines, aggregation, and integration has no effect on managerial performance at PT. Main Greentextile Indonesia II Bandung.

**Keywords:** Accounting Information Systems, Decentralization, Management Accounting, Management Accounting Information Systems, Managerial Performance

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### INTRODUCTION

Managerial performance (such as negotiating, recruiting, training, innovating, and contacting individual managers) greatly influences the importance of information because every managerial job has specific and regular and systematic information needs for making decisions. (Hamad et al 2013).

Decentralization is the transfer of authority and responsibility to lower level managers, so that managers will also be responsible for the decisions they have taken. Thus, managers need information as a basis for making decisions, so that the policies taken are of high quality and can be accounted for so that the suitability of information with the

needs of decision makers will improve the quality of decisions to be taken, which in turn will improve the performance of managers (Alamsa et al 2019).

Problems related to managerial performance in SOEs are found in the 2019 BPK IHPS, there are 8 SKK Migas consulting service jobs that are not in accordance with specifications and indicate waste and without accountability in accordance with the contract, and the procurement of labor services supporting SKK Migas is not in accordance with the provisions resulting in overpayments, shortages state revenues, as well as the realization of end-of-contract compensation (SAMK) are not in accordance with the provisions.

Then the problem of decentralization also occurred in the life insurance case, according to Sampurna (2020) OJK found, among others, the abuse of authority by JS and reports of overstated investment assets and understated liabilities. This is agreed by Djarot (2020) that the results of the BPK examination show that there is an abuse of Jiwasraya's authority and reports of financial investment assets that are overstated (beyond reality) and understated liabilities (below the actual value).

Further problems regarding the effectiveness of the management accounting information system are contained in the 2019 IHPS, namely at BI, among others, weaknesses in the control of the application system that supports the preparation of the LKTBI. This results in: (1) transaction data has the potential to be lost and does not match the main database; (2) details of invoices to employees cannot be traced; and (3) not yet fully established good corporate governance in the implementation and management of investment project planning, procurement, and contract monitoring. Then, several output reports of the Financial Services Authority Accounting Information System (SI-AUTO) are inaccurate, including: (1) Cash Flow Statements (LAK) cannot be directly used as financial statements; (2) the realization of the budget does not match the expenditure; (3) there is a difference in the value of income and expenses in accounting between the Fiscal Financial Report and the Activity Report; (4) there is a problem when making the Warrant to Release Goods; and (5) there is a difference in the quantity of goods in the OJK Goods Recapitulation List with the Asset Data.

The same thing was stated by Mowen et al (2017) decentralization gives freedom to lower-level managers to make and implement important decisions related to their area of responsibility. The point is the practice of delegating authority to lower management levels in a company

In this study, what is meant by decentralization is the delegation of authority / authority to lower level management to make decisions.

Henry Simamora (2012) reveals that there are four keys in implementing decentralization in a company, namely:

- a. Delegation
- b. Authority (Authority)
- c. Responsibility
- d. Accountability

Hongren et al (2014) say the management accounting information system is a formal mechanism for collecting, organizing and communicating information about organizational activities, as well as pursuing organizational goals.

In this study, the management accounting information system is a formal system for preparing and providing information from the internal and external environment that helps managers to achieve organizational goals

An effective management accounting information system is defined by certain information characteristics, the effectiveness of management accounting information systems is seen from the perceived usefulness of several information characteristics (Soobaroyen, & Poorundersing: 2008) consisting of

1. *Scope*
2. *Timeliness*
3. *Level of Aggregation*
4. *Integration*

According to Koontz and Weihrich (2012:) and Schermerhorn (2013) managerial performance is the performance of managers in leading their units which can be measured by how managers carry out managerial functions such as planning, organizing, staffing, leading and controlling, which work effectively to help achieve aim. In other words, the manager's performance is the manager's ability to manage all the resources owned by the company in order to obtain operating profits in the short and long term. Rudiyanto (2013: 185).

## **METHODS**

Methods, techniques, and research analysis using multiple linear regression. The population in this study amounted to 50 managers and financial staff of QC, marketing, finishing, cutting, embroy, HRD, accessories warehouse, and production of PT. Greentextile Utama Indonesia II, the sample uses Strafield random sampling, the minimum number of samples is calculated using the Slovin formula for respondents Managers and Supervisors of PT. Main Greentextile II Bandung. The data used in this study are primary data and data collection techniques using the Questionnaire technique.

## **RESULT AND DISCUSSION**

### **Validity And Profitability**

#### **Validity**

This test is carried out to test the validity of each statement item in measuring the variable

**Table 2 Recapitulation of Research Instrument Validity Test Results**

Variable	Item	R count	R kritikal	conclusion
Decentralization (X1)	1	0.636	0.3	Valid
	2	0.698	0.3	Valid
	3	0.789	0.3	Valid
	4	0.733	0.3	Valid
	5	0.727	0.3	Valid
	6	0.746	0.3	Valid
	7	0.770	0.3	Valid
	8	0.784	0.3	Valid
Characteristics of Management Accounting Information System (X2)	9	0.756	0.3	Valid
	10	0.737	0.3	Valid
	11	0.478	0.3	Valid
	12	0.746	0.3	Valid
	13	0.674	0.3	Valid
	14	0.734	0.3	Valid
	15	0.654	0.3	Valid
	16	0.771	0.3	Valid
	17	0.790	0.3	Valid
	18	0.691	0.3	Valid
Managerial Performance (Y)	19	0.638	0.3	Valid
	20	0.689	0.3	Valid
	21	0.749	0.3	Valid
	22	0.820	0.3	Valid
	23	0.824	0.3	Valid
	24	0.583	0.3	Valid
	25	0.582	0.3	Valid
	26	0.792	0.3	Valid
	27	0.687	0.3	Valid
	28	0.445	0.3	Valid
29	0.549	0.3	Valid	
30	0.550	0.3	Valid	
31	0.565	0.3	Valid	
32	0.905	0.3	Valid	

Source: SPSS output attachment

Based on table 2, it can be seen that all statement items have a validity coefficient that is greater than critical 0.3, so that these items are feasible to be used as measuring tools in research and can be used for further analysis.

### Reliability

Reliability testing is done by testing the instrument only once, then analyzed using the Spearman-Brown method.

**Table 3 Reliability Test Results of Research Questionnaires**

Variable	Coefficient R	Reliability Coefficient	Conclusion
Decentralization (X1)	0.850	0.7	Reliabel
Characteristics of Management Accounting Information System (X2)	0.899	0.7	Reliabel
Managerial Performance (Y)	0.946	0.7	Reliabel

Source: SPSS output attachment

Based on table 3, it is known that the reliability value of the statement items on the questionnaire for each variable being studied is greater than 0.7. These results indicate that the items in the questionnaire are reliable for measuring the variables.

### Normality test

Based on table 4 it can be seen that the Asymp value. Sig. (0.200) is greater than alpha 5% (0.05). This indicates that the data distribution in the multiple linear regression model is normally distributed.

**Table 4 Data Normality Test  
One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		33
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	6.10165123
	Most Extreme Differences	
	Absolute	.094
	Positive	.069
	Negative	-.094
Test Statistic		.094
Asymp. Sig. (2-tailed)		.200 <sup>c,d</sup>
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Source: SPSS output attachment

### Multicollinearity Test

Based on table 5, it can be seen that the VIF value for each independent variable is below 10. The tolerance value shows that all independent variables have a value of more

than 0.1. Based on these criteria, it can be concluded that there is no multicollinearity problem in the multiple linear regression model.

**Table 5 Multicollinearity Test**

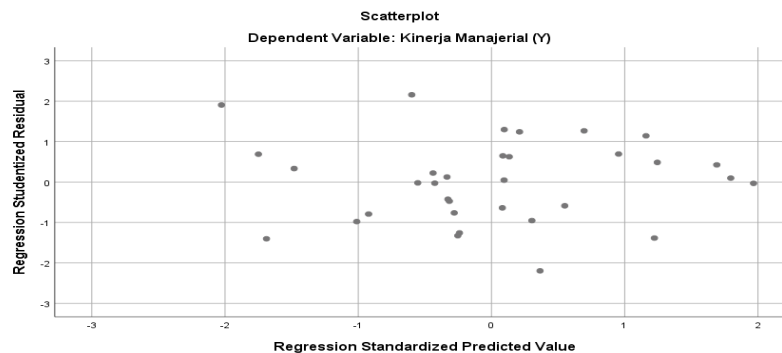
Model		Collinearity Statistics	
		Toleranc	VIF
		e	
1	Decentralization (X1)	.722	1.384
	Management Accounting Information System Effectiveness (X2)	.722	1.384

a. Dependent Variable: (Y)

Source: SPSS output attachment

### Heteroscedasticity Test

Based on Figure 1, it can be seen that the distribution of residual data does not form certain patterns, spread above and below the number 0 on the Y axis, so it can be concluded that this regression model does not have symptoms of heteroscedasticity. Or in other words, the regression model has met the assumption of homoscedasticity.



**Figure 1. Heteroscedasticity Test**

Source: SPSS output attachment

### Multiple Regression Equation

By using the SPSS program application, the output of the regression coefficient calculation is obtained as follows:

**Table 6 Regression Coefficient Value**

		<b>Coefficients<sup>a</sup></b>				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.015	5.519		1.452	.157
	Decentralization (X1)	.786	.249	.488	3.149	.004
	Management Accounting Information System Effectiveness (X2)	.394	.206	.297	1.914	.065

a. Dependent Variable: Managerial Performance (Y)

Source: SPSS output attachment

From the output in table 4.5, it is known that the intercept and regression coefficient values can be formed so that multiple linear regression equations can be formed as follows:  
 $Y = 8015 + 0.786 X1 + 0.394 X2$ .

### Correlation Coefficient and Determination Coefficient

The following presents the estimation results of the calculation of the correlation coefficient and the coefficient of determination using the SPSS program.

**Table 7 Correlation Coefficient and Coefficient of Determination**

<b>Model Summary<sup>b</sup></b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.692 <sup>a</sup>	.479	.444	6.30176

a. Predictors: (Constant), Effectiveness of Management Accounting Information System (X2), Decentralization (X1)  
 b. Dependent Variable: Managerial Performance (Y)

Source: SPSS output attachment

Based on table 7, it can be seen that the correlation is 0.692. This figure shows that the variable Decentralization (X1) and Management Accounting Information System Effectiveness (X2) has a strong relationship with the Managerial Performance variable (Y). The value of R square obtained is 0.479 or 47.9% which indicates that Decentralization (X1) and Management Accounting Information System Effectiveness (X2) contributes 47.9% influence on Managerial Performance (Y). While the remaining 521.1% is the influence of other factors not observed in this study.

To find out how much is the effect of partial or partial determination coefficient on multiple regression coefficients, a multiplication between the beta value and the correlation

value of the independent variable on the dependent variable is carried out as shown in table 4.26 below

**Table 8 Coefficient of Partial Determination  
Coefficients<sup>a</sup>**

Model		Standardized Coefficients Beta	Correlation s Zero-order
1	Decentralization (X1)	.488	.645
	Management Accounting Information System Effectiveness (X2)	.297	.554

a. Dependent Variable: Managerial Performance (Y)

Source: SPSS output attachment

$$1. X1 = 0.488 \times 0.645 = 0.315 (31.5\%)$$

$$2. X2 = 0.297 \times 0.554 = 0.165 (16.5\%)$$

Based on the calculation results above, it can be seen that the Decentralization variable (X1) contributes 31.5% influence on Managerial Performance (Y). Meanwhile, the Effectiveness of Management Accounting Information System (X2) contributes 16.5% influence on Managerial Performance (Y). These results indicate that the variable Decentralization (X1) has the highest contribution in influencing Managerial Performance(Y) when compared to the Effectiveness of Management Accounting Information Systems (X2).

### T -Test Testing

Test hypothesis:

$H_0 \rightarrow b_{YX_i} = 0$  There is no significant effect of Decentralization (X1) and Management Accounting Information System Effectiveness (X2) partially on Managerial Performance (Y);

$H_1 \rightarrow b_{YX_i} \neq 0$  There is a significant effect of Decentralization (X1) and Management Accounting Information System Effectiveness (X2) partially on Managerial Performance (Y).

Test statistics: Significance level ( $\alpha$ ) = 5%.

Test Criteria:

reject  $H_0$  and accept  $H_1$  if  $Sig \leq (\alpha)$ ; if

accept  $H_0$  and reject  $H_1$  if  $Sig > (\alpha)$ .

By using the help of the SPSS program application, the following significance values are obtained:



**Table 9 T -Test**

Model		Coefficients <sup>a</sup>			t	Sig.
		Unstandardized Coefficients	Standardized Coefficients	Beta		
1	(Constant)	B 8.015	Std. Error 5.519		1.452	.157
	Decentralization (X1)	.786	.249	.488	3.149	.004
	Management Accounting Information System Effectiveness (X2)	.394	.206	.297	1.914	.065

a. Dependent Variable: Managerial Performance (Y)

Source: SPSS output attachment

Based on table 4.29 it can be seen that the Decentralization variable (X1) obtained the value of sig. of 0.004 less than alpha 5% (0.05), this indicates that H0 is rejected and H1 is accepted, which means that the Decentralization variable (X1) has a partial significant effect on Managerial Performance (Y). While the Effectiveness of Management Accounting Information System (X2) variable obtained the value of sig. of 0.065 is greater than alpha 5% (0.05), this indicates that H0 is accepted and H1 is rejected, which means that the Effectiveness of Management Accounting Information System (X2) does not have a partial significant effect on Managerial Performance (Y).

## Discussion

### The Effect of Decentralization on Managerial Performance

Based on research that has been done at PT. Greentextile Indonesia Utama II Bandung states that decentralization has an effect on managerial performance. Decentralization at PT. Main Greentextile Indonesia II Bandung is in good category, among others:

1) The delegation dimension in the company has been going well, including by providing a division of work assignments between sections. While in decision making adjusted to the level and position it has been going well, while in making decisions adjusted to the level and position it has gone well but has not shown the ideal level because for some important decisions have to wait from top management

2) The authority dimension in this company, managers have the authority to make all decisions related to the company

3) The dimension of responsibility shows that managers accept responsibility for the continuity of the company well

4) The accountability dimension in measuring the level of achievement of results is

determined by reporting performance or evaluating staff on a regular basis that has been going well.

So this study supports the research of Alamsa et al (2019), Azlina et al (2011), Atmoko, and Hapsoro (2017) where decentralization has an effect on managerial performance.

### **Effect of Management Accounting Information System Effectiveness on Managerial Performance**

The research findings on the effectiveness of the management accounting information system above show that the effectiveness of the management accounting information system at PT. Main Greentextile Indonesia II Bandung is in good category but not 100%. This is due to the following:

- 1) The broad scope dimension shows that in the information required and presented with regard to information originating from within the company and outside the company, the provision of required information, both financial and non-financial required, is always available in the form of daily, weekly and monthly reports, as well as information provided by the company. needed and presented including information relating to plans and events that will occur in the future.
- 2) The timelines dimension indicates that the required information is provided on time and provides a timeframe if the report has not been completed in accordance with the established rules, and so far the completion of reports has not been maximized in systematic and timely reporting, this is due to many things.
- 3) The aggregation dimension shows that the information needed and presented is still not reported in a complete and easy to understand manner, the information provided by the company so far always includes various information from several supporting divisions such as information from the finance, operations, and HR departments.
- 4) The integration dimension indicates that the information required and presented reflects the complexity and is interrelated between one part and another and so far the information provided has not been fully integrated (assimilation of information from each unit so that it becomes a unified whole) and can be used as coordination tool in decision making. So this study supports the research of Fujiastuti (2008) that the management accounting information system has no effect on managerial performance.

### **CONCLUSION**

Based on research that has been done at PT. Greentextile Indonesia Utama II Bandung states that decentralization has an effect on managerial performance. Decentralization at PT. The research findings on the effectiveness of the management accounting information system above show that the effectiveness of the management accounting information system at PT. Main Greentextile Indonesia II Bandung is in good category but not 100% The results of this study indicate that 1) Decentralization has an

effect on managerial performance at PT. Main Greentextile Indonesia II Bandung. 2) The effectiveness of the management accounting information system consisting of broad scope, timelines, aggregation, and integration has no effect on managerial performance at PT. Main Greentextile Indonesia II Bandung.

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