



The impression of information system internalization on the sustainability of the quality of financial reports and their impact on local government performance

Fikry Karim¹
Supriadi Laupe²
Femilia Zahra³⁺
Irdiansyah Latowale⁴

^{1,2,3,4}Department of Accounting, Faculty of Economics, Tadulako University, Indonesia.

¹Email: Fikrykarim32.untad@gmail.com

²Email: Supriadilaupe54.untad@gmail.com

³Email: fahra.untad@gmail.com

⁴Email: irdiansyahlatowale18.untad@gmail.com



(+ Corresponding author)

ABSTRACT

Article History

Received: 18 May 2023

Revised: 12 September 2023

Accepted: 9 October 2023

Published: 24 October 2023

Keywords

Coercive

Financial report

Institutionalization of information technology

Local government

Mimetic

Normative pressure

Regional financial management performance.

This study discusses a research gap concerning the incorporation of information technology in regional financial management. Specifically, it examines the factors influencing the implementation of information technology, including coercive, mimetic, and normative pressures, and their effects on the performance of regional financial management in the city of Palu. This research employs a quantitative approach. The utilization of a quantitative approach in this study can offer a suitable implementation model for all local governments to establish sustainable performance alignment. The participants in this study consisted of individuals who utilised the regional financial information system for all local government agencies in the city of Palu, as well as the heads of these government agencies. Questionnaires were distributed to the intended respondents online via the Google Form application, so that 81 responses were obtained from users of the regional financial information system in all agencies in the city of Palu and heads of agencies. The analysis tool used is the structural equation model with the help of WarpPLS 7.0 software. The results of the study show that coercive and normative pressure can affect the success of information technology implementation in local government environments. Institutionalization of information technology within the local government environment can improve the performance of regional financial management.

Contribution/Originality: This research contributes to the local government in Indonesia by examining mimetic pressures on information technology adoption. Prior research showed a positive impact. However, this study broadens our understanding of how mimetic pressures impact IT institutionalization in local finance management. This study suggests mimetic pressures are not strong enough to affect IT implementation in local government finance.

1. INTRODUCTION

The use of regional financial information systems aims to support the regional financial management cycle, which includes planning, implementation, administration, reporting, accountability, and supervision of regional finances (Government Regulation 58 of 2005 concerning Guidelines for Regional Financial Management). The implementation of the e-budgeting concept in Indonesia enhances the level of financial transparency within local government entities. E-budgeting involves the utilization of e-government principles in the budgeting domain, employing information technology to align with budgeting procedures and enhance the performance of budgeting activities (Garson, 2006). E-Government has become a common phenomenon because the use of information technology in government activities can improve the performance of public services. However, electronic budgeting

is not just using information technology to change the budget preparation process but is part of the organization's internal change process. The selected technology can be a consequence of a new internal process or become a reference so that adjustments to internal processes are required. These internal processes refer to the integrated definition of e-budgeting put forward by Garson (2006), namely the use of information and communication technology applications in budgeting functions, procedures, or services in the entire budgeting cycle, which includes planning, drafting programming, budgeting, allocating, controlling, and evaluating financial resources. Appropriate integration of information technology in these internal processes will enable the availability of more comprehensive data, covering planning, budgeting, budget execution, up-to-budget accountability, and evaluation.

So far, e-government research has not specifically explored the link between the implementation of information technology in budgeting activities and the alignment of local government performance, even though budgeting is the most crucial activity for running local government. Previous literature on the factors that are important for the success of e-government implementation needs to be examined because most of these studies use a qualitative approach (case study) (Bolívar, Muñoz, & Hernández, 2010). The high failure rate of e-government implementation in developing nations serves as further evidence that these factors are still contradictory. One-third of information and communication technology projects in developing countries have failed completely. In other countries, 50% have failed partially (Heeks, 2002, 2003). Implementation was only successful in the early stages, where e-government applications were made but were not used or were only used in the short term. The use of quantitative approaches such as regression and Structural Equation Modeling (SEM) has indeed increased in recent years, but research designs tend to treat e-government from a consumer perspective (Bolívar et al., 2010) and do not explore its benefits for government institutions (Stemberger & Jaklic, 2007). Only a few studies have investigated the issue of the changes that need to be made in government institutions for e-government projects to achieve true success (Stemberger & Jaklic, 2007). By focusing on the variables that affect the process of integrating information technology into budgeting activities (e-budgeting), which incorporates elements of planning, organizational transformation, and government performance, this study closes this knowledge gap. This research's use of a quantitative methodology can offer all local governments a suitable implementation model to establish a long-lasting performance alignment.

2. LITERATURE REVIEW

2.1. Institutional Theory

The institutional theory assumes that organizations are motivated to comply with formal and informal pressures from their environment (Oliver, 1997). Organizational compliance with environmental demands is important to gain legitimacy and maintain its existence. Institutional theory is a more integrated approach that recognizes the importance of the context in which information technology is implemented and helps understand the influence of various factors related to the selection, design, implementation, and use of information technology (Luna-Reyes & Gil-Garcia, 2011). This study uses two ideas from institutional theory to look at how the variables it looks at are connected: isomorphic institutional (DiMaggio & Powell, 1983) and the Technology Enactment Framework.

2.2. Institutional Isomorphic

The concept of institutional isomorphism (DiMaggio & Powell, 1983) suggests three types of isomorphic pressures faced by organizations: coercive, mimetic, and normative pressures.

2.2.1. Coercive Pressure

According to DiMaggio and Powell (1983), coercive pressure includes both formal and informal pressure that one organization applies to others who are dependent on it. Compliance with the more dominant organization will guarantee support for its existence by obtaining the required resources. Local government organizations in Indonesia generally have a high degree of dependence on the central government. This is evident from the portion of the

regional budget that is mostly derived from transfers from the central government (General Allocation Funds, Special Allocation Funds, and Assistance Tasks). This dependence causes local governments to always comply with various regulations issued by the central government.

2.2.2. Mimetic Pressure

Mimetic pressure occurs because the organization's responds to uncertainty by imitating the actions of other organizations, such as imitating models of information technology implementation from other organizations that are considered successful (DiMaggio & Powell, 1983). Lack of organizational understanding and uncertainty that occur because of the many failures in the implementation of information technology will make organizations decide to adopt this way because it is seen as less risky and more efficient.

2.2.3. Normative Pressure

Normative pressure generally arises due to professionalization efforts, where members of the organization try to determine the requirements and methods of their work to ensure the legitimacy and sustainability of the organization (DiMaggio & Powell, 1983). Empirical phenomena show that the massive adoption of information systems by suppliers and the increasingly popular use of information technology among consumers motivate organizations to use information systems in their operations (Teo, Wei, & Benbasat, 2003). Local governments face problems of public legitimacy due with public dissatisfaction with the quality of services provided. Public dissatisfaction can affect the running of the regional government because resources come from the public (regional taxes and fees, as well as natural resources in the regions). This condition will force local governments to innovate within the organization to comply with the various policies set by the central government and to improve the performance of its public services. The use of information and communication technology, with the various advantages and challenges inherent in it, can be the most appropriate choice to carry out this innovation.

2.3. Financial Performance

Government financial reports serve as a means of accountability for state and regional financial management within a specific period, as stipulated in Government Regulation No. 8 of 2006 on Financial Reporting and Performance of Government Agencies. In accordance with Law No. 17 of 2003 on State Finance, the regional head is required to submit the draft regional regulation regarding accountability for the implementation of the Regional Revenue and Expenditure Budget (Anggaran Pendapatan dan Belanja Daerah/APBD) to the Regional People's Representative Assembly (Dewan Perwakilan Rakyat Daerah/DPRD). These submissions should consist of regional government financial reports that have been audited by the Supreme Audit Agency and should be made no later than six months after the conclusion of the fiscal year. Law No. 17 of 2003 outlines the components of regional government financial reports, at least including Budget Realization Reports (Laporan Realisasi Anggaran/LRA), Cash Flow Reports (Laporan Arus Kas/LAK), Balance Sheets, and Notes to Financial Statements (Catatan Atas Laporan Keuangan/CaLK). LRA is a report that describes the realization of income, expenditure, and financing during a period. LAK is a report that describes the inflow and outflow of cash during a period, as well as the cash position at the reporting date. The balance sheet is a report that presents information on the government's financial position, namely assets, debt, and fund equity, on a certain date. CaLK is an integral part of the financial statements and provides information regarding the explanation of financial statement items within the framework of adequate disclosure. Government Regulation No. 71 of 2010 about Government Accounting Standards is an update to Government Regulation No. 24 of 2005. It includes Operational Reports (LO), Reports of Changes in Budget Balances Over (LP SAL), and Reports of Changes in Equity (LPE) in government financial reports. LO presents an overview of economic resources that increase equity and their use by the central or regional government for government administration activities in a reporting period. LP SAL presents information on the increase or decrease in SAL for

the reporting year compared to the previous year. LPE presents information on the increase or decrease in equity in the reporting year compared to the previous year. The addition of this report is due to a change in the accounting basis used, namely from a cash accounting basis to an accrual accounting basis.

Information that report users will use is present in financial reports that the government has prepared. Users of government financial reports include government internal parties and government external parties (the public, investors, other countries, and others). Independent third parties outside of the government must examine financial statements in order to further increase public trust in the government. Examination of the government's financial reports is carried out by an independent party, namely the Supreme Audit Agency (Badan Pemeriksa Keuangan/BPK).

A financial audit is one of the audits the BPK conducts. A financial audit is an examination of the financial statements. The goal of the financial audit is to give a good level of confidence that the financial statements are presented fairly in all important ways, in line with Indonesia's generally accepted accounting principles, or on a more thorough accounting basis than Indonesia's generally accepted accounting principles (Zilber, 2007). In addition, BPK also conducts other audits that aim to test the level of compliance of local governments with applicable laws and regulations. In this interim period, information on possible and state losses brought about by local government non-compliance with relevant laws and regulations will be available thanks to the findings of compliance checks. This metric is more pertinent to utilize because it more accurately captures how budgeting operations are performing.

2.4. Research Hypotheses and Models

2.4.1. The Effect of Isomorphic Pressure on the Institutionalization of Information Technology

The parent organization that has adopted information technology will pressure the organization below to carry out the same practice (Zheng, Chen, Huang, & Zhang, 2013). In government organizations that have bureaucratic levels, local governments tend to comply with policies from the central government. The Central Government, which has the authority to make regulations and control state resources, requires the Regional Government to carry out various policies or operational practices that are determined. Compliance with policies and adoption of practices determined by the government is absolute because most of the resources needed by Regional Governments to carry out their operational activities come from the government. Apart from superior organizations, Zheng et al. (2013) identified coercive pressure that could come from organizations that have information input and output links with subordinate organizations. An organization's output can serve as an equal input source for other organizations. Within the framework of government, official government institutions possess the power to use coercive pressure due to their capacity to carry out specific practices pertaining to the functioning of subordinate organizations. The operational data from the Regional Government is a source of information for the institutions responsible for supervision and auditing activities. Regional governments frequently follow up on the recommendations made by monitoring and auditing teams, such as adopting information technology practices that can enhance local government operations. Previous studies have found that for a private focal organization, the greater the dominance of suppliers, customers, and the parent company, the greater the tendency of the organization to adopt a similar information system (Teo et al., 2003). Meanwhile, the study by Zheng et al. (2013) found that coercive pressure affects the commitment and support of public organization management to the continuity of information technology adoption. Zorn, Flanagan, and Shoham (2011) found a link between coercive pressure and the adoption and use of information technology in public organizations. The study reveals that technology is extensively used, especially for the flow of communication and information and accountability for fund management.

Krell, Matook, and Rohde (2016) on the motivation of information systems adoption concluded that organizations adopt formal project management approaches in adopting and implementing information systems because of compliance with regulations. A structure that makes it simpler for the organization to carry out the implementation process is what causes adoption in addition to avoiding sanctions. The current rules and the consistent support of important formal government institutions in pushing the use of IT in different regional financial management tasks

will keep the momentum of IT adoption going until it becomes standard practice in regional financial management. Based on these explanations, the hypothesis is proposed as follows:

H: Coercive pressure has a positive effect on the institutionalization of information technology in financial management by local governments in Indonesia.

Empirically, it was found that for focal private organizations, the greater the tendency for information system adoption and success by competitors, the more likely the organization is to adopt similar information systems (Teo et al., 2003). The study by Zorn et al. (2011) concluded that mimetic pressure provides the greatest motivation for public organizations to adopt and use information and communication technology. The study found that the use of information and communication technology was more extensive in public organizations that observed and studied similar organizations in their environment that had used and mastered the same technology. Krell et al. (2016), regarding the motivation for adopting information systems, found that imitating the approach taken by other organizations that are similar in the environment is the most profitable choice for the organization, because it further enriches the learning experience of the organization.

In the context of regional government, the increasing success that various Regional Governments have obtained from using information technology in regional financial management not only motivates other Regional Governments to apply the same technology but also uses it consistently in various financial management procedures. The consistency of this use will eventually make information technology practices institutionalized into the routines of the Regional Government, so the following hypothesis is proposed:

H: Mimetic pressure has a positive effect on the institutionalization of information technology in financial management by local governments in Indonesia.

Empirical evidence shows that for focal private organizations, the higher the tendency to adopt information systems by suppliers and customers and participation in associations, the more likely they are to adopt similar information systems (Teo et al., 2003). These results are identical to the study by Zheng et al. (2013), which found that normative pressure affects the management commitment of public organizations to adopt information technology. According to Zorn et al. (2011) on public organizations, the government and various related donor agencies have an impact on the use of information and communication technology. The government and donor agencies have applied information and communication technology extensively, so there have been changes in their various activities and an impact on various stakeholders. Organizations that have operational links with the government and donor agencies must apply the same technology in order to maintain their cooperative relationship, especially to ensure the consistency of the funding they need.

Jun and Weare (2011) study of the motivations for adopting information technology (e-government) found that as more and more e-government services were offered by city governments, they developed into environmental norms. These established norms create pressure on city governments that have not yet adopted them, thus offering the same services. Krell et al. (2016), regarding the motivation for adopting information systems, concluded that organizations adopt and implement information systems because of pressure from professional and industry associations. Associations build cooperation between organizations in the environment because of the similarity of culture and values. Strengthened cooperation enables environmental norms to be formed, which compel members to comply with them. Jun and Weare (2011) study of the motivations for adopting information technology (e-government), found that as more and more e-government services were offered by city governments, they developed into environmental norms. These established norms create pressure for city governments that have not yet adopted them, thus offering the same services.

The widespread use of information technology at the level of government and various other Government institutions, makes the use of technology the general norm in the environment. As part of a government organization, Local Governments tend to comply with and apply the same technology. Adoption of information technology

legitimizes local government practices, thereby guaranteeing resource support for local government operations, so the following hypothesis is proposed:

H₃: Normative pressure has a positive effect on the institutionalization of information technology in financial management by local governments in Indonesia.

2.4.2. The Influence of Information Technology Institutionalization on the Performance of Regional Financial Management in Local Governments

Previous research in the field of information technology found that organizations that indicated the application of information technology tended to have a positive relationship with performance. For example, companies that show investment in strategic information technology are seen as being able to influence their competitive level, which in turn increases the value of the company (Dehning, Richardson, & Zmud, 2003; Husnah & Ichwan, 2023). The higher the proportion of the budget used by companies to increase the capacity of information technology, indicating the ongoing transformation of business processes that are more modern and have an impact on higher levels of profit and return on capital (Kobelsky, Richardson, Smith, & Zmud, 2008). Investment and a high proportion of budget for transforming business processes indicate high confidence in the strategic role of information technology. The success of the transformation indicates the formation of new business routines within the company. Consistent use of technology in business processes results in better performance improvements.

Heinrich and Betts (2003) on the use of information technology in hospitals show that the actual use of information technology is positively related to performance. The higher the level of actual use of information technology, the better the financial performance and quality of the hospital.

Aral and Weill (2007) suggest that the difference in the performance of two organizations that have the same amount of information technology investment lies in the difference in the type of technology invested and its purpose. Their study found that investing in certain types of information technology will result in higher performance only on those dimensions that are consistent with the strategic goals of that technology. For example, investment in information technology transactional applications that aim to reduce cost standards and repetitive processes results in cost reductions but does not impact the company's product innovations. These innovations are only obtained if the investment is directed at applications that are more strategic but are not associated with lower costs.

Information technology alone will not have any meaning until it is used in organizational routines. However, how technology interacts with users in routine organizational practices determines the impact (Orlikowski, 2000). This interaction can be in the form of implementing the initial design and technology structure or adjusting to user conditions so that it has an impact on the end result of using technology. Because technology is a resource that can be shaped for various uses (with various consequences) depending on the choice of strategy or ideology (Feldman & Orlikowski, 2011). The benefits obtained by the organization are very dependent on the strategic role played by information technology in the organization. These strategic roles can be in the form of using information technology to automate old routines (Automate), provide information used for process improvement (Informate), or transform old routines (Dehning et al., 2003). Kobelsky, Larosiliere, and Plummer (2014) on the use of information technology in public sector institutions prove that the more strategic the routine use of information technology, which is informing or transforming, the more positive the impact on performance. Transformation indicates a more strategic level of use; the organization must make changes and internalize these changes into new routines. If changes can be made to new routines, it will have a higher impact on the organization than the other two approaches.

Research in Indonesia found that the use of information technology has a positive effect on the quality of local government financial reports (Rahman & Fachri, 2016; Yuliani & Agustini, 2016). Proper use of information technology by organizational units to identify, process transaction data, and generate information electronically increases the reliability and timeliness of financial reports (Din, Paranoan, Azdar, & Ralis, 2022; Jauhari, Sari, & Dewata, 2019; Pattawe et al., 2022). The extensive use of technology makes it possible to increase the accountability

of local financial management processes. The process of preparing performance-based budgets becomes more effective because all documented budget proposals can be evaluated quickly for performance targets. Controlling the use of the budget can be carried out effectively because of the availability of budget data that can be accessed at any time. All transactions can be immediately documented, thus ensuring the preparation of financial and performance reports in accordance with applicable regulations. The performance of regional financial management can be further improved if the use of information technology is wider, including transparency and public participation practices. The role of information technology is more coherent, including automating accountability practices, expanding information transparency, and facilitating public involvement to improve local financial management processes. If the transformation of old practices can be carried out, then the impact obtained can be seen in the performance of every aspect of the regional financial management cycle, which includes planning and budgeting, budget execution and administration, and reporting and evaluating the use of the budget. If the transformation is not carried out, then the routine that is formed only includes the automation of the old routine, which indicates that the values of transparency and participation are not fully actualized in the new regional financial management routine, so that the regional financial management performance achieved is partial or only concerns certain aspects of the organization.

The more extensive use of information technology, which is reflected in the scope of its use in all regional financial management processes and includes practices of transparency and public participation, makes these processes more effective. The extensive use of information technology enables an increase in the quality of the budget set, facilitates more effective control of budget execution, and generates accountability in accordance with statutory provisions, thereby enabling an increase in the performance of regional financial management as a whole. Based on these conclusions, the following hypothesis is proposed:

H: The institutionalization of information technology has a positive effect on the performance of regional financial management in local governments in Indonesia.

Based on the explanation above, the empirical research framework used in this study is described in Figure 1.

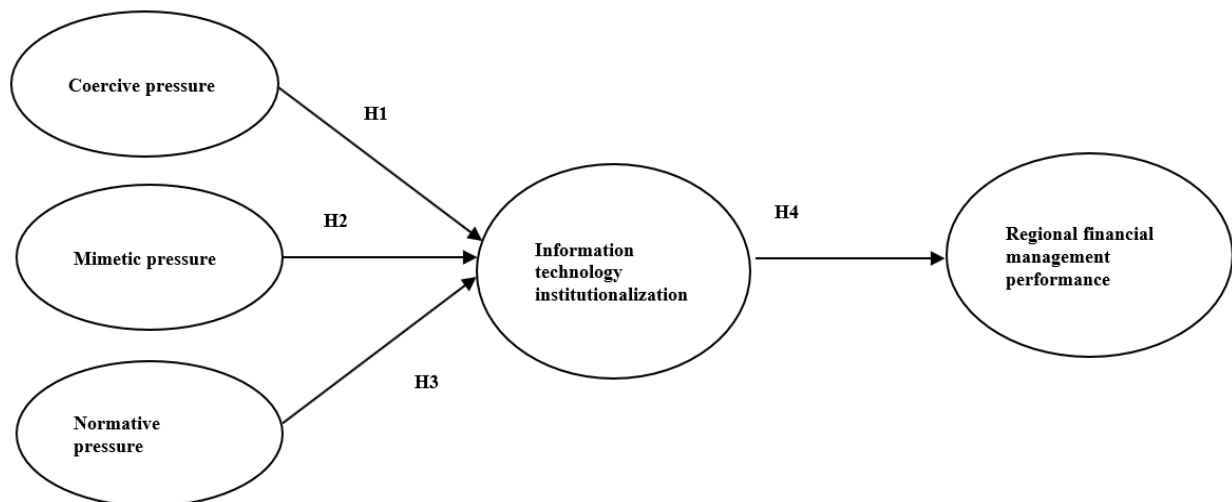


Figure 1. Empirical research framework.

3. METHOD

The research design used to achieve the goals and objectives of this study is by distributing questionnaires containing the researchers' confirmation of the object under study. The use of a quantitative approach in this research can provide an appropriate implementation model for all local governments in order to create a sustainable alignment of performance. Respondents to this study were users of the regional financial information system for all Regional Apparatus Organizations (Organisasi Perangkat Daerah/OPDs) in the city of Palu and heads of OPDs. Questionnaires were distributed to the intended respondents online via the Google Form application, so that 81

responses were obtained from users of the regional financial information system in all OPDs in Palu city and OPD heads. The analysis tool used is the structural equation model with the help of WarpPLS 7.0 software. The results of the research show that pressure is coercive.

4. RESULTS AND DISCUSSION

Table 1 displays the outcomes of data analysis regarding reliability.

Table 1. Reliability.

Construct	Criteria	Composite reliability	Cronbach's alpha	Information
Cooperative	>0.70	0.789	0.824	Reliable
Mimetic	>0.70	0.759	0.807	Reliable
Normative	>0.70	0.756	0.869	Reliable
Institutionalism	>0.70	0.872	0.831	Reliable
Performance	>0.70	0.891	0.860	Reliable

Table 1 displays composite reliability values for each construct, all exceeding 0.70, and Cronbach's alpha scores above 0.7. This demonstrates that the instrument employed to measure variables exhibits strong reliability. Reliability signifies that the instrument consistently yields identical results whenever a measurement is conducted.

Evaluating the convergent validity of reflective constructs in the outer model involves two criteria. Firstly, the loading should exceed 0.70, and secondly, the p-value should be significant, typically greater than 0.05 (Hair, Black, Babin, & Anderson, 2009). Nevertheless, it's worth noting that a loading factor within the range of 0.60-0.70 is also considered acceptable (Ghozali & Latan, 2014).

There are more than 0.60 loading values for the following construct indicators: the Cersive construct (C1, C2, C4, and C5), the Mimetic construct (M1, M3, and M4), all normative construct indicators (N1, N2, and N3), the institutionalization construct indicators (IT1, IT2, IT3, IT6, IT7, IT8, IT9, and IT10), and the performance construct indicators (K3, K5, K6, K7, K8, K9, K10, K11, and K12). These findings indicate that all variable and construct indicators possess strong convergent validity with a significance level below 0.01. This suggests that the research instruments have successfully met the criteria for convergent validity, implying that they can consistently collect data in a manner that aligns with the measurement of the same construct. The results of data analysis pertaining to the assessment of discriminant validity in this research are presented in Table 2.

Table 2. Discriminant validity.

Construct	Mimetic	Normative	Coercive	Institution	Performance
Mimetic	0.722	0.177	0.034	0.146	-0.092
Normative	0.177	0.714	0.035	0.215	-0.130
Coercive	0.034	0.035	0.705	0.362	-0.35
Institution	0.146	0.215	0.283	0.682	-0.088
Performance	-0.092	-0.130	-0.035	-0.088	0.694

Table 2 illustrates that the cross-loading values are lower than the construct loading values. The cross-loading values indicate that the discriminant validity criteria have been satisfied. Further evidence of discriminant validity fulfillment can be observed in the Avenue (AVE) root values, which exceed the correlations with other constructs. The AVE root results in the diagonal column reveal that all variables possess higher AVE roots than the correlations with other constructs.

The cross-loading values of the AVE root suggest that the instrument's discriminant validity in this study is considered to be met. The structural model analysis using WarpPLS 7.0 provides the findings for the complete structural equation model, illustrated in Figure 2.

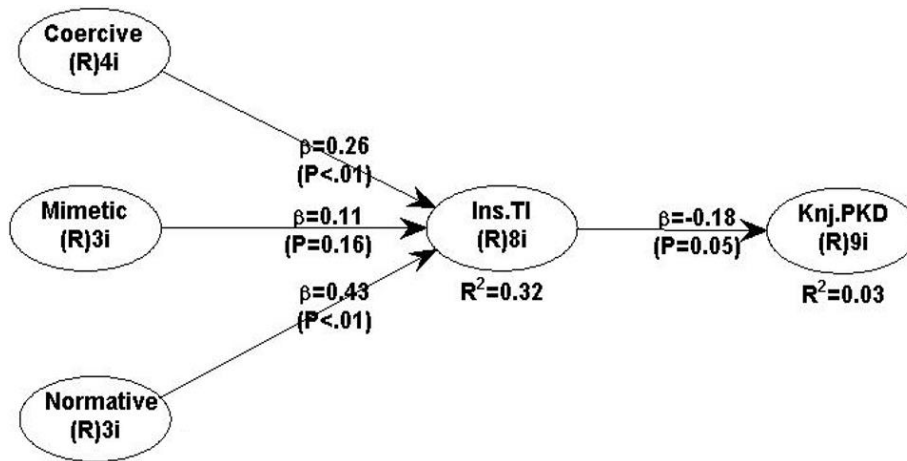


Figure 2. Output WarpPLS 7.0-full model.

The indicators of the model fit used in this study, based on the output of the WarpPLS version 7.0 program, include the Average Path Coefficient (APC), Average R-square (ARS), Average Variance Inflation Factor (AVIF), Average adjusted R-squared (AARS), and Average full collinearity VIF (AFVIF). According to Kock (2020), the first criterion for assessing the goodness of fit of a model is that the ρ -value for APC, ARS, and AARS must be significant at the 0.05 level (ρ -value < 5). The second criterion is that the AVIF and AFVIF values should not exceed 5 (AVIF and AFVIF < 5). The following table presents the output of the fit model in Table 3.

Table 3. Measurement of the fit model.

Parameter	Score	Limitation	Conclusion
Average path coefficient (APC)	0.292, $p < 0.001$	$P < 0.05$	Model fit
Average R-square (ARS)	0.534, $p < 0.001$	$P < 0.05$	Model fit
Average adjusted R-squared (AARS)	0.518, $p < 0.001$	$P < 0.05$	Model fit
Average variance inflation factor (AVIF)	1.475	Acceptable if ≤ 5 , ideally ≤ 3.3	Model fit
Average full collinearity VIF AFVIF)	1.499	Acceptable if ≤ 5 , ideally ≤ 3.3	Model fit

The results indicate that the fitted model has an APC of 0.292 ($p < 0.001$), ARS of 0.534 ($p < 0.001$), AARS of 0.518 ($p < 0.001$), AVIF of 1.475 (acceptable if ≤ 5 , ideally ≤ 3.3), and AFVIF of 1.499 (acceptable if ≤ 5 , ideally ≤ 3.3). WarpPLS guidelines specify that ρ -values for APC and ARS should be below 0.05 (significant), and AVIF and AFVIF values, as indicators of multicollinearity, should be less than 5. Based on these criteria, it can be concluded that the research model is a good fit.

4.1. Hypothesis Testing

Testing this hypothesis is intended to answer the research questions posed. Hypothesis testing uses the Structural Equation Modeling (SEM) analysis tool with the WarpPLS version 7.0 program. Below is presented the hypothesis testing for each research model.

4.1.1. Hypothesis Testing 1

The initial hypothesis suggests that coercive pressure influences the institutionalization of information technology. Figure 2 shows the results from WarpPLS 7.0. The path coefficient value from coercive pressure to the institutionalization of information technology is 0.26. This relationship is statistically significant, with a value of $\rho < 0.01$. Therefore, it can be inferred that coercive pressure positively impacts the institutionalization of information technology. In summary, hypothesis 1 is supported, with a coefficient of determination of 0.53.

The findings from this research suggest that coercive pressure has a substantial impact on the adoption of information technology applications within the municipal government of Palu City.

4.1.2. Hypothesis Testing 2

The second hypothesis posits that mimetic pressure impacts the institutionalization of information technology. Figure 2 shows the results from WarpPLS 7.0. The path coefficient value from mimetic pressure to institutionalization of information technology is 0.11, but with a ρ value of <0.16 , it is not statistically significant. Therefore, it can be concluded that mimetic pressure does not have a statistically significant effect on the institutionalization of information technology. In light of this explanation, hypothesis 2 is rejected, and the coefficient of determination is 0.53. The findings of this research suggest that mimetic pressure lacks sufficient influence to affect the adoption of information technology within the Palu City local government.

4.1.3. Hypothesis Testing 3

The third hypothesis posits that normative pressure impacts the institutionalization of information technology. According to the results obtained from WarpPLS 7.0, as illustrated in Figure 2, it is evident that the path coefficient value for normative pressure \rightarrow institutionalization of information technology is 0.43 and is statistically significant with a ρ -value of <0.01 . Therefore, it can be deduced that normative pressure indeed exerts a positive influence on the institutionalization of information technology. In summary, hypothesis 3 is validated with a coefficient of determination of 0.53. The findings from this research suggest that normative pressure significantly impacts the implementation of information technology applications in the local government of Palu City.

4.1.4. Hypothesis Testing 4

The fourth hypothesis posits that the institutionalization of information technology impacts the performance of regional financial management. Figure 2 shows the results from WarpPLS 7.0. It is clear that the path coefficient value connecting the institutionalization of IT to performance is 0.18 and statistically significant with a value of $\rho < 0.05$. Therefore, it can be concluded that the institutionalization of information technology indeed has a positive influence. In summary, hypothesis 4 is supported, with a coefficient of determination of 0.53.

The findings from this research suggest that the institutionalization of information technology significantly impacts the performance of regional financial management within the local government of Palu City.

5. CONCLUSION

It is possible to draw conclusions about the discoveries that are significant to the research hypothesis by drawing on the discussions and examinations that were presented in the parts that came before this one. Coercive pressure coming from outside the institution may have a negative impact on the success of integrating information technology in local government-controlled environments. The successful application of information technology in environments controlled by local governments is unaffected by pressure from the outside world that is intended to mimic the organization. It is possible for normative pressure from outside the organization to have an effect on the success of the application of information technology in the context of local government. It is possible for the performance of regional financial management to be improved through the institutionalization of information technology within the framework of local government.

Funding: This study received no specific financial support.

Institutional Review Board Statement: The Ethical Committee of the Tadulako University, Indonesia has granted approval for this study on 17 August 2022 (Ref. No. PPKM/17/VIII/2023/A/11).

Transparency: The authors state that the manuscript is honest, truthful, and transparent, that no key aspects of the investigation have been omitted, and that any differences from the study as planned have been clarified. This study followed all writing ethics.

Data Availability Statement: The corresponding author can provide the supporting data of this study upon a reasonable request.

Competing Interests: The authors declare that they have no competing interests.

Authors' Contributions: All authors contributed equally to the conception and design of the study. All authors have read and agreed to the published version of the manuscript.

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