

MANAGEMENT ACCOUNTING SYSTEM AS MEDIATING THE EFFECT OF DECENTRALIZATION AND LEADERSHIP STYLE ON MANAGERIAL PERFORMANCE

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Abstract

Purpose of this study was to examine whether Accounting System Management (MAS) is able to mediate effect of leadership styles and decentralization on managerial performance. Study population is work unit heads of Jayapura City with sample were 39 respondents. Analysis used in this study is Path Analysis. Results showed leadership style and decentralization affect on managerial performance and Management Accounting System (MAS) can mediate effect of leadership styles and decentralization on managerial performance.

Keywords: *leadership style, decentralization, MAS and managerial performance*

INTRODUCTION

Regional development planning process needs to be balanced by availability of several things such as government apparatus capacity, good resources, human and financial resources. In this regard, human resources play an important role to success organization operations implementation. This is because man is an individual who has thoughts, feelings, needs and expectations as well as certain elements to implement existing policies in organization. Humans require special attention from organization because these factors will certainly affect performance, dedication and loyalty to organization (Hasibuan, 2007).

Jayapura City Government show weak governance phenomenon. It can be seen from report of Jayapura City Planning Head. Regional Apparatus Work Unit makes physical realization at first quarter average on 2013 reached 6.12 percent from 535 activities, while the realization of new financial 1,94 percent from total direct expenditure of Rp 333 715 307 361. Jayapura Mayor makes target the average physical and financial realization was above 61 percent. Research results of Salle (2011) showed that special autonomy fund management accountability needs to be laid out and repaired, especially transparency and regulation. Problems

in financial management relates to accounting information systems. Each Regional Apparatus Work Unit less able to provide financial statements consistent with applicable financial reporting standards.

This condition shows that there are some problems related to managerial performance of each Regional Apparatus Work Unit head. It becomes study reason to increase managerial performance at Jayapura City. It is because Jayapura regional government is one public sector organization which runs local autonomy. Development policy of Jayapura City is focused on mandate within Special Autonomy Law that deals with four priority sectors: education, health, economy and infrastructure. Therefore, in order to implement development program, it is required a planning process and budget as well as support of performance quality of local government officials as a consequence the availability of sufficient funds. It is expected will create high quality service to community.

Organization success to achieve its goals largely depends on managerial performance. Managerial performance can be described as a form of managers (leaders) existence to complete work as effective as possible (Soobaroyen and Poorundersing, 2008). Performance evaluation by managers depends on culture developed by each organization.

Managerial performance improvement will be determined by leadership style of a leader. Leadership style is leader way that selected and used to affect thoughts, feelings, attitudes, and behavior of members organization/subordinate. Hersey and Blanchard (1982) state leadership style is a consistent behavioral patterns that applied by leader in working with and through others as perceived by people. These patterns arise in people when they begin to respond in same way for similar circumstances. This pattern creates habits of action that can be

expected by those who work with these leaders.

Path-goal theory explains effect of leader behavior on subordinate motivation, satisfaction and performance (Luthans, 2006). Robbins and Coulter (2010) states that core of Path goal theory is a leader's job to provide necessary information and support followers so they can achieve a various goals. Path goals term derived from belief that effective leaders should suggest ways to help their followers get the things needed to achieve work objectives and to facilitate travel and eliminating various obstacles. In Robbins and Coulter (2010) path-goal theory developed by Robert House who identify four leadership behaviors namely supportive and directive leadership. But in its development, the theory outlines four leadership types follows: supportive, directive, participative and achievement-oriented leadership.

Ogbonna and Harris (2000) examine relationship between leadership with performance. Research results showed that leadership that played rightly by a leader will able to motivate employees to work better. This will make employees more careful to reach the expected target company. It has an effect on performance. Yousef (2000) concluded that participatory or consultative leadership makes employees more committed to organization, more satisfied with their jobs, and have higher performance. Elenkov (2002) showed that leadership is directly and positively affect performance. Rowold (2011) concluded that structure-based leadership has significant effect on performance. McMurray et al. (2012) examined the effect of leadership on climate and work performance of non-profit organization. Research results showed a significant effect of leadership on performance.

Research of Ogbonna and Harris (2000), Yousef (2000), Elenkov (2002), Rowold (2011), and McMurray *et al.* (2012) show

relationship between leadership and performance. Different results shown by research Suryo (2008) that transformational leadership style does not have a significant effect on orphanage managers performance in Tomohon and Minahasa regency. Similarly, research of Nurwati *et al* (2012) showed that leadership has no effect on performance and behavior of civil servants at Unit 33 Regional Apparatus Work Unit in Southeast Sulawesi Province.

In addition to leadership style, decentralization contributes to improve managerial performance. As expressed by Govindarajan (1986), a high level of decentralization is right shape to face higher uncertainty and to support better managerial performance achievement. Top managers delegate authority and responsibility to lower managers with specific powers. Although decentralization is believed to reduce top management burden, it does not mean that every organization must decentralize all decisions. The manager will diagnose situation and choose level of organizational decision-making that best meets organization needs.

Decentralization in decision-making is directed to improve manager's performance by encouraging managers to develop their competencies (Chenhall and Morris, 1986). Mukhi *et.al*, (1988) suggested the same thing that decentralization will enable managers to deal events effectively, and acting without wait for orders, and improve decisions quality that lead to better performance. The second opinion is consistent with research of Miah and Mia (1996), and Gul and Chia (1994). They showed that decentralization has significant effect on managerial performance. Different results shown by Solechan and Setiawati (2009) that decentralization does not significant effect on managerial performance.

Research the effect of leadership styles and decentralization on performance

showed inconsistent result or research gap. This is caused by conditional or contingency factors (Govindarajan, 1986). Contingency approach in management accounting is based on assertion that there is no universal system of management accounting that always appropriate to be applied to all organizations in all circumstances, but management accounting system also depends on situational factors that exist in organization (Otley, 1980). Contingency approach is needed to evaluate the conditional factors that cause management accounting information systems become more effective.

This study sets leadership style and decentralization as contextual variables and how they indirectly affect on managerial performance through the management accounting system as an intervening variable. Contingency theory states a need for congruence between leadership style and decentralization in order to improve characteristics of management accounting systems. Conformity occurs when an organization has a good leadership style that needs to be balanced with characteristics of a reliable management accounting systems to get a better managerial performance. High level of decentralization needs to be balanced with more reliable management accounting systems characteristics to improve managerial performance.

Jones and Pendlebury (2000) states that in sphere of public sector organizations (government), main role of management accounting system is to provide relevant and reliable accounting information to managers to carry out planning and control functions in organization. Specifically Management Accounting System (MAS) is considered as a subsystem within the organization's control system (Chia, 1995).

Traditionally management accounting information is dominated by financial information. In its development, role of non-fi-

nancial information is also decisive. Research of Chenhall and Morris (1986) shows the characteristics of useful information that based on managers perceptions for decision-making have broad scope of information, timely, aggregated and integrated. MAS contribute information to decision-making facilitation and control organization that are tailored to context organization and control other subsystems, and Management Accounting System (MAS) become control of performance evaluation (Kaplan, 1982).

Information with broad scope, timeliness, aggregation and integration characteristics will effective if consistent with requirements of information usage. This is consistent with contingency approach proposed by Otley (1980) that availability level of each management accounting information characteristic is not always same for every organization. There are certain factors that will affect demand level for management accounting information. Amin (2007) concluded that managerial style level combined with management accounting system scope will have a very positive effect on managerial performance, Yuliana (2010) also concluded that management accounting systems play an important role as a mediating variable the relationship between leadership style (transformational and transactional) and organizational performance

Results studies of Nazaruddin (1998) show the role of management accounting systems mediate the effects of decentralization on managerial performance. High level of decentralization requires more reliable accounting information management system in order having greater positive effect on managerial performance. Likewise, Soobaroyen & Poorundersing (2008), Desmiyawati (2010) concluded positive and significant effect of decentralization on managerial performance through management accounting systems usage in decision making.

This study purpose is to contribute to development of management accounting systems. Research still carried out to measure effect of contextual variables with management accounting systems and their effect on managerial performance in non-profit organizations, particularly government organizations, was still rare. Therefore, this research purpose is to reexamine whether same theory usage but with a different location sample and will produce the same results so results of this study reinforce the theory and can be generalized.

THEORETICAL REVIEW

Contingency theory

Contingency theory states that all components of an organization should match or fit between one another. For management accounting systems, contingency theory is based on general premise that there is no universal control system that always appropriate to be applied to all organizations in all circumstances (Otley, 1980). This means that various components design of accounting system depends on particular contingency. In other word, there is suspicion of other situational factors that can affect a particular condition.

Organizational and managerial view stated that organization is a system that consist of subsystems between organization and environment confirms the forms variable, placing diverse nature organization and trying to understand how an organization operates in a various conditions and special conditions that can be directed to achieve organizational designs expected and appropriate management responses on specific conditions (Chong and Chong, 1997)

Contingency approach attracted many researchers to determine whether reliability level of management accounting systems has same or different effect for each organization. Based on contingency approach, it

is possible that there are other determinant variables will interact, consistent with specific conditions encountered. Management information in this study is information with broad scope, integration, timeliness and aggregation characteristics.

Information with broad scope, timeliness, aggregation, and integration characteristics will effective if consistent with managers requirements. This is consistent with contingency approach (Otley, 1980), that availability level of management accounting information characteristics may not always same for each organization's performance in every condition. This approach show possibility that contingency and decentralized leadership style at each organization has different needs of management accounting information characteristic toward managerial performance. According to Otley (1980), organizations face conditional (contingent) in order to create appropriate configuration that are expected to create organizational effectiveness and improved managerial performance.

Managerial Performance

Organization success in achieving its objectives largely depends on manager's performance. Managerial performance can be measured after management accounting information system can be implemented and applied in an organization. Managerial performance is achieved when organization as a whole, or the business unit managers jointly able to perform his duties properly so that organization is able to achieve the goals and objectives set.

Manager is someone who is responsible for organization or unit. Manager role description above will require a number important managerial expertise in developing parallel relations (co-workers), negotiation, motivating subordinates, resolve conflicts, build a network of information and disseminate information, make decisions

under conditions of extreme ambiguity, and allocate existing resources (Mitzberg, in Usmara 2003:96). They also add that "therefore, manager need for introspection task or role to achieve maximum performance".

Managerial performance can be described as a form of existence where managers have completed their work as effective as possible (Soobaroyen and Poorundersing, 2008). Performance evaluation by managers is different. It depends on culture developed by each company. Therefore, performance in this research is manager's perception about managerial activities, which consisted of nine dimensions of activities namely planning, investigation, coordination, evaluation, supervision, staffing arrangements, negotiations, representations, and overall performance (Mahoney, 1963).

Leadership

Leadership definition varies in literature. Yukl (2007) said that leadership is process to influence others to understand and agree with what needs to be done and how the job is done effectively, as well as process to facilitate the efforts of individuals and groups to achieve common goals. Robbins (2006) defines leadership as ability to affect a group to achieve targets. Leaders can emerge from within group as well as through formal appointment to lead the group. Leadership Theory (Path-Goal Theory) states that leader's job is to help followers to achieve goals and directing or providing support as needed to ensure that objectives are consistent with group or organizational goals. House identified four leadership behaviors as follows: directive; supportive; participative and achievement-oriented leader.

Decentralization

Gordon and Narayanan (1984) suggested that basic idea of decentralization

shows the authority delegation level and responsibility of top management and middle managers in decision-making. Hansen and Mowen (1997) argued that decentralization is practice to delegate decision-making authority to lower levels in an organization. Gordon and Miller (1976) even said that with higher complexity of administration, duties and responsibilities, then most tasks should be delegated to lower management levels to ease burden of decision-making at higher levels management.

Rondinelli and Cheema (1998), argued that decentralization is transfer or delegation of authority from highest government and its agencies to organizations in the area, subordinate government, semi-autonomous government, regional authorities, functional authorities and autonomous local governments to plan and manage public functions. Rondinelli and Cheema (1998) viewpoint expansion is divided into two, namely: territorial or territorial and functional decentralization. Territorial decentralization means authority devolution from central government to regions in the country. While functional decentralization means authority devolution to functional organizations (or technical) that are directly related to community.

Management Accounting System (MAS)

Management Accounting System (MAS) is an information system that produces output by using input and various processes required to meet specific management objectives. Process is core of management accounting system and used to transform inputs into outputs that satisfy system tasks (Hansen and Mowen, 2004).

MAS is an information system that collects financial and operational data, process it, store it and report to user. The products produced by accounting management system is management accounting information (Atkinson et al. 1995). MAS is an organiza-

tion monitoring mechanism that can facilitate control by making statements and creating actions that significantly affect performance assessment of each component in organization (Chia, 1995). MAS is the main source of information for decision-making, increasing, and control the organization. Effective utilization of management accounting information to create value can be considered by organizations today by providing timely and accurate information about activities that can bring success to organization. Management accounting system produce information systems that used in control mechanisms within an organization.

Chenhall and Morris (1986) found that there are four characteristics of information generated by MAS namely broad scope, timeliness, aggregated and integrated. Common purpose of MAS are : (1) Providing the information required in calculation the cost of services, products, and other objects of interest management, (2) Providing information that is used in planning, control, evaluation, and continuous improvement, (3) Providing information for decision making, (4) management accounting information can help to identify a problem, solve problems, and evaluate performance. Management accounting information is needed and used in all phases of management, including planning, controlling, and decision making.

Information is used by management as a basis for decision-making and management accounting information is main information of company. Management accounting information mainly used by corporate leaders in supporting management functions implementation of planning and supervision in particular function. According Macfoedz (1990), types of management accounting information are follows: (1) full cost accounting, (2) differential accounting, (3) responsibility accounting.

Hypothesis Development

Relationship between leadership and performance has been researched by Ogbonna and Harris (2000). They showed that good leadership by a leader able to motivate employees to work better. It will make employees more carefully trying to reach the expected target company. It has an effect on performance. Yousef (2000) concluded that participatory or consultative leadership makes employees more committed to organization, more satisfied with their jobs, and have higher performance. Elenkov (2002) showed that leadership directly and positively affect on performance. Rowold (2011) concluded that structure-based leadership has significant effect on performance. McMurray et al. (2012) examined the effect of leadership on the climate and work performance at non-profit organization. The results showed a significant effect of leadership on performance. In connection with above explanation, research hypothesis is stated as follows:

H1 leadership style has direct positive effect on managerial performance

Govindarajan (1986) states that a high level of decentralization is right shape to face higher uncertainty to support better achievement of managerial performance. Mukhi et.al, (1988) suggested same thing, that decentralization will enable managers to effectively deal with the events, and to act without waiting for orders, and improve the quality of decisions that lead to better performance. Miah and Mia (1996), Gul and Chia (1994) and Erna S. and Tituk Dwi S (2006) showed that there are significant effect of between decentralization on managerial performance. In connection with above explanation, the research hypothesis is stated as follows:

H2 Decentralization has direct positive effect on managerial performance

Amin (2007) concluded that managerial style level combined with scope of man-

agement accounting system will have a high positive effect on managerial performance. Yuliana (2010) concluded that management accounting systems play an important role as a mediating variable the relationship of leadership style (transformational and transactional) and organizational performance. In connection with above explanation, the research hypothesis is stated as follows:

H3 management accounting system mediates effect of leadership style on managerial performance

Nazaruddin study results (1998) showed that high level combination of characteristics, decentralization of management accounting information systems are more reliable so that increase positive effect on managerial performance. Likewise Soobaroyen & Poorundersing (2008), Desmiyawati (2010) concluded that decentralization has positive and significant effect on managerial performance through the use of management accounting systems in decision making. In connection with the above explanation, the research hypothesis is stated as follows:

H4 management accounting system mediates the effects of decentralization on managerial performance

METHODS

Research Types

Consistent with subject matter and study purpose, this study uses explanatory research type. Explanatory research is intended to explain effect between two or more variables, which are symmetrical, and reciprocal causal (Sugiyono, 2012). Effect patterns that will be revealed in this study is effect of leadership style and decentralization on managerial performance and examine the role of Management Accounting System as a mediating variable.

Population and Research Sample

Analysis unit is a general and compre-

hensive picture about situation or condition related to research object. Analysis unit in study according with by Spradly (in Sugiyono, 2012) includes three components, namely: a) Place, place where interaction takes place in research, b) Actor, actor or a person that suitable with research object, c) Activity, activity performed actor by in ongoing social situation. Analysis unit (population) in this study is the middle and lower level managers in the Jayapura City government, namely agency head, office head, department head, and section head. Information on studied variables is derived from 39 elements of Regional Apparatus Work Unit leaders as respondents.

Sampling method described above is called saturation sampling. According to Sugiyono (2012) saturation sampling tech-

nique is used when all population members is used as a sample, thereby samples taken in this study are 39 leaders of Regional Apparatus Work Unit at Jayapura.

RESULT AND DISCUSSIONS

Analysis the data used in study is path analysis. Path analysis is a form of application of multiple regressions using Path diagram as a guide to complex hypothesis testing. This path analysis can be performed to estimate magnitude the effect, either directly or indirectly.

Result

Hypothesis Testing Results

Hypothesis testing result of this study are presented in Table 1 below.

Table 1 Effect Between Variables

Effect between variables	Path Coefficient	t-statistic	P-Value	explanation
Leadership style → Management Accounting System	0.334	2,210	0.034	Sig
Decentralization → Management Accounting System	0.314	2,083	0.044	Sig
Leadership style → Managerial Performance	0.262	2,129	0.040	Sig
Decentralization → Managerial Performance	0.264	2,159	0.038	Sig
Management Accounting System → Managerial Performance	0.509	3, 997	0.000	Sig

Sources: Primary Data Processed

Effect of leadership style on managerial performance

Hypotheses testing results the effect of leadership style on managerial performance generate $t_{\text{statistic}}$ value of 2.210 with a p-value of 0.034. Because p-value is smaller than $\alpha = 5\%$ and statistically significant, so hypothesis that leadership style affect on managerial performance is accepted. In this case, managerial performance of Regional Apparatus Work Unit head at Jayapura will in-

crease if leaders can motivate subordinates to achieve organizational goals.

Effect of decentralization on managerial performance

Hypotheses testing results the effect of decentralization on managerial performance generate $t_{\text{statistics}}$ value of 2.083 with p-value of 0.044. Because the p-value is smaller and statistically significant at $\alpha = 5\%$, hypothesis which states that decentralization af-

fect on managerial performance is accepted. In this case, managerial performance of Regional Apparatus Work Unit head at Jayapura will increase if authority delegation level and responsibility to make deci-

sions regarding the day-to-day operations is delegated by Mayor of Jayapura.

Indirect effect analysis is presented in following table

Table 2. Effect of Between Variables Directly, Indirectly and Total

Effect of between variables	Direct effect	Indirect trough MAS	Total effect
Leadership style → Management Accounting System	0.334	-	0.334
Decentralization → Management Accounting System	0.314	-	0.314
Leadership style → Managerial Performance	0.262	(0.334) x (0.509) = 0.170	0.262 + 0.170 = 0.432
Decentralization → Managerial Performance	0.264	(0.314) x (0.509) = 0.174	0.264 + 0.174 = 0.384
Management Accounting System → Managerial 0.509	0.509	-	0.509

Sources: Primary Data Processed

Effect of leadership style on managerial performance mediated by Accounting System Management (MAS)

Based on Table 2, it can be explained that leadership style significantly affect on Management Accounting System with coefficient of 0.334. Management Accounting Systems significantly affect managerial performance with coefficient of 0.509. These results can be interpreted that hypothesis which states that management accounting system mediates effect of leadership style on managerial performance is accepted, although small (0.170). Motivation from Jayapura Mayor will increase Regional Apparatus Work Unit head willingness to provide timely and accurate information about activities undertaken such as cost and benefit analysis, or analysis of service efficiency and effectiveness. Such condition can improve managerial performance.

Effect of decentralization on managerial performance mediated by Management Accounting System (MAS)

Based on Table 2, it can be explained that decentralization significantly affect on Management Accounting System with coefficient of 0.314. Accounting Management System significantly affect on managerial performance with coefficient of 0.509. These results can be interpreted that hypothesis which states that management accounting systems mediate the effects of decentralization on managerial performance is acceptable, although small (0.174). Authority and responsibility delegation level in decisions making regarding the day-to-day operations Jayapura Major will increase Regional Apparatus Work Unit head willingness to provide timely and accurate information about activities undertaken such as cost and benefit analysis or analysis of service efficiency and effectiveness. That condition can improve managerial performance.

Discussion

Effect of leadership style on managerial performance

Inferential statistical analysis show evidence that leadership styles have a significant effect on managerial performance. It can be explained that managerial performance is existence in which manager has completed the job as effective as possible (Soobaroyen and Poorundersing, 2008). As expressed by Ogbonna and Harris (2000), good leadership of leader able to motivate employees to work better. It will make employees more careful to try to reach organization expected target. It has an effect on performance.

In this context, managerial performance leadership on education in this Jayapura City as reflected in effective job completion to set goals, policies and work plans activities such as scheduling, budgeting, and preparation of work programs. They consistent in collecting and preparing the information that is usually shape records and reports that are determined by leadership style applied, where leaders can motivate subordinates to achieve organizational goals.

These results extend the studies proposed by Yousef (2000) that participative or consultative leadership makes employees more commitment to organization, more satisfied with their jobs, and have higher performance. Elenkov (2002) and McMurray *et al.* (2012) suggests that leadership is directly and positively affect on performance. Rowold (2011) suggests that structure-based leadership has significant effect on performance.

Different results are shown by Suryo (2008) to study effect of transformational leadership style, organizational culture and innovation on performance management of Orphanage in Tomohon and Minahasa reGENCY. Study results found evidence that leadership style affects on organizational

culture and innovation but does not affect on performance management. Nurwati, *et al* (2012) concluded that leadership has no effect on performance and behavior of civil servants whose work at Unit 33 Regional Apparatus Work Unit in Southeast Sulawesi Province.

Effect of decentralization on managerial performance

Results of inferential statistical analysis show significant evidence that decentralization affect on managerial performance. That is, the greater authority and responsibility delegation level of top management and middle managers in decision-making, the higher level of managerial performance. As revealed by the Gordon and Miller (1976) higher complexity of administration, duties and responsibilities should be delegated to lower management levels to ease of decision-making burden at higher management levels.

Higher managerial performance reflected of work unit heads at Jayapura is reflected on job completion effectively in terms of goals setting, policies and action plans such as work scheduling, budgeting, and preparation of work programs as well as consistency in collecting and preparing the information in form of records and reports. It will be determined by authority and responsibility delegation level in making decisions regarding the day-to-day operations of Jayapura Major.

These results extend the studies proposed by Miah and Mia (1996), and Gul and Chia (1994) that there are significant between decentralization on managerial performance.

Management Accounting System mediate effect of leadership style on managerial performance

Leadership style significantly affect on Management Accounting System. Account-

ing System Management also significantly affect on managerial performance. From these results, the management accounting system is able to mediate effect of leadership style on managerial performance.

This study result indicate Jayapura Mayor role to motivate work unit heads will based Regional Apparatus Work Unit to provide timely and accurate information about activities undertaken such as cost and benefit analysis, or analysis of service efficiency and effectiveness. Effective utilization of management accounting information to provide information timely and accurately will improve Regional Apparatus Work Unit head performance to complete work effectively in terms of setting goals, policies and work plans activities such as scheduling, budgeting, and preparation of work programs as well as consistency in collection and preparation the information that is usually in the form of records and reports.

This is consistent with contingency approach that availability level of each management accounting information characteristics may not always same for each performance at every organizational condition. Through this approach there is possibility that contingency leadership style at each organization has different needs of management accounting information characteristic on managerial performance. According to Otley (1980), organizations confront contingency in order to create appropriate configuration that expected to result organizational effectiveness and improved managerial performance.

These results extend the studies proposed by Amin (2007) that managerial style level combined with management accounting system scope will have a high positive effect on managerial performance. Yuliana (2010) concluded that management accounting systems play as mediating role the relationship of leadership style (transforma-

tional and transactional) and performance organization. organizational strategy affects on effective performance only if it supported by a good management accounting system.

Management Accounting system mediates the effects of decentralization on managerial performance

Decentralization significantly affect on Management Accounting System. Management Accounting System significantly affect on managerial performance. From these results, the management accounting system is able to mediate the effects of decentralization on managerial performance.

This study result showed greater delegation level of authority and responsibility from Jayapura Mayor to Regional Apparatus Work Unit head will give benefit to Regional Apparatus Work Unit head in providing timely and accurate information about activities undertaken such as cost and benefit analysis, or service efficiency and effectiveness analysis. Utilization of effective management accounting information in providing timely and accurate information will improve Regional Apparatus Work Unit head performance to complete work effectively in terms of setting goals, policies and work activities plans such as scheduling, budgeting, and preparation of work programs as well as consistency in collection and preparation information that is usually in form of records and reports.

This is consistent with contingency approach that availability level of each management accounting information characteristics may not always same for each performance at every organizational condition. Through contingency approach, there is possibility the decentralization in each organization has different needs of management accounting information characteristic on managerial performance. According to Otley (1980), organizations confront contingency in order to form appropriate con-

figuration that expected to result organizational effectiveness and improved managerial performance.

These results extend the studies proposed by Miah and Mia (1996) that implementation of accounting control system can be used to improve the relationship between decentralization and performance. Gul and Chia (1994) concluded that interaction of management accounting systems and decentralization affect on managerial performance. Amin (2007) concluded that combination of a high degree of decentralization and management accounting systems scope has a broad positive effect on manager's performance

Nazaruddin (1998) found evidence that at higher level decentralization, it require higher reliable characteristics of management accounting information systems go give greater positive effect on managerial performance. Desmiyawati (2010) concluded that decentralization has positive and significant effect on managerial performance through management accounting systems usage in decision making. Adversely, environmental uncertainty has no effect on managerial performance through management accounting systems usage in decision making. Soobaroyen and Poorundersing (2008) found that management accounting system become an intervening variable between decentralization and managerial performance.

Implications of Research Findings

These study findings provide benefits to theory development, practical contribution, as well as policies. More detail can be described as below.

These study findings can provide benefits and contribution to development of behavior accounting theory, especially contingency theory that examines the role of Management Accounting System (MAS) as mediating affect of leadership style and

decentralization on managerial performance.

This study proves that leadership styles have a significant effect on managerial performance. This finding supports the theory of Ogbonna and Harris (2000) who explains that good leadership able to motivate employees to work better. It will make employees more careful to try to reach expected target company. It has an effect on performance. This finding also supports the empirical evidence presented Yousef (2000), Elenkov (2002), McMurray *et al.* (2012) and Rowold (2011). Adversely, this study results contrast to a study of Suryo (2008) and Nurwati, *et al* (2012)

Decentralization affect on managerial performance. These findings support the empirical evidence presented by Miah and Mia (1996), and Gul and Chia (1994) that there are significant between decentralization on managerial performance.

Management Accounting System (MAS) mediate effect of leadership style and decentralization on managerial performance. On management accounting systems, contingency theory is based on the general premise that there is no universal control system that is always appropriate to be applied to all organizations in all circumstances (Otley, 1980). This means that design various components of accounting system depends on particular contingency or can also be said that there is suspicion that other situational factors can affect a particular condition.

This is consistent with contingency approach (Otley, 1980), that availability level of each management accounting information characteristics may not always be same for each organization's performance in every condition. Through this approach it is possible that contingency and decentralized leadership style at each organization has different needs of management accounting information characteristic on manage-

rial performance. According to Otley (1980), organizations confront contingency in order to create appropriate configuration that expected to result organizational effectiveness and improved managerial performance.

These findings support the empirical evidence presented by Amin (2007), Juliana (2010), Miah and Mia (1996), Gul and Chia (1994), Rudi (1998) Desmiyawati (2010) and Soobaroyen and Poorundersing (2008)

This finding could provide benefits and can become information and consideration for top management at the local level of government organization, where the implications that can be done include: (i) Leaders in implementing leadership style should refer achievement oriented leadership, where leader must be able to motivate subordinates to achieve organizational goals effectively to affect managerial performance improvement, (ii) Leaders need to optimize authority delegation and responsibility of Regional Apparatus Work Unit head by allowing working unit heads to make policy independently. It is one important resource in organizations to improve managerial performance, and (iii) Leaders need to consider information availability generated from management accounting system which includes extensive information coverage (broad scope), on time information (timeliness), an integrated information (integration) and information aggregation as mediating role of leadership and decentralization to improve managerial performance.

These findings may indirectly provide information to government as regulator to implement a management accounting system to includes extensive information coverage (broad scope), on time information (timeliness), an integrated information (integration) and information aggregation because it will have implications for managerial performance improvement.

Conclusion

Leadership style affect on managerial performance. This explains that achievement-oriented leadership style will improve managerial performance, whereby Regional Apparatus Work Unit head performance will increase if Mayor can motivate Regional Apparatus Work Unit leaders to achieve organizational goals effectively. Decentralization affect on managerial performance. It is clear that authority delegation and responsibility level in making decisions regarding the day-to-day operation that given by Mayor to Regional Apparatus Work Unit head will make Regional Apparatus Work Unit head improve their performance.

Management accounting system may mediate the effect of leadership style on managerial performance. It is clear that managerial performance is increased when availability of information generated from management accounting systems, such as information that is presented in form of a report is consistent with decision models, that built by leadership style applied. Management accounting system may mediate the effects of decentralization on managerial performance. It is clear that managerial performance is increased when the availability of information generated from management accounting systems, such as information that is presented in the form of a report consistent with decision models. It generated by authority and responsibility delegation level applied.

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