

ABSTRACT

This study aims to analyze the influence of isomorphic pressures in motivating the institutionalization process of information technology and its subsequent impact on regional financial management performance. This research also tested the role of mobilization mechanism and legitimacy dynamics as moderating variable in empirical research model. This research is an empirical research with purposive sampling techniques in data collection. The data obtained by distributing 508 questionnaires to local government in Indonesia. The questionnaire responded only by 87 local governments with a response rate of 17.1%. Data processing using SEM-PLS with WarpPLS 7.0 statistic software.

The results show empirical evidence that coercive, mimetic and normative pressures have a positive and significant effect on the institutionalization of information technology in regional financial management. The results also proved that the higher the level of institutionalization of information technology in regional financial management, the higher the performance of regional financial management achieved by local governments.

The results of this study imply strengthening institutional theory with positive confirmation of research findings. This research also have practical implications on the role of the institutional environment in motivating local governments to apply information technology. This emphasizes the importance of establishing rigid regulations, strengthening the function of formal government institutions and environmental norms as institutions to maintain consistency in the implementation of information technology in regional financial management.

The constructs of information technology institutionalization highlight the important of implementation and internalization stages in the institutionalization of information technology. The legitimacy of technology and pressures from the institutional environment can drive the implementation of information technology, to internalized and resulted in increasing the regional financial management performance, even in the absence of resource mobilization and legal bases for the new information technology-related practices.

Keywords: Isomorphic pressures, institutionalization, resource mobilization, legitimacy