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## The Effect of Regional Financial Information System Implementation on Internal Service Quality Mediated By Emotional Intelligence: Case Study from BPKA

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### Abstract

The purpose of the study was to analyze the effect of the implementation of the regional financial information system (SIKD) on the internal services quality through employee emotional intelligence as a mediating variable. The research sample was 284 employees of the Aceh Financial Management Board (BPKA) randomized by proportional random sampling. Data was collected using questionnaires and then the data were analyzed using the statistical models is that a structural equation modeling (SEM). The study found that the implementation of SIKD had a positive and significant effect on the emotional intelligence of employees and the quality of the internal services of the BPKA. Emotional intelligence also has a positive and significant influence on the quality of internal services. The existence of emotional intelligence as an intervening variable strengthens the effect of SIKD implementation on internal services quality. The emotional intelligence roles as a partial mediation. The novelty of this research lies in the new object and the strengthening of the previous model. Practical leaders especially in The BPKA can use this research model as a reference to set the further strategies to increase BPKA's internal service quality.

**Keywords :** Internal service quality, emotional intelligence, implementation of regional financial information system.

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### 1. Introduction

Theoretically and based on a number of previous studies, there are a number of factors that can affect the quality of an organization's internal services including emotional intelligence in employees (Naeem & Saif, 2008; (Narayan and Narashiman, 2015); and the availability of information systems to support the operational activities of the organization itself (Karniawati and Rahmadani, 2013). Emotionally intelligent employees are usually able to recognize the feelings of others and manage emotions well and this can contribute to the formation of good relationships between fellow employees (Nazeer, Zahid and Azeem, 2014); (Husaini, Musnadi and Amri, 2017). When employees who work in an organization are those who have relatively good emotional intelligence, then these conditions not only have an impact on the emergence of positive behavior at work but also enhance the ability to work together among fellow employees, so that in carrying out their work they serve one another (Sagita, Musnadi and Shabri, 2017).

The quality of internal services of the Aceh Financial Management Board (BPKA), as an

agency that manages the financial of Aceh province, is perceived differently by its employees. The intended internal service quality can be measured from a number of indicators including good communication among fellow employees, alignment of employee goals at work, a solid and mutually helping work team, employee politeness, employee behavior at work, and a sense of mutual respect among others employee (Hallowell, Schlesinger and Zornitsky, 1996)

In fact, not all BPKA employees have a good assessment of communication between fellow employees, not all employees feel valued at the workplace, and also there are still employees who have low cooperative skills. This condition is certainly very different from what was expected. Even though there are actually not a few among employees who have a good perception of these indicators, but the different perceptions indicate problems related to internal services.

Initial survey results relating to the emotional intelligence of employees also indicate that the level of emotional intelligence of BPKA employees is relatively different from one another. Indications of the difference in emotional intelligence can be seen from the ability to understand yourself, control feelings and emotions, the ability to adapt and foster relationships with others, a sense of empathy for colleagues, and enthusiasm for getting work done. Some employees agree and strongly agree with statements relating to these indicators.

The initial survey results related to the implementation of the regional financial information system (SIKD at BPKA indicated that the implementation of the information system was perceived differently by employees. not all employees agree that the SIKD at BPKA can support the implementation of decentralized decision making. Likewise, the involvement of leaders in designing the information system where not all employees agree. In addition, some employees actually stated that they did not agree that SIKD could respond to community demands regarding transparency and accountability in regional financial management. They also disagreed and disagreed that employees have good adaptability to the implementation of SIKD. Furthermore, the evaluation of the acceptance of implementation by employees is also relatively different. Some employees expressed their disagreement and disagreement that the process of implementing the information system was acceptable to them as a whole.

The quality of internal services in an organization can be influenced by emotional intelligence and information systems owned by the organization. The connection between internal service quality and emotional intelligence of employees as stated by (Nggermanto, 2001) that employees who are emotionally intelligent are usually able to recognize the feelings of others and manage emotions well and this can contribute to the formation of good relationships among fellow employees. So that they serve one another in good cooperation for the achievement of the objectives of the work. Furthermore, the linkage between the quality of internal services and the regional financial information system was explicitly stated by (Karniawati and Rahmadani, 2013) that an increase in SIKD as a result of the implementation of e-government could not only improve the quality of public services for the community but also benefit internal services within the government agency. This study aims to analyze the effect of Regional Financial Information System Implementation on Internal Service Quality Mediated by Emotional Intelligence within the BPKA.

## **2. Literature Review**

### **Internal service quality**

The concept of internal service quality was first introduced by Sasser and Arbeit who assume that employees are clients, in this case, internal clients (Ariansyah, 2013). They argued that to provide quality services to external clients, quality internal services are needed. (Xie,

2005) asserted that the quality of internal services is a situation where an employee feels satisfied with the services provided by internal service providers. Heskett et al, as quoted by (Mohammad *et al.*, 2012) introduced a service profit chain model. The rationale of the model is that internal service quality is a factor that affects employee satisfaction and loyalty

Employees who work in an organization affect the quality of service in the organizational environment which then drives some vital changes in the organization (Papasolomou-Doukakis, 2002). In this context, employees are considered as "internal customers" who also need services to support the smooth running of the tasks they perform. Internal customers can be defined as every employee who receives services from other employees both in the same field of work or in different fields of work or departments within an organization in order to improve the ability to complete tasks (Hallowell, Schlesinger and Zornitsky, 1996). Thus, internal services can basically be interpreted as services in the internal environment of the agency where an employee works, and in this context, the service is organized to support employee cooperation in work (Lumentah, Posumah and Ogotan, 2015)

### **The Effect of Regional Financial System Implementation on Emotional Intelligence**

The application of financial information systems in a government agency can create a work that is efficient, participatory, fair, democratic, transparent, and responsible if supported by a modern state apparatus system, which is based on a high degree of rationality. Application of information systems such as SIKD, for example, can encourage employees to work better so they are able to solve problems related to their work and are always eager to work. The ability to solve problems and the tendency to always be enthusiastic at work can be used as a reflection of an employee's emotional intelligence. As stated by (Eysenck, 2006) that employees who have high EQ are more emotionally intelligent so that their ability to solve problems related to their work will be better. Various research findings prove the influence of information systems on emotional intelligence and the performance of government agencies employees. Like the research of (Sudaryati, 2013) and (Osodo and Jemaiyo, 2015) proved that financial information systems such as SIKD have a positive and significant effect on emotional intelligence and employee performance of government agencies

### **The Effect of Emotional Intelligence on Internal Service Quality**

Emotional intelligence in employees who work in an organization can have an impact on the quality of internal services in the organization. Emotionally intelligent employees are usually able to recognize the feelings of others and manage emotions well and this can contribute to the formation of good relationships between fellow employees (Nggermanto, 2001). When employees who work in an organization are those who have relatively good emotional intelligence, then these conditions not only have an impact on the emergence of positive behavior at work but also enhance the ability to work together among fellow employees, so that in carrying out their work they serve one another

### **The Effect of Regional Financial Information System Implementation on Internal Services**

The availability of information systems that support the smooth execution of employee duties can also have an impact on the quality of internal services. The regional financial information system, for example, is an important instrument for every government agency and is

very useful for employees in supporting the smooth running of their duties. The better the regional financial information system, the easier it is for employees to carry out their tasks, especially those related to finance in government agencies. Moreover, the use of regional financial information systems is an indication of the application of e-government in regional finance. When the information system is good, the implementation of e-government is also good so that it can improve the ability of employees to work (Karniawati and Rahmadani, 2013). This is also supported by research findings of (Karniawati and Rahmadani, 2013) that the application of e-government as well as in financial information systems can improve the performance of public services

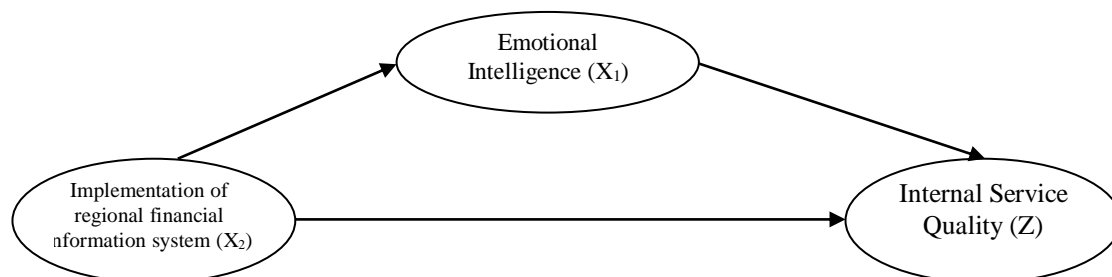
The link between information systems as a manifestation of e-government implementation with service quality is explicitly stated by (Elysia, Wihadanto and Sumartono, 2017) that the implementation of e-government can increase transparency in the decision making process by providing information and tracking in the network (on-line tracking) that is easily accessible by every member of the community including employees of government agencies. This means that information systems can support improving the quality of internal services in each organization.

### **The Effect of Implementation of Regional Financial Information Systems on the Quality of Internal Services through Emotional Intelligence.**

The effect of SIKD implementation on the quality of internal services of government agencies can occur through emotional intelligence. As explained earlier, the application of SIKD can not only increase the efficiency and transparency of work results but also can stimulate the level of emotional intelligence of employees, so they can solve problems related to their work and are always eager to work. This is supported by (Osodo and Jemaiyo, 2015) research findings which prove that the application of financial information systems such as SIKD has a positive and significant effect on emotional intelligence and employee performance. When an employee's emotional intelligence increases, these conditions can have a positive impact on improving the quality of internal services of the agency where the employee works. As found by (Karniawati and Rahmadani, 2013) that the application of e-government as well as in financial information systems can improve the performance of public services.

### **Research Paradigm and Hypothesis**

From the previous research discussion above, authors formulate the research paradigm and hypotheses as follows.



**Figure 1. Research Paradigm**

H1: Implementation of regional financial information system (SIKD) influences the emotional intelligence of employees of the Aceh Financial Management Board (BPKA).

- H3: Implementation of the regional financial information system (SIKD) influences the internal services quality of the Aceh Financial Management Board (BPKA).
- H4: Employee emotional intelligence influences the internal services quality of the Aceh Financial Management Board (BPKA).
- H5: The implementation of the regional financial information system (SIKD) influences the internal services quality of the Aceh Financial Management Board (BPKA) through emotional intelligence.

### **3. Research Method**

This research was conducted at the Aceh Financial Management Board (BPKA). The object of research is related to the relationship between internal service quality, emotional intelligence, and the implementation of the Regional Financial Information System (SIKD). In this case, emotional intelligence is placed as an intervening variable between the quality of internal services on the one hand and the implementation of SIKD on the other. The quality of service referred to in this study is the quality of internal services within the BPKA environment, namely services received by employees from other employees both in the same field of work or different fields of work or departments within an organization in order to improve their ability to complete tasks (Hallowell, Schlesinger and Zornitsky, 1996). The main reason for the use of internal service quality as a research variable is due to the fact that the variable under investigation is basically related to the conditions or perceptions of the agency's employees, such as emotional intelligence and regional financial information systems. So that all variables studied must be sourced from employees as research samples

Data collection using a questionnaire that was distributed to 284 employees. Furthermore, the data were analyzed using statistical inference of structural equation models operationalized with AMOS 21.

### **4. Result And Discussion**

The implementation of SIKD has a positive and significant effect on the emotional intelligence of employees of the BPKA, indicated by an estimated coefficient value of 0.550 with a p-value of 0.001. This means that the better the implementation of SIKD the better the emotional intelligence of employees. Conversely, when the implementation of SIKD is considered unfavorable by employees, then these conditions have an impact on decreasing the emotional intelligence of employees. In other words, there is a direct relationship between the implementation of SIKD on the one hand and the emotional intelligence of employees on the other hand.

The implementation of SIKD has a positive and significant effect on the quality of internal services of the BPKA, indicated by an estimated coefficient value of 0.200 with a p-value of 0.001. This means that the better the implementation of SIKD the better the quality of internal services. Conversely, when SIKD implementation decreases, then these conditions have an impact on decreasing the quality of internal services. In other words, there is a direct relationship between the implementation of SIKD on the one hand and the quality of internal services of the agency on the other hand.

Emotional intelligence has a positive and significant effect on the quality of internal services of the BPKA, indicated by an estimated coefficient value of 0.408 with a p-value of 0.001. This means that the better the emotional intelligence of employees, the better the quality of internal

services at the agency. Conversely, when employee emotional intelligence decreases, then these conditions have an impact on decreasing the quality of internal services. In other words, there is a direct relationship between the emotional intelligence of employees on the one hand and the quality of the agency's internal services on the other hand.

The estimated coefficient of implementation of SIKD implementation on employees' emotional intelligence is 0.550 and the estimated coefficient of SIKD implementation on internal service quality is 0.220. Thus the indirect effect of SIKD implementation on internal service quality through employee emotional intelligence is 22.44, smaller than the direct effect of SIKD implementation on internal service quality by 4.0 percent. Thus it can be interpreted that the existence of emotional intelligence strengthens the effect of SIKD implementation on the quality of internal services of the BPKA.

Furthermore, to examine the mediating effects refer to the opinions of (Baron and Kenny, 1986). The data processing results show the sig value for the effect of SIKD implementation on employees' emotional intelligence of 0.001 (significant), and the sig value for the effect of SIKD implementation on an internal service quality of 0.001 (significant). Furthermore, the sig value of the effect of the implementation of SIKD and emotional intelligence of employees simultaneously on the quality of internal services also shows each number of 0.001 (significant). So it can be interpreted that emotional intelligence mediates the effect of SIKD implementation on the quality of internal services of the BPKA. The mediating effect arising from emotional intelligence is partial mediation

The findings of this study indicate that there is a positive and significant effect of SIKD implementation on the quality of internal services of the BPKA in accordance with the opinion of (Karniawati and Rahmadani, 2013) which stated that when the information system in an agency is good, it has a positive impact on the ability of cooperation among fellow employees within the agency so that the quality of internal services is also good. This finding supports the results of (Karniawati and Rahmadani, 2013) study that the application of regional financial information system can improve service performance in the regions

This study also proves that the emotional intelligence of employees has a positive and significant impact on the quality of internal services of the BPKA. This finding confirms the opinion of Nggermanto (2012: 98) which stated that when employees who work in an organization are those who have relatively good emotional intelligence, then these conditions not only affect the emergence of positive behavior in work but also enhance the ability to work together among employees so that in carrying out their work they serve one another.

## **5. Conclusion And Suggestion**

### **Conclusion**

The implementation of SIKD has a positive and significant effect on the emotional intelligence of employees of the BPKA. The better the implementation of SIKD the better the emotional intelligence of employees. Conversely, when the implementation of the information system is perceived poorly, it has a negative impact on emotional intelligence. The implementation of SIKD has a positive and significant effect on the quality of internal services of the BPKA. The better the implementation of SIKD the better the quality of internal services. Conversely, when the implementation of SIKD is perceived poorly, then the condition has an impact on the deterioration in the quality of the agency's internal services. Employee emotional intelligence has a positive and significant effect on the quality of internal services of the BPKA.

The better the emotional intelligence of employees the better the quality of internal services. This empirically informs that the quality of the agency's internal services is largely determined by the emotional intelligence of its employees

The implementation of SIKD affects the quality of internal services of the BPKA through employee emotional intelligence as an intervening variable. The existence of employees' emotional intelligence strengthens the effect of SIKD implementation on the quality of the agency's internal services. The mediating effect of emotional intelligence on the functional relationship between the two variables is a partial mediation.

### **Suggestion**

The Head of the BPKA is seen as needing to increase the intensity of SIKD implementation at the agency. Referring to the research findings, the real step that must be taken is to increase the employee's ability to adapt to the information system. In this case, the leadership of the BPKA should also be actively involved in giving direction to the design of the SIKD. Moreover, the use of the information system is related to Aceh's financial management which is technically under its responsibility and authority.

For future researchers who are interested in examining the relationship between the implementation of SIKD and the quality of internal services should be able to include other variables besides emotional intelligence as intervening variables. Thus it will be better known for other factors that can mediate the effect of the implementation of the information system on the internal service quality of the BPKA.

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