



## GOOD GOVERNMENT GOVERNANCE IN PERFORMANCE ORGANIZATION REGIONAL DEVICES (OPD) IN THE DISTRICTS GOVERNMENT OF MAGETAN AND NGAWI

Muthi'ah S.\*<sup>1</sup>, Miqdad M.<sup>2</sup> & Prasetyo W.<sup>3</sup>

\*<sup>1</sup> University of Jember, Indonesia

<sup>2</sup> University of Jember, Indonesia

<sup>3</sup> University of Jember, Indonesia

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### Abstract

The purpose of this study is to discuss the factors that influence the performance of local governments. The sampling technique in this study used purposive sampling. The sample used in this study was employees of the Regional Devices Organization (OPD) of the Districts Government of Magetan and Ngawi who collected 201 people and the samples were adjusted to the established criteria. The data source in this study is primary data. This research is a quantitative study using data obtained from questionnaires and obtained using a Likert scale. The data analysis technique used is Structural Equation Modelling. Data were analyzed using AMOS software. The results of this study indicate that: 1) There is a positive and significant effect of accountability on the effectiveness of the budget, 2) There is a positive and significant effect of accountability on performance, 3) There positive and significant effect of budget effectiveness on performance.

### Introduction

The government in managing the budget is demanded to be accountable every year. Accountability of a government cannot avoid financial performance. An accountable government and have a good financial performance cannot only be seen from how much public funds are spent, but also how much public funds are spent economically, efficiently and effectively. The level of absorption of expenditure is one of the benchmarks to see the performance of public spending carried out by the government (Bastian, 2017: 274; Priagung, et.al., 2016). The higher the level of asorbtion, the more optimal the level of expenditure performance of a local government, and on the contrary. The absorption of a good budget means that the government is quick to use its funds for public service. However, if the absorption of the budget is slow, it indicated that a lack of regional commitment in implementing the budget which causes accumulation of funds in the Regional General Cash Account (RKUD) as idle funds.

The lack of budget absorption occurs in local government in Indonesia. The lack of budget absorption makes the performance of regional government officials in Indonesia classified as still low (Ministry of PAN-RB, 2017). The existence of these problems makes budget's utilization in government agencies inefficient. At the regional level, the lack of budget absorption occurred in the districts governments.of Magetan and Ngawi. In the first semester 2015 of Districts Government of Magetan, it is estimated that only 25% of the budget is absorbed, the second semester of budget absorption is still below 30% and in the third quarter 2016 only 42,90% of the budget can be absorbed by the districts Government of Magetan (BPKAD, 2016). In addition, in 2017 there are still two regional devices organization that cannot absorb funds optimally. The budget's utilization in the first quarter cannot be absorbed by 75% as a proposal for the next disbursement (BPKAD, 2017). Similarly, the absorption of the budget in the Districts Government of Ngawi, where in the first quarter of 2017 the absorption of the budget of each Regional Devices Organization (OPD) was still low. As per the last record of the Regional Finance Agency (BKD), the absorption of the total expenditure budget reached 7,63% or around 156 Billion from 2 Trillion. While the absorption of new direct was realized ata 10 billion or 1,38% of the total available funds of 734 billion (BKD, 2017).



Presidential Regulation No. 81 of 2010 states that government bureaucracy must be managed based on the principles of good governance. The operation of the government must fully serve the interests of the people and work to provide superior, transparent, accountable services and free from KKN. The operation of government is not immune from regulation. The regulation is used as the government as a legal umbrella in managing, regulating and controlling organizations to ensure success in a achieving prosperity (Bastian, 2017).

Regulations issued by the government of indonesia are used to manage organization well in order to create a clean and accountable. If the government is accountable, it can be said that government apparatus has good performance (Premananda, et. al., 2017). Good performance requires accountability in budget management in order to produces financial reports desired by all parties. In addition the society to demanding accountability also wants information disclosure from the government. The importance of accountability has been regulated in Government RegulationNo 71 of 2010, where each reporting entity has an obligation to report the results achieved. If the government has been open, then the society can assess the performance of the government, so that the disclosure of information will make the government improve performance in managing the budget effectively in accordance with the wishes of the society.

### **Accountability**

Accountability is the responsibility of managing resources and implementing polices entrusted to reporting entities in achieving set goals periodically (Government Regulation No. 71 of 2010). Accountability in context of government means that accountability is an responsibility made by government officials to the public which is one of the characteristics in the implementation good government governance. The form of accountability carried out by the government is in the form of reports on the performance accountability of government agencies abbreviated as LAKIP, where the report is used by the government as a tool of accountability for carrying out tasks to improve performance sustainably in create accountable government operations (Rahayu, 2014 and Siregar, 2011).

### **Performance**

Performance is an achievement carried out by the managers of the organization with the aim of providing good service to the public (Asrida, 2012). Good government performance can be assessed from the process carried out, starting from input , output to outcome , which still refers to the concept of value for money which is efficient, effective and economical (Dewi, et. Al., 2015). Performance management that is oriented to value for money will in turn improve government performance (Mahmudi, 2015: 89). This means that the measurement of value for money performance is a performance measurement that is used to measure the economic level, efficiency and effectiveness of the implementation of a program or activity of the organization.

### **Budgeting Effectivity**

Budget is an annual plan that is used as a tool of accountability for the government to its people for funds mandated for the implementation of programs (Nordiawan (2006: 43). According to Mardiasmo (2009) the budget is effective if the budget has reached its goals and objectives, because of its effectiveness as benchmark for the success or failure of an organization in achieving its goals and objectives. Please note that what is called effective is not about the amount of costs incurred by the organization to achieve goals, but effective is how successful the organization does a program or activity in achieving its intended goals and how the process carried out in implementing the program, whether the implementation is in accordance with the regulations set or not. For the government the effectiveness of the organization is very important in measure how much the program implemented has an effect on the society (Bakri, 2013).

## **Result and Discussion**

### **Test of Research Instruments**

Based on the results of the instrument test (validity and reliability) it was found that the instruments used were valid and reliable.



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*Table 1. Validity and Reliability Test Results*

Indicator variable	Validity test					
	Loading Factor	Critical Ratio	Probability	Info	Construct Reliability	Info
X11	0.753	3,896	***	Valid	0.864	Reliable
X12	0.268	3.274	0.001	Valid		
X13	0.475	5.410	***	Valid		
X14	0.756	6,335	***	Valid		
Z11	0.603	3,894	***	Valid	0.757	Reliable
Z12	0.464	4,485	***	Valid		
Z13	0.443	3,525	***	Valid		
Z14	0.441	3,643	***	Valid		
Y11	0.589	3,374	***	Valid	0.737	Reliable
Y12	0.598	6,591	***	Valid		
Y13	0.634	7.511	***	Valid		

Info: \*\*\* = Approaching Zero

Table 1. explains that the Critical Ratio value for each variable's loading factor is greater than its critical value at a significance level of 0.05 (1.96), so the probability value is smaller than 0.05, so it can be concluded that all construct indicators accountability, budget effectiveness and performance variables are valid. The results of the Construct Reliability calculation for each accountability, budget effectiveness and performance variables show values above 0.70. This shows all variable construct indicators are reliable.

### An analysis of Structural Equation Modeling

After testing the validity and reliability of all latent variables that provide valid and reliable results, multivariate data is normal, does not occur multicollinearity and outlier data do not occur, then the data can be continued with the test of suitability model and test of the significance of causality.

#### a. Test of Suitability model (Goodness of fit Test)

The model test on SEM aims to see the suitability of the model, the results of the suitability model testing in the study can be seen in Table 2 it can be seen that the seven criteria used to assess whether a model is feasible or not have been met, but there are three that are not fulfilled, thus it can be said that the model is acceptable, which means there is a match between the model and the data. The results of testing the Goodness of fit criteria are seen in Table 2.

*Table 2. Goodness of Fit Test*

Criteria	Cut off Value	Result	Information
X2 chi square	It is expected to be smaller than ( $\alpha=0,05$ pada $df196= 229.663$ )	117.721	Good
Significance Probability	$\geq 0,05$	0.830	Good
RMSEA	$\leq 0,08$	0.130	Bad
GFI	$\geq 0,9$	0.977	Good
AGFI	$\geq 0,9$	0.919	Good
CMIN/DF	$\leq 2,00$	4.357	Bad
TLI	$\geq 0,95$	0.515	Bad
CFI	$\geq 0,95$	0,954	Good

#### b. Causality Test (Hypothesis Test)

After testing the assumptions are fulfilled and the SEM criteria have been tested, then the hypotheses are tested in SEM. To find out how much influence the variables studied are the results of hypothesis calculations between variables can be seen in Table 3.



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*Table 3. The Result of Causality Test*

Hypothesis	Effect	Standardized Regression Weight	Critical Ratio	Probability	Information
1	Z1 <--- X1	0.344	2.079	0.038	Significant
2	Y1 <--- X1	0.044	4.320	0.049	Significant
3	Y1 <--- Z1	0.844	3.396	0.000	Significant

## c. Analysis of the Role of Intervening Variables

Role analysis / mediation is done by comparing the value of direct and indirect influences. The direct effect has been explained in the hypothesis causality test. The influence is not directly explained through the 1 (one) paths which tested the influence and significance.

## 1) Direct Effect

The direct influence in this study has been explained in the section on causality tests. The magnitude of the effect of accountability on performance is 0.04 as can be seen in Table 3.

## 2) Indirect Effect

Analysis of indirect effects is obtained through multiplying estimate standardized regression weight in two relations in one path. The results of the indirect influence analysis are seen in Table 4.

*Table 4. The Analysis Results of Indirect Effect*

Relationship One	Estimate	Relationship Two	Estimate	Mediation Role
Z1 <--- X1	0.344	Y1 <--- Z1	0.844	1.663

## d. New Findings

In this study the researchers tried to use the budget effectiveness variable as a mediating variable. The test results show that there is a positive direction from the relationship one and two on the path of each variable. It can be concluded that there is a role for budget effectiveness on the indirect effect of accountability on performance.

**Discussion**

The result of this study shows that 3 (three) hypotheses proposed can be accepted. Accountability has a positive and significant effect on budget effectiveness, Accountability has a positive and significant effect on performance, and budget effectiveness has a positive and significant effect on performance.

## 1. Effect of Accountability on Budget Effectiveness

The results of this study shows that in managing the budget starting from the planning process to reporting, the Local Government Organizations Districts of Magetan and Ngawi have involved all elements in the OPD. All apparatus working at the OPD are given their respective main tasks and functions in managing the budget in accordance with the common goals. Every year all OPDs submit financial reports that have been prepared, to the regional head as proof of accountability for the implementation of the Regional Budget. This is in accordance with Permendagri Number 21 of 2011 concerning Guidelines for Regional Financial Management, where each year the Regional Head provides financial reports to the DPRD as a responsibility for managing its budget. This accountability makes each OPD more efficient and effective in managing the budget. The budget management carried out by the government is published to the public, where each OPD informs the APBD to the public through electronic media. The budget information presented contains correct and complete information regarding the objectives of a program. This means that the existence of accountability for budget management will encourage apparatus in every OPD in Magetan and Ngawi Districts to be more effective in managing the budget to achieve the maximum program.

## 2. The Effect of Accountability on Budget Performance

The results of this study shows that the Districts Governments of Magetan and Ngawi have made accountability for budget management to the public in accordance with Government Regulation No. 17 of 2010, where the regulation is used by the government to improve the quality of government performance accountability. The Districts Governments of Magetan and Ngawi in the procedures for carrying out the tasks, all elements in the



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OPD have responsibility in managing the budget which starts from the process of drafting the budget work plan, implementation until reporting. Where in arrange a budget work plan is adjusted to the needs and provides benefits to the society. This is intended to improve the efficiency and effectiveness of government accomplishment, so that the performance of the OPD's the Districts Governments of Magetan and Ngawi can be assessed well by the society. The performance of OPD is important for the Districts governments of Magetan and Ngawi. The government in continuously improving the performance of the OPD, each OPD made a report on the performance accountability of government agencies, where the report was used as an accountability for the implementation of the OPD's tasks. The accountability for implementation of these tasks is carried out so that the implementation of activities does not deviate from the stated objectives, so that the performance of the OPD's in the Districts Government of Magetan and Ngawi can be improved.

### 3. The Effect of Budget Effectiveness on Performance

The results of this study shows that the Districts governments of Magetan and Ngawi prioritize employee performance in managing the budget. This can be seen from the abilities possessed by the apparatus, where the government wants each apparatus in the OPD to have the skills in carrying out programs or activities. For the government, it will be useless if the budget plan is good but there are no competent human resources to implement the budget, so the level of skills in managing the budget is very much considered by the government. In managing an effective budget, the districts governments of Magetan and Ngawi take into account the level of resource allocation, budget content and budget benefits. Each OPD allocates funds for programs adjusted to the needs of the society, this is done so that the programs implemented provide benefits to the society and the society is satisfied with the services provided by the government. It can be concluded that the districts governments Magetan and Ngawi in improving the performance of the OPD need to improve effective budget management, where all targeted programs can be achieved in accordance with the vision and mission, each activity is based on plans and objectives operational have been determined, and does not forget the programs implemented takes into account the level of needs and benefits that will be felt by the society.

## Conclusion

Based on the analysis that has been done in this study, the conclusions can be drawn as follows:

- a. Accountability can increase the effectiveness of the budget in Districts governments of Magetan and Ngawi, because the existence of accountability requires the government to report accountability for managing its budget to the DPRD, so that this makes the government more effective in managing its budget. In addition, the government is also required to account for the results of managing its budget to the government. If budget management is not carried out effectively, this will make the society feel disadvantaged over the funds mandated for the government. Therefore, the existence of public accountability can improve the effectiveness of budget management in districts governments of Magetan and Ngawi.
- b. Accountability can improve the performance of Local Government Organizations in Districts Governments of Magetan and Ngawi. Budget management carried out by Regional Government Organizations is annually accounted to the public, and the public assesses whether the government has worked well in the interests of its people. Therefore, the existence of accountability makes the government more optimal in managing the budget in accordance with the needs of the society. So it can be concluded that the more increasing public accountability will improve the performance of OPD in the Districts Governments of Magetan and Ngawi.
- c. Budget effectiveness can improve the performance of Local Government Organizations in the Districts Governments of Magetan and Ngawi, because with the effectiveness of this budget the apparatus in each OPD is required to have the skills to manage budgets which in turn can provide benefits to the society, so the OPD strives well in managing the existing budget because the impact of program implementation will be felt by the society. So it can be concluded that the increasing effectiveness of the budget will improve the performance of OPD in the Districts Governments of Magetan and Ngawi



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