



Analysis of Factors That Affect Good Government Governance Implementation (Empirical Study on Government of Indragiri Hilir Regency)

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Abstract

This study aims to test and prove empirically: (1) The Effect of Local Government Apparatus Performance on the Implementation of Good Government Governance (2) The Effect of Regional Financial Management on the Implementation of Good Government Governance (3) Influence of Government Internal Control System (SPIP) to the Implementation of Good Government Governance. The sample of this research is 49 people from 49 Organization of Regional Devices of Indragiri Hilir Regency. The method of analysis in this study is multiple regression analysis. The results of this study indicate that (1) the performance of the Local Government Apparatus has no effect on the implementation of good governance (2) the management of regional finance affects the implementation of good governance (3) the government's internal control system (SPIP) influences the implementation of good governance

Keywords: *Performance of Local Government Apparatus, regional financial management, government internal control system, Good Government Governance*

1. Introduction

Based on *Peraturan Pemerintah Negara Pendayagunaan Aparatur Negara Nomor 13 tahun 2009* [Government Regulation of Country Apparatus Usefulness number 13 year of 2009], good government governance is concept of government management that concerns on involvement of government, society, and private sector proportionally as three of core pillars.

First factor that have effect on good government governance is performance of local government apparatus. It is very important in order to runs the government and development activities of local region efficiently and effectively. Local government; as the party that have been delegated to runs the government, development and social services to society; have to delivers the local region performance as its responsibility. It will be evaluated to determine whether local government performs its duties well. In addition, research of Ruspina, 2013 states that performance of local government apparatus have effect on good government governance.

Second factor is local region financial management; includes in all local financial activities of planning, implementing, reporting, responsibility, and monitoring (Halim, 2008). In progress, reformation and local autonomy era have contributes to affect change of management paradigm as well as local financial reporting significantly. Research of Ruspina, 2013 states that is local region financial management have effect on good government governance as well.

Last factor is SPIP (*Sistem Pengendalian Intern Pemerintah* [System of Government Internal Control]), which is internal control system implemented broadly in centre and local government environment. *Peraturan Pemerintah Nomor 60 Tahun 2008* [Government

Regulation number 60 year of 2008] about SPIP gives obligation to Minister/Head of Institution, Governor, and Regent/Mayor to do monitoring on their government activities. Monitoring is needed for giving reasonable assurance on effectiveness and efficiency performance in achieving objective of country government implementation.

Based on above explanation, this study is aimed to test and proves empirically effect of government apparatus performance, local financial management, and system of government internal control (SPIP) on good government governance implementation.

2. Literatur Review

2.1. Government Apparatus Performance and Good Government Governance

Government apparatus performance have important meaning for implementation of government and development activities by serving the society effectively and efficiently. Local government; as the party that have been delegated to runs the government, development and social services to society; have to delivers the local region performance report as its responsibility. It will be evaluated to determine whether local government performs its duties well.

Theoretically, good government governance defined as authorization management that will be based on law regulation, transparent policy making, and responsibility to society, Kaloh, 2010:172. Authorization is based on institution aspects. It is not based on certain person or group interest. Authorization as well as have to obey to principle that every citizen have equal rights and obligations in law aspect.

As good government governance that have been implemented, then government have to shows best performance as picture of responsibility in government management.

Based on above explanation, hypothesis is as followed:

H₁ : Government apparatus performance affects good government governance implementation.

2.2. Local Financial Management and Good Government Governance

Based on *Peraturan Menteri Dalam Negeri Nomor 21 Tahun 2011* [Minister of Home Affairs Regulation number 21 year of 2011] about second change on *Peraturan Menteri Dalam Negeri Nomor 13 Tahun 2006* [Minister of Home Affairs Regulation number 13 year of 2006] about guidance of local financial management, local financial management defined as all activities, includes in planning, implementation, administration, reporting, responsibility and monitoring of local finance. Moreover, Halim, 2002:7 defines local financial management as management of *Anggaran Pendapatan Belanja Daerah* [Local Revenue and Expenditure Budget] (APBD).

Good government governance generated from management of public administration as main issue in achieving towards clean government. There are some good governance pillars that related to each other, which are *government of citizen and business/stated, society, and private sector*. Basically, those pillars have accountability consequences on public, especially stakeholders.

Relationship of financial management system to create good governance government can be seen on accounting system and recognition perspective as well as local budgeting in three steps, which are planning, implementing, and monitoring steps. Every steps have input, process, and output.

Budget realization by planning is done based on consensus-oriented or best deal for all parties interest Ristanti, 2014. So, the deal have to be taken together as planning process.

Based on above explanation, hypothesis is as followed:

H₂ : Local financial management affects good government governance implementation.

2.3. System of Government Internal Control and Good Government Governance

Government internal control system is a system implemented broadly in centre and local government environment for gives reasonable assurance on effectiveness and efficiency of

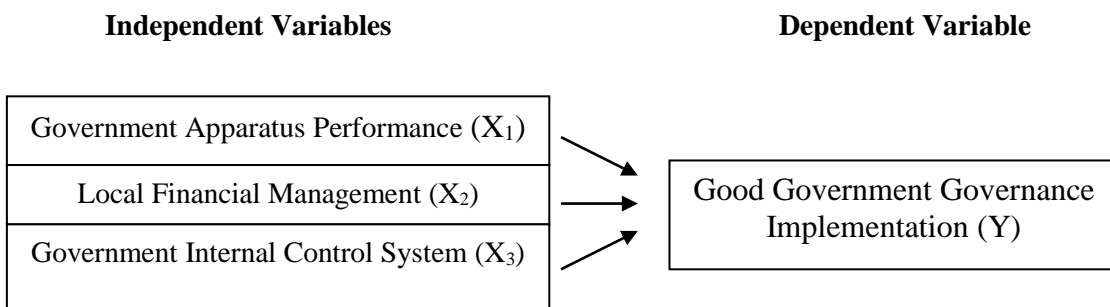
implementation of country/local government, financial reporting reliability, country/local assets security, and obedience on constitution regulation.

By developing government internal control system, good government governance have been achieved, seen by fulfillment of vision and mission as well as objective of local government, financial statement reliability by receiving unqualified opinion, and decreasing of corruption opportunity, decreasing of abuse of authorization as well as decreasing of corruption, collusion, nepotism in implementation of development activities and public service in local government.

Based on above explanation, hypothesis is as followed:

H₃ : Government internal control system affects good government governance implementation.

2.4. Research Model



3. Research Method

3.1. Data Collection

This study uses survey method by questioners. Data will be collected by spreading questioners to respondents, which are 49 head of *Organisasi Perangkat Daerah* [Local Device Organization] (OPD), where all OPD at Indragiri Hilir Regency are research sample.

3.2. Source and Kind of Data

Kind of data of this study is primary data, which is as questioner and measures each variables by *likert* scale; scale (1) is Very Agree, scale (2) is Agree, scale (3) is Doubt, scale (4) is Disagree, scale (5) is Very Disagree.

3.3. Variable Measurement

Variable is measured by 5 point likert scale. Scale 1 represents “very low” while scale 5 represents “very high”

3.4. Data Analysis

Collected data processed by computer software, which is SPSS 20.0.

4. Result And Discussion

Table 1. Questioners Distribution

Notes	Total	%
Spread Questioner	49	100.00%
Given Back Questioner	49	100.00%
Not Given Back Questioner	0	0.00%
Questioner Can Be Processed	49	100.%

Based on table of questioners distribution, all respondents are 49. All 49 questioners that have been spread, all 49 questioners (100%) are given back. Questioners that can be processed are 49 questioners (100%).

Table 2. Respondent Characteristics

Notes	Criteria	Frequency	Percentage
Gender	Male	34	69.39%
	Female	15	30.61%
Total		49	100%
Education Level	SLTA [High School]	3	6.12%
	D3 [Academy]	3	6.12%
	S1 [Undergraduate Degree]	25	51.02%
	S2 [Master Degree]	18	36.74%
Total		49	100%

Based on table of respondent characteristics of gender, male is 69.39% of all respondents, while female is 30.61%. For respondent characteristics of education level, high school level is 6.12%, academy level is 6.12%, undergraduates degree is 51.02%, master degree is 36.74% of all respondents.

Result of Validity Test**Table 3. Result of Validity Test**

Variable	Item	r Value	r Table	Conclusion
Local Government Apparatus Performance (X1)	P1	0.744	0.282	Valid
	P2	0.742	0.282	Valid
	P3	0.623	0.282	Valid
	P4	0.635	0.282	Valid
	P5	0.649	0.282	Valid
	P6	0.661	0.282	Valid
	P7	0.804	0.282	Valid
	P8	0.719	0.282	Valid
	P9	0.671	0.282	Valid
	P10	0.646	0.282	Valid
Local Financial Management (X2)	P1	0.687	0.282	Valid
	P2	0.819	0.282	Valid
	P3	0.721	0.282	Valid
	P4	0.778	0.282	Valid
	P5	0.734	0.282	Valid
	P6	0.723	0.282	Valid
	P7	0.537	0.282	Valid
	P8	0.826	0.282	Valid
	P9	0.800	0.282	Valid
	P10	0.737	0.282	Valid
	P11	0.767	0.282	Valid
	P12	0.769	0.282	Valid
	P13	0.752	0.282	Valid
	P14	0.861	0.282	Valid
	P15	0.701	0.282	Valid
Government Internal Control System (X3)	S1	0.738	0.282	Valid
	S2	0.653	0.282	Valid
	S3	0.653	0.282	Valid
	S4	0.674	0.282	Valid
	S5	0.621	0.282	Valid
	S6	0.751	0.282	Valid
	S7	0.696	0.282	Valid
	S8	0.642	0.282	Valid

	S9	0.744	0.282	Valid
	S10	0.717	0.282	Valid
	S11	0.874	0.282	Valid
	S12	0.702	0.282	Valid
	S13	0.798	0.282	Valid
	S14	0.643	0.282	Valid
	S15	0.598	0.282	Valid
	S16	0.416	0.282	Valid
	S17	0.768	0.282	Valid
	S18	0.580	0.282	Valid
	S19	0.700	0.282	Valid
	S20	0.735	0.282	Valid
	S21	0.603	0.282	Valid
	S22	0.704	0.282	Valid
Good Government Governance Implementation (Y)	PG1	0.602	0.282	Valid
	PG2	0.687	0.282	Valid
	PG3	0.761	0.282	Valid
	PG4	0.721	0.282	Valid
	PG5	0.693	0.282	Valid
	PG6	0.615	0.282	Valid
	PG7	0.791	0.282	Valid
	PG8	0.812	0.282	Valid
	PG9	0.687	0.282	Valid
	PG10	0.801	0.282	Valid
	PG11	0.616	0.282	Valid
	PG12	0.780	0.282	Valid

Based on table above, all question instruments for measurement of variables local government apparatus performance, local financial management, government internal control system and good government governance implementation are valid. It can be seen by r_{value} of all variable indicators bigger than r_{table} .

4.2. Result of Reliability Test

Table 4. Result of Reliability Test

Variable	<i>Cronbach's Alpha</i>	Critical Value	Conclusion
Local Government Apparatus Performance (X1)	0.872	0.6	Reliable
Local Financial Management (X2)	0.941	0.6	Reliable
Government Internal Control System (X3)	0.942	0.6	Reliable
Good Government Governance Implementation (Y)	0.905	0.6	Reliable

Based on table above, variable Local Government Apparatus Performance (X1) have *Cronbach's Alpha* $0.872 > 0.6$, Local Financial Management (X2) have *Cronbach's Alpha* $0.941 > 0.6$, Government Internal Control System (X3) have *Cronbach's Alpha* $0.942 > 0.6$, and

Good Government Governance Implementation (Y) have *Cronbach's Alpha* 0.905 > 0.6. All instruments for measurement of all variables are reliable.

4.3. Classical Assumption

4.3.1. Result of Normality Test

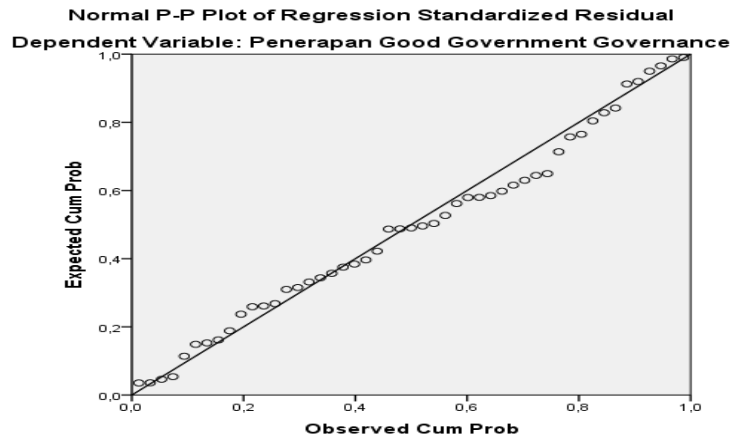


Figure 1. Result of Normality Test

Normal graphic of *P-P Plot* shows all dots and its distributions spread around and follow direction of diagonal line. It shows that regression model is feasible to used based on normality assumption, Ghozali 2013:163.

4.3.2. Result of Multicollinearity Test

Table 5. Result of Multicollinearity Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	4.818	6.415		0.751	0.457		
• Local Government Apparatus Performance	0.212	0.132	0.168	0.602	0.116	0.957	.045
• Local Financial Management	0.317	0.090	0.423	0.513	0.001	0.727	.375
• Government Internal Control System	0.230	0.070	0.395	0.291	0.002	0.731	.368

a. Dependent Variable: Good Government Governance Implementation

Table above shows all tolerance value bigger that 0.10, while VIF value smaller than 10. It indicates that regression model is free of multicollinearity symptoms.

4.3.3. Result of Heterokedasticity Test

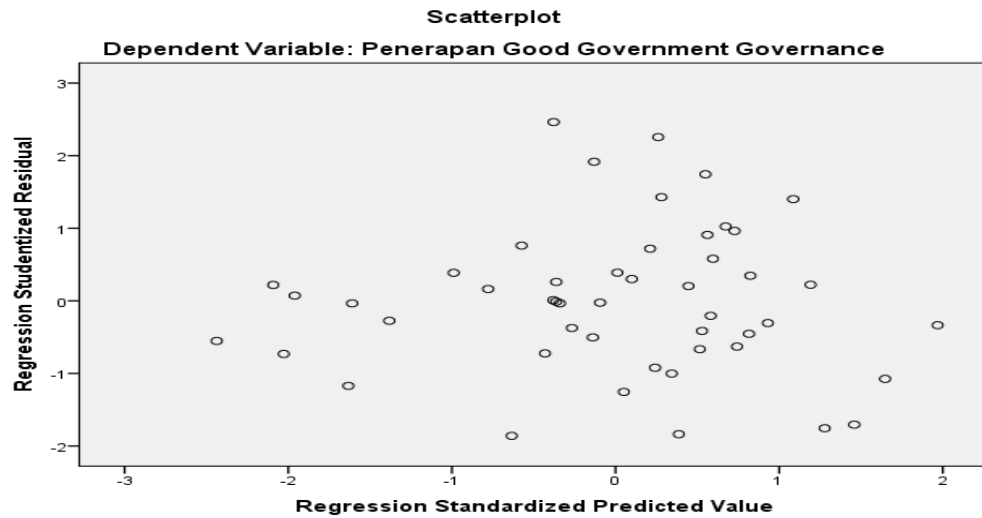


Figure 2. Result of Heterokedasticity Test

Based on graphic Scatterplot, all dots does not create any certain pattern and spreads all over in Y line. It is conclude that regression model have no heterokedasticity.

4.3.4. Result of Autocorrelation Test

Table 6. Result of Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.725 ^a	0.525	0.494	3.870	1.789

a. Predictors: (Constant), Local Government Apparatus Performance, Local Financial Management, Government Internal Control System

b. Dependent Variable: Good Government Governance Implementation

Based on table above, value of d_{value} (Durbin-Watson) between -2 and +2, which is $-2 < 1.789 < +2$. It indicates that there is no autocorrelation in regression model.

4.3.5. Result of Multiple Regression

Table 7. Result of Multiple Regression

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	4.818	6.415		0.751	.457
• Local Government Apparatus Performance (X_1)	0.212	0.132	0.168	1.602	.116
• Local Financial Management (X_2)	0.317	0.090	0.423	3.513	.001
• Government Internal Control System (X_3)	0.230	0.070	0.395	3.291	.002

a. Dependent Variable: Good Government Governance Implementation

Based on table above, equation for multiple regression is as followed:

$$Y = 4.818 + 0.212X_1 + 0.317X_2 + 0.230X_3 + e$$

4.3.6. Result of Determination Coefficient (R^2)

Determination coefficient (R^2) is aimed to measures how far model's ability for explains variance of dependent variable. Determination coefficient is between 0 (zero) and 1 (one). Small R^2 means ability of independent variables for explains variance of dependent variable is limited. Value of R^2 that close to one means independent variables give almost all needed information in for predicts variance of dependent variable, Ghozali, 2013:97.

Based on data processing, result is as followed:

Table 8. Result of Determination Coefficient (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.725 ^a	0.525	0.494	3,870

a. Predictors: (Constant), Local Government Apparatus Performance, Local Financial Management, Government Internal Control System

Table above shows R square as 0.525 and Adjusted R Square as 0.494. It means that contribution of independent variables on dependent variable is 49,4%, while 50,6% contribution is came from other variables outside of this research.

4.3.7. Result of Hypotheses Test and Discussion

Table 9. Result of Hypotheses Test

Hypothesis	t_{value}	t_{table}	Significance	Alpha (α)	Notes
H ₁	1.602	2.002	0.116	0.05	Rejected
H ₂	3.513	2.002	0.001	0.05	Accepted
H ₃	3.291	2.002	0.002	0.05	Accepted

Result of Hypothesis H₁ Test

Based on regression for hypothesis 1, t_{value} is 1.602 and t_{table} is 2.002, with significance value 1.116 bigger than 0.05. Result shows that **H₀ is accepted** while **H₁ is rejected**, means Local Government Apparatus Performance does not affect Good Government Governance Implementation.

Result of Hypothesis H₂ Test

Based on regression for hypothesis 2, t_{value} is 3.513 and t_{table} is 2.002, with significance value 0.001 smaller than 0.05. Result shows that **H₀ is rejected** while **H₂ is accepted**, means Local Financial Management affects Good Government Governance Implementation.

Result of Hypothesis H₃ Test

Based on regression for hypothesis 3, t_{value} is 3.291 and t_{table} is 2.002, with significance value 0.002 smaller than 0.05. Result shows that **H₀ is rejected** while **H₃ is accepted**, means Government Internal Control System affects Good Government Governance Implementation.

5. Conclusion And Suggestion

5.1. Conclusion

Based on result, this study concludes that local government apparatus performance does not affect good government governance implementation, while local financial management and government internal control system (SPIP) affect good government governance implementation.

5.2. Suggestion

For future research, it can add other variables that can affect good government governance implementation; such as implementation of financial audit, value for money audit and role of internal auditor. Moreover, future research can use wider sample.

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