

# The Effect of Good Governance, a Government's Internal Control System on the Performance of Bakti Kominfo Through Public Accountability as Intervening Variable

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## Abstract

*The public sector has a primary purpose for public services and is not profit-oriented, and has flexibility in financial management. One of them is a public sector organization telecommunication and Information Accessibility Agency (BAKTI) Kominfo. BAKTI Kominfo is responsible for expanding internet access and strengthening digital infrastructure for all parts of Indonesia. This study analyzes the effect of good governance, Government Internal Control systems, and Public Accountability on the performance of BAKTI Kominfo. This study used a population of 196 BAKTI Kominfo employees using the solving method with an error rate of 5%, a sample of 140 people was obtained. The results of the study that good governance directly affect the performance of BAKTI Kominfo and also through increased accountability and SPIP affect performance through accountability.*

## Keywords

good governance;  
government internal control  
system; public  
accountability; performance



## I. Introduction

The public sector is a non-profit sector that has the aim of providing services to the community and does not have the aim of making a profit. Each fund obtained has been designed and budgeted by the government and is given the authority to regulate itself according to needs. The funds obtained are sourced from the state budget. Then, the government is obliged to report the use of funds after the activities are completed which is part of the form of transparency and accountability and the basis for assessing the performance of public sector organizations.

It is important to evaluate the performance of the public sector regularly to improve government performance. The assessment is based on the objectives of the work program and the objectives and activities that have been carried out. Theoretically, public sector performance is closely related to the implementation of good governance and the Government Internal Control System (SPIP). If the implementation is optimal, the performance of the public sector will also be optimal. The relationship between these two variables with organizational performance will depend on the level of accountability of the organization.

1. Theory Overview
2. Public Accountability

Public accountability is often interpreted almost the same as transparency. The relationship between transparency and public accountability is not univocal or clear (Hood and Heald 2006). Transparency is the deliberate act of disclosing information about an organization, or the decisions of actors, policies, and programs (Black 1997). Public accountability is a "radical concept" (Schedler 2013) which establishes a certain process by which A is responsible and accountable to B, to the extent that A is compelled to report his or her actions and decisions to B, to justify them, while being

subject to sanctions or penalties. Therefore, whoever takes into account something, indeed practices transparency, but acting transparently is not necessarily accountable (Hill 2009). This paper proposes an alternative approach taken from the development of the literature study (Newell and Wheeler 2006). It conceptualizes Public Accountability as “. . .dynamic social relations through civil society seeking to control the state” (Smyth 2007).

### 3. Good governance

In the contemporary world, the dynamic nature of government roles and governance processes are among the most prominent and important concerns (Beshi and Kaur 2020). People are always looking for the government to be held accountable for every action taken to ensure that the public interest is prioritized (Farazmand and Carter 2004). Therefore, over time, the historical and traditional roles of the state changed, and the interests of the majority became the main concern of democratic governance (Grimmelikhuijsen 2012). In addition, the success of a democratic system depends on the trust of citizens in the government.

Therefore, the government focuses on increasing public trust by implementing policies and strategies efficiently (Houston and Harding 2013). In this regard, good governance practices, mainly consisting of responsiveness, accountability, and transparency, are important to satisfy citizens in general. (Beshi and Kaur 2020). Compared to good governance, good governance is considered more comprehensive because it includes the normative, technical, and rational features of good governance with superior quality. (Farazmand and Carter 2004).

### 4. Government Internal Control System (SPIP)

According to PP Number 60 of 2008 concerning SPIP, the Internal Control System is an integral process for actions and activities carried out continuously by the leadership and all employees to provide adequate assurance on the achievement of organizational goals through effective and efficient activities, reliability of financial reporting, security state assets, and compliance with laws and regulations.

Phenomena in Empirically the relationship between good governance and SPIP has not shown the same results among several studies. Several studies show that good governance and SPIP affect performance, but some studies show no effect. Nurbaeti and Nugraha stated that good governance and internal control systems affect performance (Nurbaeti and Nugraha 2019). Clara also points out that good governance and internal control systems affect local government performance (Claraini 2017). Damayanti stated that public accountability affects the performance of government agencies (Damayanti 2017). Noviyana and Pratolo also found that accountability can boost the performance of government agencies (Noviyana and Pratolo 2018). Noviyana and Pratolo's research (2018) found that SPIP affects the performance of government agencies through public accountability as an intervening variable. Damayanti stated that public accountability has a positive effect on the performance of Government Agencies (Damayanti 2017).

Meanwhile, the results of Hutapea and Widyaningsih's research show that there is no significant effect of good government governance on government performance. (Hutapea and Widyaningsih 2017). Damayanti (2017) and (Sutirah 2018) show that the government's internal control system has no direct effect on performance. Rosadi et al, found that accountability did not have a significant effect and also did not have a direct relationship to the performance of the public sector (Rosadi, Saleh, and Chahyono 2021).

One of the public sector organizations is the Telecommunication and Information Accessibility Agency (BAKTI Kominfo). BAKTI Kominfo is responsible for expanding internet access and strengthening digital infrastructure for all parts of Indonesia. Currently, BAKTI Kominfo has a good performance after the successful realization of several strategic programs, namely the national strategic project (PSN) Palapa Ring, expansion of BTS construction, provision of internet access in the 3T area, and development of a digital ecosystem.

The Palapa Ring project has connected 57 districts/cities in Indonesia with a fiber optic backbone network of more than 12,148 km. For the BTS development program, BAKTI Kominfo until 2020 has activated (on air) 1,682 BTS locations. Until 2020, the BAKTI internet access program has now served 11,817 location points. This number includes 3,126 points of health service facilities that will be connected to internet access in December 2020. If this is realized, it will ensure that all health centers, totaling 10,134 health centers, are connected to the internet network.

The performance of BAKTI Kominfo has shown a very good condition. However, whether the performance is closely related to good governance, SPIP and accountability have not been proven empirically. Performance assessments related to these factors are carried out because good governance, SPIP, and current accountability at BAKTI Kominfo are the basis for encouraging institutional performance.

Therefore, this study will examine whether good governance, government internal control system, and accountability affect organizational performance. In this study, accountability will be positioned as the intervening variable, this is because accountability is seen as a supporter of government behavior to be responsible and ensure the achievement of organizational goals (Halim and Sham 2014).

## II. Research Methods

The aim of this research is to analyze the effect of good governance, government internal control system and accountability on the performance of the Telecommunication and Information Accessibility Agency (BAKTI).

### 2.1 Research Conceptual Framework

Organizations in general can be interpreted as a group of people who gather and work together in a structured way to achieve certain goals or a number of goals that have been set together. When viewed from the objectives and sources of funding, there are 2 types of public sector organizations (Mahsun, Sulistyowati, and Purwanugraha 2015) that is:

1. *Pure non-profit organization*, The purpose of this organization is to provide or sell goods and/or services with the intention of serving and improving the welfare of the community. Sources of funding for this organization come from taxes, levies, and other government revenues.
2. *Quasi non-profit organization*, the purpose of this organization is to provide or sell goods and/or services with the intent to serve and earn a profit (surplus). Sources of funding for this organization come from government/private investors and creditors.

In its development in each country the scope of public sector organizations is often not the same, so there is no comprehensive definition that formulates the standard for stating the scope of public sector organizations for all government systems. So that in a government it is possible to consist of various kinds of public sector organizations whose establishment and functions have their own missions according to the needs of the

community. In Indonesia, public sector organizations with non-profit goals include the Public Service Agency (BLU) and government-funded social foundations. While the public sector organizations that aim to make a profit, for example, are BUMN/BUMD.

## **2.2 Good Governance**

World Bank as quoted by Mardiasmo (Mardiasmo 2018) provides a definition of governance as "the way state power is used in managing economic and social resources for the development of society". Meanwhile, the United Nations Development Program (UNDP) defines governance as "the exercise of political, economic, and administrative authority to manage the nation's affair at all levels". In this case, the World Bank places more emphasis on the way the government manages social and economic resources for the benefit of community development, while UNDP places more emphasis on the political, economic, and administrative aspects of managing the country. Political governance refers to the policy making process (policy or strategy formulation).

## **2.3 Government Internal Control System (SPIP)**

The Internal Control System is an integral process for actions and activities carried out continuously by the leadership and all employees to provide adequate assurance on the achievement of organizational goals through effective and efficient activities, reliability of financial reporting, safeguarding state assets, and compliance with laws and regulations. - Invitation (PP Number 60 of 2008 concerning SPIP).

SPIP covers the organizational structure, methods and measures that are coordinated to maintain organizational wealth, check the accuracy and reliability of accounting data, promote efficiency, and comply with leadership policies. The implementation of activities in a Government Agency, starting from planning, implementation, supervision, to accountability, must be carried out in an orderly, controlled, and effective and efficient manner.

## **2.4 Accountability**

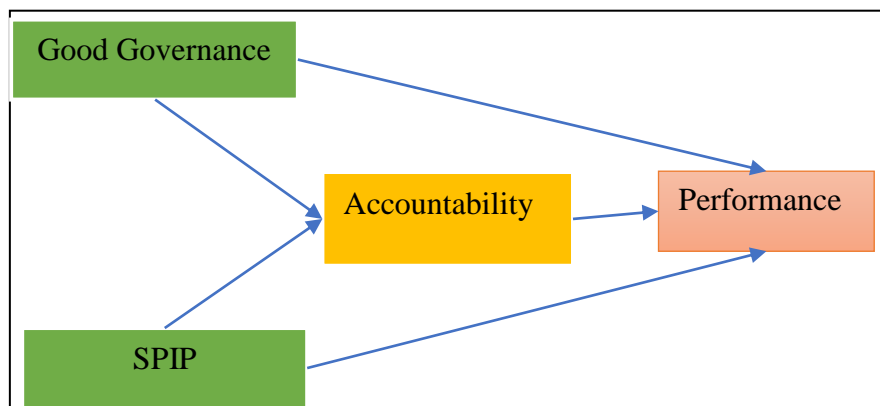
Accountability in a narrow sense can be understood as a form of accountability which refers to who the organization (or individual worker) is responsible for and for what the organization (or individual worker) is responsible for. In a broad sense, accountability can be understood as the obligation of the holder of the trust (agent) to provide accountability, present, report and disclose all activities and activities that are their responsibility to the party giving the mandate (principal) who has the right and authority to demand such accountability. (Mahsun et al. 2015). Accountability is one of the pillars of good governance which is the responsibility of local governments in making decisions for the public interest, in this case as the responsibility of local governments for the public services provided. (Dwipayana and Eko 2003).

## **2.5 Theoretical and Conceptual Framework for Research**

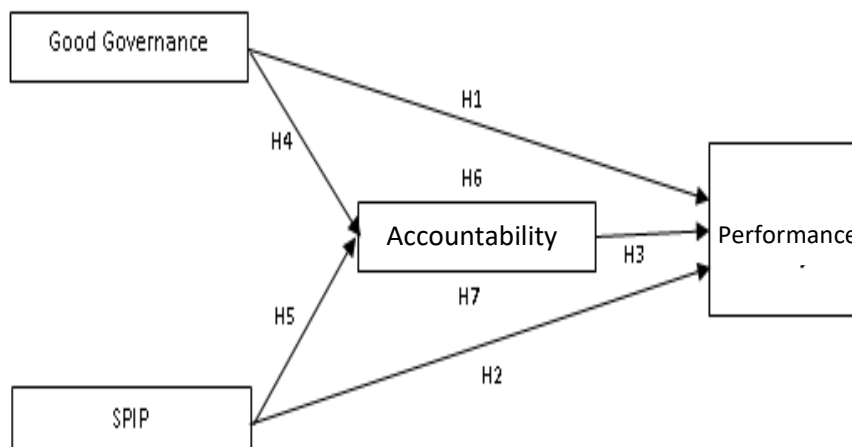
The effect of good governance on performance can depend on the level of government accountability. This is because accountability is one of the main pillars of good governance. Accountability is the responsibility of public institutions in making decisions for the public interest, in the form of public services provided. Therefore, the link between good governance and the performance of government institutions will also depend on the accountability of these institutions.

A good internal control system and external control system can be implemented if supported by good accountability as well. Providing information and communication is a

form of internal control responsibility. Management needs relevant information, as well as the community as service recipients also need quality information. Information conveyed to the public as a form of accountability so that continuous communication is established. The realization of an internal control system within the government environment accompanied by good responsibilities, good local government governance will be achieved which is marked by the achievement of the vision and mission as well as the goals of government agencies. Earnings management is interference in the process of preparing external financial reporting, with the aim of obtaining personal benefits (Almadara in Sitanggang, 2020). What management may consider as ‘a positive stimulus that keeps the adrenaline running’ is very likely to be seen as ‘excessive pressure’ by the employee (Orji, 2020).



*Figure 1. Research Theoretical Framework*



*Figure 2. Research Conceptual Framework*

Description:

The dependent variable is performance

The independent variables are good governance, SPIP, and the accountability intervening variable.



## 2.6 Research Hypothesis

Hypothesis is a temporary answer to a problem. Therefore, it still needs to be tested for truth. Arikunto (Arikunto, Prof. 2010) states that the hypothesis can be interpreted as a temporary answer to the research problem until it is proven through the collected data. Based on the formulation of the problems in the previous chapter and the theories that have been described, the hypotheses in the research are formulated as follows.

H1: Good Governance has a positive effect on the performance of Bakti Kominfo employees

H2: SPIP has a positive effect on the performance of Bakti Kominfo employees

H3: Accountability has a positive effect on the performance of Bakti Kominfo employees

H4: Good Governance has a positive effect on the accountability of Bakti Kominfo employees

H5: SPIP has a positive effect on the accountability of Bakti Kominfo employees

H6: Good Governance has a positive effect on performance through the accountability of Bakti Kominfo employees

H7: SPIP has a positive effect on performance through the accountability of Bakti Kominfo employees

## III. Results and Discussion

### 3.1. Performances

The performance of the regional government (Y) by itself is the entire achievement/results. In this study, the achievement was measured by the perception of the employees through several questions based on performance indicators. Questions were measured using a 5 Likert scale starting with a scale of 1 which means 'strongly disagree' to a scale of 5 which means 'strongly agree'.

*Good governance* (X1) is an understanding of the concept of good governance by local government officials. This application is based on solid and responsible principles which are in line with democracy. Good Governance is also measured by perceptions of employees through several questions based on performance indicators. Questions were measured using a 5 Likert scale starting with a scale of 1 which means 'strongly disagree' to a scale of 5 which means 'strongly agree'.

SPIP (X2) is a process influenced by management that was created to provide adequate confidence in achieving effectiveness, efficiency, compliance with applicable laws and regulations, and reliability of the presentation of government financial statements. SPIP is also measured by perceptions of employees through several questions based on performance indicators. Questions were measured using a 5 Likert scale starting with a scale of 1 which means 'strongly disagree' to a scale of 5 which means 'strongly agree'.

Accountability in a narrow sense can be understood as a form of accountability that refers to who the organization (or individual worker) is responsible for and for what the organization (or individual worker) is responsible for. Accountability is also measured by perceptions of employees through several questions based on performance indicators. Questions were measured using a 5 Likert scale starting with a scale of 1 which means 'strongly disagree' to a scale of 5 which means 'strongly agree'.

### 3.2. Analysis of the Effect of Good Governance, SPIP and Accountability on the Performance of BAKTI Kominfo

Estimation Results of the Effect of Good Governance and SPIP on the Performance of Public Organizations

**Table 1.** Accountability Model Estimation Results

```

Source | SS df MS Number of obs = 140
-----+----- F( 2, 137) = 304.45
Models | 1.45157484 2 0.72578742 Prob > F = 0.0000
Residuals | 0.32660187 137 0.00238395 R-squared = 0.8163
-----+----- Adj R -squared = 0.8136
Total | 1.77817671 139 0.01279264 Root MSE = 0.0488

-----+-----
Accountability | coef. Std. Err. t P>|t| [95% Conf. intervals]
-----+-----
Good Governance | 0.642126 0.0777851 8.26 0.000 0.488311 0.7959407
SPIP | 0.298118 0.0665925 4.48 0.000 0.166436 0.4297998
Constanta | 0.063609 0.0339502 1.87 0.063 -0.003525 0.1307429
Source: STATA Output

```

Mathematically the estimation results above are as follows:  
 $X3 = 0.064 + 0.642X1 + 0.298X2 + e1$

The estimation results show that both good governance and SPIP significantly affect the accountability of BAKTI Kominfo. The effect of good governance on accountability shows that the implementation of good governance is in line with increasing accountability in the BAKTI Kominfo organization. Likewise, the implementation of SPIP is able to encourage accountability in the BAKTI Kominfo organization.

#### 1. The Influence of Good Governance, SPIP and Accountability on the Performance of Public Organizations

**Table 2.** Accountability Model Estimation Results

```

Source | SS df MS Number of obs = 140
-----+----- F(3, 136) = 159.14
Models | 1.87379884 3 0.62459961 Prob > F = 0.0000
Residuals | 0.53379049 136 0.00392493 R-squared = 0.7783
-----+----- Adj R-squared = 0.7734
Total | 2.40758933 139 0.01732079 Root MSE = 0.0627

-----+-----
Performance | coef. Std. Err. t P>|t| [95% Conf. intervals]
-----+-----
Accountable_Predict | 0.524342 0.109624 4.78 0.000 0.307553 0.741130
Good Governance | 0.950026 0.099808 9.52 0.000 0.752651 1.147402
SPIP | 0.110582 0.085446 1.29 0.198 -0.058393 0.279557
Constanta | -0.054271 0.043562 -1.25 0.215 -0.140417 0.031876
Source: STATA Output

```

Mathematically the estimation results above are as follows:  
 $Y = + 0.524X3predict + 0.950X1 + 0.111X2 + e2$

The estimation results show that both good governance and accountability significantly affect the organizational performance of BAKTI Kominfo. Meanwhile, SPIP did not significantly affect the organizational performance of BAKTI Kominfo. The significant influence of good governance on performance is in line with the results of research by Nurbaeti and Nugraha (Nurbaeti and Nugraha 2019) states that good governance affects performance. Likewise with the results of Claraini's research (Claraini 2017) which shows that good governance is the performance of local governments. While the SPIP effect is not significantly different from the results of the two studies. The results of this study regarding the influence of SPIP on performance are in line with research conducted by Damayanti (Damayanti 2017) and Sutirah (Sutirah 2018) shows that the government's internal control system has no direct effect on performance.

#### IV. Conclusion

The results of this study suggest that the implementation of good governance at BAKTI can not only affect performance, but also increase accountability in the organization. Meanwhile, SPIP can be effective in improving organizational performance if it is able to increase accountability in the organization or if the accountability in the organization is good then SPIP can improve organizational performance.

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