

## Determinants of the Quality of Government Agency Performance Accountability Reports (Case Study at the Directorate General of Islamic Education the Ministry of Religious Affairs of the Republic of Indonesia)

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### Abstract

*This study aims to examine the determinants of the quality of government agency performance accountability report (LAKIP), namely the understanding government accounting standards, quality of human resources, and work motivation. Using a quantitative approach, self-administered questionnaires were used to gather responses from 150 employees of the Republic of Indonesia's Ministry of Religious Affairs, Directorate General of Islamic Education. Analyses were then performed on the obtained data using Partial Least Squares (PLS) method. According to this study's findings, (1) Understanding Government Accounting Standards has a positive and significant effects on the Quality of Government Agency Performance Accountability Report (LAKIP), (2) Quality of Human Resources has a positive and significant effects on the Quality of Government Agency Performance Accountability Report (LAKIP), and (3) Work Motivation has a positive and significant effects on the Quality of Government Agency Performance Accountability Report (LAKIP).*

### Keywords

government accounting standards, quality of human resources, work motivation, LAKIP.



## I. Introduction

The rise of corruption, collusion, and nepotism (KKN) in the New Order era has caused deterioration in the quality of governance in Indonesia, which has impeded the accomplishment of governmental goals outlined in the fourth paragraph of the introduction of the 1945 Constitution. The collapse of the New Order and the beginning of the Reform period in 1998 has brought fresh air to improve governance in Indonesia, among others a significant turning point in the implementation of bureaucratic reform was marked by the publication of MPR Decree Number XI of 1998, Law Number 28 of 1999, Presidential Instruction of the Republic of Indonesia No. 7 of 1999, and Decree Number XI of 1998, all of which are related to state administrators who are clean and free from corruption, collusion, and nepotism, are all laws that address this issue.

Good governance is defined by the World Bank by Sudiarti [2019] as the implementation of accountability in accordance with the principles of effective democracy, avoiding the misallocation of investment funds, preventing corruption both politically and administratively, and enforcing budget discipline. Community participation, legal clarity, transparency, responsiveness, consensus orientation, justice, effectiveness and efficiency, accountability, and strategic vision are the tenets of good governance, according to the United Nations Development Programmed [Purba, 2020]. In the context of embodying good governance, the Government has compiled various instruments that are expected to encourage better governance in Indonesia. One of the main areas that has become the focus

of government improvement in the context of bureaucratic reform is improving accountability in government agencies.

According to Sudarmanto et al., [2021], accountability is a strategy, a system, and practices that stakeholders utilize to make sure that the performance of public services delivered by government personnel or institutions is in line with community expectations. According to Presidential Regulation Number 29 of 2014 regarding the Government Agency Performance Accountability System, the value of public accountability is adopted at the technical level of governance in Indonesia, where it is required of government agencies to report on the success or failure of a program's implementation. Performance Accountability is a mandate from stakeholders to achieve the organization's mission in a measurable manner with predetermined performance goals/targets then outlined in the performance reports of government agencies that are prepared periodically. According to Nurlis [2018], specialized methods used to apply the standards, whereas Accounting standards are the rules or guidelines that direct the accounting approach used to produce financial statements for the users of financial statements.

In addition to organizing government affairs in religion, the Ministry of Religious Affairs of the Republic of Indonesia is required to create the LAKIP as a tool for accountability in completing development tasks in religion wisely, transparently, accountably, effectively, and efficiently while adhering to the principles of good governance. However, in practice there are still some aspects related to SAKIP that need to be addressed. In implementing strategic aspects, the Ministry of Religious Affairs experiences several obstacles or problems to accelerate activities to achieve priority programs and activities both national and internal. The selection of the Directorate General of Islamic Education is based on the Researcher's consideration based on the Ministry of Religious Affairs Performance Report for 2021, as follows: (1) In 2021, the Ministry of Religious Affairs budget ceiling has decreased by IDR 1,648,160,947,000, - or by 2.39% from 2020. The decrease in the Ministry of Religion's 2021 budget ceiling is due to budget savings for the implementation of the COVID-19 Handling and National Economic Recovery (PC-PEN) program contained in several Central Echelon I units; (2) there is a decrease in the achievement of strategic targets 11 (eleven) indicators of the percentage of PTKs that have International Study Programs / Classes, which cannot be achieved due to efforts to improve the quality and quality of religious education service programs. In addition, to increase and improve the achievement of these strategic targets, it is necessary to optimize the quality of human resources and increase employee motivation within the Directorate General of Islamic Education.

## **II. Review of Literature**

### **2.1 Agency Theory**

Alchian and Demsetz [1972] and Jensen and Meckling [1976] both put forth the idea of agency theory. From the standpoint of multiple contracts between various parties, agency theory explains how a firm behaves. According to Lane [2007] agency theory can be applied to public sector organizations. He states that a modern democratic state is based on a series of relationships between the principal or in this case the central government and the agent or in this case each Ministry or Institution must be held accountable, to present, report, and reveal all their operations and those that fall under their purview to the primary or central authority.

## **2.2 Quality of Government Agency Performance Accountability Report**

According to Saleh and Wahyuni [2022] the definition of the quality of financial statements that; (1) Financial reporting should offer data that helps creditors, investors, and other users make informed decisions about lending, investing, and other related matters. Those with an adequate knowledge of business and economic activity should be able to interpret the material; (2) Financial reporting should include comprehensive details on the agency's financial resources, as well as any claims made against them (such as the agency's obligation to provide resources to other organizations and owner equity), as well as the outcomes of any transactions, events, or other occurrences that affect the agency's financial resources; (3) Information on the entity's financial performance over the course of the period must be included in financial reporting. Investors and creditors frequently consult historical data to aid in and evaluate an entity's prospects.

Another definition of accountability Laia et al., [2022] is a measure that embodies the responsibility of a person or institution related to the administrative system. Thus, the accountability of government executive agencies whose main task is to serve the people must be responsible indirectly or directly to the public. The media used for accountability reporting is the Government Agency Performance Accountability Report (LAKIP) which is the result of a Government Agency Performance Accountability System (SAKIP) process. However, the accountability mechanism as regulated by several regulations has not met the criteria of public accountability. The accountability mechanism stipulated in LAKIP is only intended internally to superiors and only measures the extent to which the targets that have been set have been achieved in the context of implementing the organization's mission.

## **2.3 Understanding of Government Accounting Standards**

The definition of understanding according to Kawatu [Setyobudi, 2022] reveals that understanding is an ability of an state civil apparatus (ASN) to comprehend the type of accounting reporting, which entails the stages of recording, classifying, summing up, and reporting data related to the entity's finances so that it can comprehend financial information that can be used as a basis for decision-making, identification of transaction analysis, classification according to items, control to measure, and reporting records. The element of understanding SAP is one of the success factors for government agency employees in presenting reports on the demands of a transparent and accountable society. The higher the level of understanding of good accounting, it will produce good quality reports as well. Someone who can be said to "understand", means the level of knowledge a person has in knowing the accounting process using computer or manual technology.

In Indonesia, government financial reports must comply with mandatory accounting rules that have legal force. Both central and local governments must use government accounting standards as an obligatory reference when creating and presenting financial reports to ensure openness and accountability and to offer accurate and reliable information. Based on Government Regulation Number 71 of 2010 concerning Government Accounting Standards Article 1 Paragraph (8) states: Accrual-Based that recognizes revenues, expenses, assets, debts, and equity in accrual-based financial reporting, as well as recognizing revenues, expenditures, and financing in reporting budget execution based on the established basis. The implementation of accrual-based government accounting has received a technical basis for its implementation contained in Appendix I on accrual-based SAP which must be implemented no later than 2015 by government [Febransyah and Astari, 2021].

## 2.4 Quality of Human Resources

The definition of the quality of human resources according to Sutrisno [2016], namely a set of knowledge, skills, attitudes, and other personal qualities that can be measured using accepted standards and enhanced through training and development to achieve success in a work. Therefore, competent human resources according to Setiyawati and Iskandar [2020] must possess a blend of information, abilities, attitudes, and experience in central and local government agencies. Meanwhile, Wahyuni [2021] says the quality of human resources refers to a person's or an individual's capacity to carry out a system's or institution's functions or exercise its power in a way that is effective and efficient.

## 2.5 Work Motivation

According to Kanfer [Fitri, 2018] the definition of work motivation as a psychological force that determines the direction of the level of effort from employees to achieve the desired goals. An inner state that energizes, activates, or moves and directs or channels behavior goals [Vinoy Vincent and Kumar, 2019]. In addition, MC Clelland [Golembiewski, 2000], work motivation is need for achievement, need for power, need for affiliation, and they need equity.

## II. Research Method

This study uses a descriptive quantitative and causal explanation method that examines one or more variables, whether they cause changes in other variables [Sekaran & Bougie, 2016]. This study design assumes the problem as a phenomenon and formulates the problem from the phenomenon that occurs. A variable that is examined or measured in a study is the object of research. The goal of this study is to; (1) Understanding of Government Accounting Standards; (2) The Quality of Human Resources; (3) Work Motivation, while the dependent variable (Y) is the Quality of Performance Accountability Reports of Government Agencies. The data used in this study is primary data. The staff of the Directorate General of Islamic Education were given questionnaires with predetermined criteria as part of this survey method study. The hypothesis put out in this study is tested using SmartPLS 3.0 software and partial regression analysis (Partial Least Square/PLS).

## IV. Result and Discussion

### A.

### B. Results

Hypothesis	Standardized Coefficient	T-Statistics	P-Value
SAP Understanding -> LAKIP's Quality	0,244	2,897	0,002
Quality of Human Resources -> LAKIP's Quality	0,404	4,936	0,000
Work Motivation -> LAKIP's Quality	0,343	2,931	0,002

A path coefficient value close to -1 denotes a strong negative link, while a path coefficient value close to +1 denotes a strong positive relationship [Hair et al., 2014:114]. If the t-statistics are more than the t-table 1.96 and the p-value is less than 0.05, the association between the constructs is deemed significant at the 5% level.

## **C. Discussions**

### **4.1 The Effect of Understanding Government Accounting Standards on The Quality of Government Agency Performance Accountability Reports**

Understanding Government Accounting Standards has a significant and positive effect on the quality of government agency performance accountability reports. The Ministry of Religious Affairs' Directorate General of Religious Education has made a thorough preparation for implementing an accrual-based accounting system. This is evidenced by the issuance of the Decree of the Minister of Religion of the Republic of Indonesia Number 15 of 2015 concerning the Application of Accrual-Based Government Accounting Standards and Systems at the Ministry of Religion. Researchers are motivated to conduct this research, because although employees who have become respondents in the Directorate General of Religion with different educational backgrounds, it is not an obstacle for the Directorate General of Religion to implement the accrual basis in central government financial reporting.

The results of this study are in line with Mulyati et al., [2022], Gukguk [2021], and Safkaur et al., [2019] which state that accrual-based government accounting standards have a positive and significant effect on the quality of financial statements. Different results were obtained from Nurlis [2018] which stated that government accounting standards had no significant effect on the quality of financial statements.

### **4.2 The Effect of Human Resources Quality on the Quality of Government Agency Performance Accountability Reports**

The quality of human resources has a significant and positive effect on the Quality of Government Agency Performance Accountability Reports. The Directorate General of Religious Education of the Ministry of Religious Affairs currently has human resources that meet the necessary criteria. Innovation, expertise, and experience are the qualities of human resources required by the Directorate General of Religious Education of the Ministry of Religious Affairs RI. Attending financial education and training, having strong information, enough abilities, and good attitudes may all help to improve the quality of employees. This will enable them to operate swiftly, intuitively, and with their expertise, decrease errors.

The findings of this study are consistent with studies by Gumelar et al., [2022], Lehdiara [2021], also Winwin Yadiati and Nurlis [2017] which demonstrate how Human Resource Competence influences the caliber of financial statements. The findings of this study, however, contradict those of Syahadatina and Fitriyana [2016] which found that financial human resources have no bearing on the accuracy of financial accounts.

### **4.3 The Effect of Work Motivation on the Quality of Government Agency Performance Accountability Reports.**

Work motivation has a significant and positive effect on the quality of government agency performance accountability reports. Encouragement can be built not only through the person himself, but through environmental forces that influence individuals to do something to realize planned goals. The Directorate General of Religious Education of the Ministry of Religion of the Republic of Indonesia has provided work motivation to employees who have contributed as state administrators, one of which is through; employee appreciation, improving comfortable work facilities, and providing opportunities for ASN to develop the potential that exists in themselves to advance.

This is in line with the research of Putri and Astuti [2022], Dhewi [2022], Fitrianingrum et al., [2022], and Fitri [2018] that motivation has a positive and significant



effect on the quality of reports and performance of a company or institution. Employees are given work motivation with the intention that they would be enthusiastic and will fully improve their sense of responsibility for their work possible. The best performance can be obtained through increased work motivation.

## V. Conclusion

Understanding government accounting standards, the quality of human resources, and work motivation have a significant and positive effect on the quality of government agency performance accountability reports. The Ministry of Religious Affairs' 2020 Financial Statements were examined by the Supreme Audit Agency (BPK) in 2021, with the result that the Unqualified Opinion (WTP) was issued. The Ministry of Religion has received the WTP opinion for the seventh time in a row since Fiscal Year 2016, which is the highest opinion that BPK has ever granted. This is inextricably linked to the function and assistance provided by work groups within the Ministry of Religion in enhancing transparency in the administration of public funds. Public trust in financial management is influenced by the quality of Financial Statements with a WTP opinion provided by the Supreme Audit Agency (BPK) on the Financial Statements of the Ministry of Religion.

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