

## Research Article

## The Effect of Accountability and Commitment of Leadership on the Transparency of Financial Reporting Implementation and Its Impact on the Performance of Government Work Units (Study on the Province of Aceh, Indonesia)

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**Abstract:** The purpose of this study is to determine the effect of accountability and commitment of leadership on the transparency of financial reporting implementation and its effect on the performance of government work units in the province of Aceh. The population in this study is the officers of Aceh Government Work Units that consist of head of department, head of section, head of division and head of sub service (Kasubdin) who participated in the preparation of the current budget of which amounting to 132 persons. Using stratified sampling method, it is selected 82 persons as the research respondents. The research results indicated that accountability, leadership commitment, transparency and performance of the government working agencies of Aceh government have been good. The outcome of research also revealed that the leadership's commitment, accountability have a significant influence on the performance of government working units in the province of Aceh either directly or indirectly through transparency.

**Keywords:** Accountability, Leadership's Commitment, Transparency, Performance, Government Working Unit.

### INTRODUCTION

Management of a person's performance has been determined in the form of company's work standard by type of work (Mangkuprawira, 2003). Employee-laden performance can occur in three conditions. First, the workload is standard. Second, the workload is too high (over capacity). Third, the workload is too low (under capacity). Workload that is too heavy or light will affect the inefficiency of work. A workload that is too light means excess labor.

The duty and authority of the regional head is to provide reports as one of the tools of accountability of local government performance. A more detailed form of accountability report is described in Government Regulation Number 3 of 2007 concerning Local Government Implementation Report (LPPD) to the Government. Local Government Accountability Report (LKPJ) Report to the Provincial People Assembly (DPRD), and Information on Local Government Implementation Report (ILPPD) to the Community. LPPD information content is a summary of LPPD.

Performance is the result / output of activities / programs that would or have been achieved in relation to the use of budgets with quantity and quality measured (Government Regulation No. 8 of 2006). The Performance of Regional Government Performance (KPPD) is the achievement of the implementation of regional government affairs as measured by inputs, processes, outputs, outcomes, benefits and / or impacts (Permendagri No. 73/2009).

Along with the increasing public awareness of rights and obligations, the government is required to pay serious attention to the creation of a clean government and able to provide public goods and services by doing reforms in all fields. One effort is to restore people's trust in the government by trying to create a clean and authoritative government.

Results of research conducted by Adha (2014) stated that Accountability and Commitment Leaders have a significant influence on the implementation of transparency of local government financial reporting

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Dumai City. While Auditya (2013) mentions that accountability of financial management has a positive and significant impact on the performance of local governments. Thus, the higher and accountable local financial management in each Provincial Government Working Unit (SKPD) will be able to improve government performance. The transparency of financial management also has a positive and significant impact on government performance. Asrida (2012) in his research also mentioned that the relationship between performance variables with accountability calculated by the correlation coefficient can be concluded that the variable accountability is more influential on performance when compared with variable financial transparency.

## RESEARCH METHOD

### Population and Sample Research

Population is the totality of all objects or individuals possessing certain characteristics, clear and complete to be researched (research material), whereas the sample is part of the population taken by certain means which also represent certain characteristics, clear and complete that are deemed to represent population (Iqbal, 2001: 84).

The population in this study is the offices of the Aceh Government Work Unit. The population in this study consists of: Head of Department, Head of Section (Head), Head of Division (Kabid) and Head of Sub Service (Kasubdin) who participated in the preparation of the current budget amounted to 132 people. At the Office, the Agency and the office shall be conducted on the consideration that the Aceh Government Work Unit compiles, uses and reports the realization of the budget or as the budget executive of the local government.

Guilford (2001: 125) states that the larger the sample (the greater the value of  $n$ ) will give more accurate results, and the minimum sample taken is 10 percent of the population. Sampling in this study was taken 62.5% of the total population of 132 population using the "Stratified" method based on Aceh Government agencies so that the sample obtained as many as 82 respondents by agency.

### Variable Operationalization

Based on the formulation of research hypothesis, this research consists of 3 variables, two of which are accountability ( $X_1$ ), commitment ( $X_2$ ) as independent variables and one of which is the transparency ( $Y$ ) of preparing the financial statements of Aceh Government Working Units (SKPA) as the dependent variable. The operational definition of research variables:

#### a. Accountability ( $X_1$ )

Understanding Accounting is the level of understanding of the financial reporting apparatus to accounting science and applicable accounting standards, especially

Accounting Standard Principle (SAP). Indicators or elements and measuring tools used in the understanding of accounting, researchers develop from the understanding of accounting and government accounting standards contained in PP. 71/2010.

#### b. Commitment ( $X_2$ )

It is the ability and characteristics of an employee in the form of experience, skills, and attitudes of behavior required in the implementation of duties of office, so as to carry out their duties professionally, effectively and efficiently. While PPK-SKPA is the Financial Administration Officer of SKPA who performs the financial administration function at SKPA, including responsible in the process of preparing SKPA's financial report.

#### c. Transparency ( $Y$ )

It refers to the process of preparing financial statements is the stages of procedures and normative measures that need to be realized in accounting information so as to meet its objectives. The characteristics that are the normative prerequisites required for government financial reports to meet the desired process are relevant, reliable, comparable, and understandable. The instruments used are developed in PP No.24 / 2005.

### Analytical Method

Data analysis in this study used path analysis (path analysis). Path analysis is a statistical technique used to examine the causal relationship between two or more variables, and is also used to see the direct and indirect effects of a set of variables as causal variables against a set of other variables that are a result variable. (Ghozali, 2009: 73). The magnitude of the influence of the direct variable of a variable that affects the influenced variable is called the path coefficient. The path coefficient is given the symbol  $P_{ij}$  where  $i$  is the dependent variable and  $j$  the independent variable (Sarwono, 2011: 149).

## RESULTS AND DISCUSSION

### Results

#### The Influence of Accountability and Commitment on Transparency

To see the effect of accountability and leadership commitment on transparency and its impact on Aceh Government Performance will be analyzed using path analysis. The first line analysis is to know the effect of accountability, leadership commitment and on transparency. Based on the findings using path analysis can be explained as follows.

Based on the calculation of path structure analysis, it can be then provide information objectively that is:

- The amount of accountability contribution ( $X_1$ ) directly affects transparency ( $Y$ ) is  $(0,545)^2 = 29,70$  percent.

- The amount of contribution of leadership commitment ( $X_2$ ) which directly affects the transparency (Y) is  $(0,455)^2 = 20,70$  percent.
- The magnitude of the contribution of the influence of accountability ( $X_1$ ) and leadership commitment ( $X_2$ ) simultaneously has a direct effect on transparency (Y) on, for more details can be seen in Table 4.9.

#### **Effect of Accountability, Leadership Commitment, and Transparency on Aceh Government Performance**

- The amount of accountability contribution ( $X_1$ ) directly affect the Performance of Aceh Government (Z) is  $(0,068)^2 = 0,4624$  percent.
- The amount of contribution of leadership commitment ( $X_2$ ) directly affect the performance of Aceh Government (Z) is  $(0,330)^2 = 10,89$  percent.
- The magnitude of the contribution of transparency (Y) directly affects the Performance of Aceh Government (Z) is  $(0,740)^2 = 54,76$  percent.
- The amount of accountability contribution ( $X_1$ ), leadership commitment ( $X_2$ ), and transparency (Y) have a direct simultaneous effect on Aceh Governance Performance is 0,998 = 99,8 percent and the rest of 0,2 percent is influenced by other variables not described in this research.
- The magnitude of the contribution of the influence of accountability ( $X_1$ ), the leadership commitment ( $X_2$ ) and transparency (Y) simultaneously directly or indirectly affect the transparency (Z) on, can be seen in Table 4.12:
- The amount of contribution of accountability ( $X_1$ ) indirectly or through transparency affects the Performance of Aceh Government is  $(0,403)^2 = 16,626$  percent.
- The amount of contribution of leadership commitment ( $X_2$ ) indirectly or through transparency affect the performance of Aceh Government is  $(0,336)^2 = 11,334$  percent.

#### **Implication of Research Results**

##### **The Effect of Accountability to Transparency**

The results of this study indicate that accountability affects transparency, the results of this research in accordance with the that of stated by Suparno (2011) of which indicated that Accountability has no significant effect on the transparency of financial reporting. It is still not be able to significantly influence the improvement of Regional Financial Management in Dumai City. Unlike the case with Liper Siregar's research (2011), Public accountability partially has a significant positive effect on the management of Pematang Siantar city budget. This indicates that accountability has an important role to play in transparency to the public, so that if a local government is brave and able to apply, the public's trust in its leader is also higher in carrying out the mandate given. Thus sebagai form of accountability local governments are able to present, report and reveal all its activities to the

public and society can also easily to get that information.

##### **The Effect of Accountability on Performance**

The results of this study indicate that accountability affect the performance, the results of this research in accordance with the opinion put forward by Handoko (2010). Accountability is one of the variables that determine employee performance, meaning that the better the accountability will increase the performance and vice versa. Meanwhile, on the other side of this study also in accordance with the opinion put forward by Asrida (2012) in his research mentioned that there is a relationship between performance variables with accountability calculated by correlation coefficient, it can be concluded that accountability variables are more influential on performance when compared with financial transparency variables. The coefficients for accountability variables (0,363) as  $X_1$ , and Coefficients for transparency variables (-0,164) as  $X_2$ . While the constant value is 3,098. The probability value for accountability is below the 0,05 significance level.

##### **The Effect of Leadership Commitment on Transparency**

The results of this study indicate that the commitment of leadership has a positive effect on transparency, in accordance with the opinion expressed by Ridha and Basuki (2012) found that management commitment has significant and significant impact on the implementation of transparency of financial reporting of Local Government in D. I. Yogyakarta Province. This indicates that leaders who have high integrity and commitment will affect their subordinates, this is indicated in financial reporting, SKPD not only report information that is only positive for SKPD in the form of performance, but also in the form of non-achievement. The existence of regulations and legislation only as a driver for the implementation of transparency of financial reporting. Rules can be said to be only a driver of transparency in financial reporting.

##### **The Effect of Leader's Commitment on Performance**

The results of this study indicate that the leadership commitment has a significant and positive effect on employee performance, the findings are in accordance with the opinions expressed by Modway, Porter, and Steers (2010) a form of strong working bonds rather than passive loyalty, but also involving relationships active with a work organization that has the purpose of providing all efforts for the successful implementation of organizational goals. It means that employees who have a high commitment will make every effort to achieve organizational goals. If organizational goals are achieved then organizational performance will be better.

Angel and Perry (2009) argue that a strong leadership commitment within the organization will

encourage individuals to strive harder in achieving organizational goals. So that high commitment makes the individual more concerned with the organization rather than personal interests and try to make the organization even better. High organizational commitment will improve high performance. Research conducted by Judge (2009) concluded that the commitment of leaders in the organization have a positive influence on employee performance. This is also supported by research conducted Ivano (2009) which states that the commitment of leaders in the organization have a positive effect on performance.

### The Effect of Transparency on Performance

The results of this study indicate that transparency has a significant and positive effect on employee performance, in accordance with the opinion expressed by Ade (2013) states that there is a relationship between the principle of transparency and employee performance in the District Health Office of East Luwu with  $p = 0,000$ ; there is a relationship between the principle of justice with the performance of employees in the District Health Office of East Luwu with  $p = 0,000$ ; there is a relationship between the principle of participation and employee performance in the District Health Office of East Luwu with  $p = 0,000$ ; the most closely related variables to employee performance is the principle of fairness with wald value = 6,142 and the value of sig = 0,013.

### CONCLUSIONS:

Accountability, commitment of leadership, transparency and Aceh Government Performance are so far good. Accountability and commitment of leadership have a significant influence on the performance of government work units in the province of Aceh either directly or indirectly through the transparency of financial reporting implementation

### LIMITATIONS OF RESEARCH

The instrument used in data collection is only a questionnaire. The conclusions are taken only based on the data collected through questionnaires that will cause problems if the respondent's answer is different from the actual situation, especially if the questionnaire is filled by the respondent with the condition of lack of concentration. Such circumstances are uncontrollable and beyond the limits of the researcher's ability.

### RECOMMENDATIONS

1. It is expected that the Government of Aceh it will pay attention to accountability issues so that the future will be more transparent so that the impact on performance will be greater
2. The issue of leadership commitment should be maintained and improved continuously in the future so that it will achieve the improve optimum performance

3. The Government of Aceh should always maintain transparency because due to the fact that it is an indicator that greatly affects performance.
4. It is also expected to continue improving performance and improve the shortage so that the performance of government working unit of the province of Aceh in the future will be even better.

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