

Review Article

The Effect of Financial Management and Application of Good Governance on Human Resource Quality and Its Implications on Employee Performance of Aceh Financial Management Agency Province of Aceh, Indonesia

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Abstract: To determine the condition of financial management, the application of good governance, the quality of human resources and employee performance, the effect of financial management on employee performance, the effect of implementing good governance on employee performance, the effect of financial management on the quality of employee HR, the effect of implementing good governance on the quality of HR employees, the influence of the quality of human resources on employee performance, the effect of financial management on performance through the quality of employee HR, the influence of the implementation of good governance on performance through the quality of human resource employees. The object of this research is financial management and the application of good governance to the quality of human resources and its implications for employee performance. The results show that financial management, implementation of good governance, quality of human resources and employee performance are running well, there are financial management effects, good governance implementation HR quality of employees, there are influences on the quality of human resources on performance, there is the influence of financial management and the implementation of good governance on employee performance and there are effects of financial management and implementation of good governance on performance through the HR quality of Aceh Financial Management Agency.

Keywords: Financial Management, Implementation of Good Governance, Quality of HR and Employee Performance.

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INTRODUCTION

Improving organizational performance will bring progress to the organization itself, especially in the eyes of the community in order to provide maximum service to the community. High organizational performance is expected by the organization itself, especially for the Aceh Financial Management Agency which must be able to provide maximum service to all Acehnese people.

In connection with the phenomenon that occurs related to employee performance can be seen from several indicators, namely the ability to develop work plans that have not been realized, employees have not been able to realize work plans work plans that have been made, there are still many employees who have not been able to carry out the orders of the boss determined and has not been able to provide satisfactory services to every community. The low achievement of organizational performance is caused by several factors, but in this study the authors limit only to two variables,

namely financial management and the implementation of a good governance system.

Good governance is an important issue in the management of public administration. In order to improve good governance, the government seeks to implement electronic government. The implementation of E-government by regional governments is certainly related to various factors such as the commitment of government apparatus, readiness of human resources (HR) and organizational culture of government agencies. This is due to the success of the implementation of E-government is largely determined by the support of all government officials and their level of readiness in implementing the program. In addition, the work culture of public organizations such as government agencies can also be a driving factor or an obstacle to the implementation of E-government. Moreover, organizational culture is related to the values and norms that are respected by all members of the organization. So that the seriousness of the government apparatus in supporting the success of E-government

will be related to the organizational culture that applies to the agency where they work.

Organizational commitment is the attachment of someone to the organization where they work, which is characterized by the desire to maintain their existence in the organization and the willingness to provide the best for achieving organizational goals. The implementation of E-government in government agencies such as the Aceh Financial Management Agency is a necessity and needs to get support from all of its employees. This means that organizational commitment manifested in the form of employee desires to support all the objectives of the agency can certainly influence the implementation of E-government itself.

Furthermore, HR or employee quality can also influence the implementation of E-government. Human resources are a very important thing for every organization so that it needs to be managed, regulated and utilized in order to function productively to achieve organizational goals. The application of E-government requires employees who have good capacities and abilities, especially capabilities related to the use of information technology and adequate economic knowledge. The success of implementing E-government is largely determined by the ability of government officials to support the program. This means that the quality of human resources in the Aceh Financial Management Agency can influence the success of the implementation of E-government to support the implementation of good governance in the agency.

In implementing regional autonomy, financial resources originating from Regional Original Revenue (PAD) are more important than sources outside PAD because PAD can be used in accordance with regional initiatives and initiatives while the form of non-PAD government revenues is more bound.

According to Henry Simamora (2005: 21): employee performance is the result of work that can be achieved by a person or group of people in an organization, in accordance with their respective authority and responsibility, in an effort to achieve the objectives of the organization legally, not violating the law and according with morals and ethics. This is related to the employee work ethic factor that has not been maximized as expected by the leadership. One of the factors that can influence the improvement of organizational performance is employee job satisfaction within the organization..

LITERATURE REVIEW

Good Governance

According to (Pratikno, 2004), governance should be focused on developing synergies between the state, the business community, and civil society, which are based on the capacity to build consensus, cooperate,

and accommodate each other based on equality relations.

Other institutions, such as the Commission on Global Governance, also describe the notion of governance as being equivalent to the definition above. Governance is defined as the capacity of individuals and institutions, public and private to manage common affairs (Pratikno, 2004). In this governance process, varying and conflicting interests are accommodated, cooperated and synergized. The arena used in this process can be an informal arena where actors can reach agreement, and formal institutions that guarantee the compliance of all parties.

Even though the main pressure in this study is placed on the concept of governance, it might not hurt if a little review of the concept of good governance is examined to further understand the values contained in the concept of governance itself. Good governance is the most prominent issue in the management of public administration today. The intense demands made by the community to the government to implement good governance are in line with the increasing level of knowledge of the community, in addition to the influence of globalization. The old patterns of governance are no longer suitable for a changing society.

Quality of HR

Human resources play an important role both on a micro scale (organization) and on a macro (country) scale. In every organization, large or small, international, regional or domestic, the key to success for the organization lies in the quality of human resources that control and run it.

Human resources are the only resources that have a sense of desire, desire, skill, knowledge, encouragement, power and work (ratio, feeling and intention). Without the human element in the company, it is impossible for the company to move and walk towards what it wants. HR needs to be managed properly and professionally in order to create a balance between HR needs and the demands and progress of the company's business.

According to Sugeng (2012), the quality of human resources is a person's knowledge, skills and abilities that can be used to produce professional services. Abdullah (2014) agrees that the quality of human resources will always not be separated from a professional work. So that a quality of work, must be involved in the context of work which is one's profession. Therefore, it is not surprising that the high quality of human resources is expected to arise in professionals, this is not surprising because professionals have the expertise, organization and ethical codes that make it easier for them to develop concepts, benchmarks, and even measurements that

they can use and shape their self-image. Therefore, greater attention must be given to HR Management itself.

Employee Performance

Organizational performance is a sign of a company's capacity to efficiently achieve independent goals (Venkatraman & Ramanujam, 1986). One element that can be assessed is the performance of employees through their level of productivity. Several studies have introduced various methods for evaluating organizational performance (Wong & Wong, 2007; Prajogo, 2007). This includes the quality, quantity, knowledge or creativity of individuals in the work carried out in accordance with the responsibilities during the specified period - in other words, the scoring system must have some reliable standard parameters.

Theory is one process theory that explains how people become motivated and what they are motivated to do. Basically there are three components of reinforcement theory. An understanding of this component will guide managers in the application of the most effective and strategic theories to desired organizational outcomes. We have stimuli as one component.

What it does is create certain awareness in the environment (workplace) for employees to ensure certain behaviors. We also have a response component that represents the behavior shown by employees after interacting with stimuli in the environment. Finally, there is a component of results which is a direct result of the response indicated by the actor. In short, reinforcement theory shows that a person's response to stimuli is a function of what he hopes will happen (Denisi and Griffin, 2011, p.287).

Employees are the most important 'tool' of the organization. If a manager can through a management strategy that produces good employee loyalty, employees will certainly see themselves as stakeholders in the organization and will most likely protect their interests by improving performance. In its application, managers must identify things that are not in accordance with positive stimuli and get rid of them so that they will not produce a negative response, which in turn will lead to negative results ..

Organizational Commitment and Good Governance

Commitment or feeling of the relationship between the government apparatus and the agency they work in can influence the creation of good governance in the agency. This is due to the implementation of good governance relying on government officials / employees as their main resource. As stated by Indrajit (2004) Indonesia's current implementation of e-government, in terms of service applications, both G2C, G2B and G2G, Indonesia is currently far behind. Back office services

(G2B) still do not provide full support for front office services (G2C and G2B), this is also caused by a lack of commitment from stakeholders.

Based on the explanation above, it is clear that the implementation of good governance in a government agency is largely determined by the commitment of government officials who in this case are civil servants. The better the commitment of the apparatus to implement good governance, the better the implementation of good governance in the agency.

Financial Management and Good Governance

A strong and broad organizational culture will increase the success of the performance of a government organization. If the organizational culture of a government agency is weak, it certainly makes service to the community difficult to achieve. So between organizational culture with good governance services there is a significant (positive) influence, namely the better the organizational culture, the better the government services (good governance) to the community. And this is in accordance with research conducted by Andini where the influence of organizational culture has a positive effect on the implementation of good governance.

Human Resources and Good Governance

Improvement and management of human resources will have an impact on the course of the bureaucracy that is more effective and efficient. Thoha (2005) said that efforts to restructure were a very urgent need to see how far this government staff could play a role in creating good governance. Meanwhile, to make an evaluation of the current system, processes, and procedures for managing employees in a government, it must be known and carried out so that a work system that is more conducive to changes in the organization is obtained.

RESEARCH METHODS

Location and Object of Research

Aceh Financial Management Agency with the object of research are financial management, Implementation of Good Governance System, Quality of Human Resources and employee performance at the Aceh Financial Management Agency.

Data Analysis Equipment

According to Hair (2012: 22) SEM method is a development of path analysis (path analysis) and multiple regression (multiple regression) which are both forms of multivariate analysis (multivariate analysis).

DISCUSSION RESULT

The results of this study imply that financial management has a positive and tangible impact in improving the quality of human resource employees at the Aceh Financial Management Agency. HR quality can be seen. The ability of employees to optimize all

planning activities to be carried out in a certain time, employees always try to minimize the swelling of unwanted funds, then employees always try to reach the planning targets more efficiently because of the availability of funds and always try to avoid deviations from the allocation of funds by separation of each expenditure authority and always trying to facilitate all activities that occur in the agency.

The implications of the results of the research on the variables of the implementation of the system of good governance also indicate that the implementation of a good governance system can have a positive influence on improving the quality of human resources and improving the performance of employees of the Aceh Financial Management Agency. The results of the study of the effect of the implementation of good governance systems on employee performance can be seen from policies in institutions that are based on community involvement in decision making both directly and indirectly through representative institutions that can channel their aspirations, then in carrying out their operations, the agency applies the rule of law principle, which is a legal framework that is fair and carried out regardless of their social status. The implementation of a good governance system can also be seen from the agency that prioritizes transparency, which is built on the freedom to obtain information from various parties and agencies, which are always responsive to the needs of all stakeholders, especially the community.

Regarding the implications of the influence of the quality of HR on employee performance, it is also proven that there is a positive and significant influence, the results of this study imply that the quality of human resources for employees who have the ability and knowledge will have an influence on improving employee performance. This can be seen from the proficiency of employees in carrying out their duties, then the work charged is in accordance with their educational background, has good knowledge of work and has work skills in accordance with the duties assigned and participates in training and education (Diklat) that supports the smooth implementation of tasks.

While relating to employee performance can be explained that the performance that has been produced by the employee is in accordance with the expectations of the leader or boss directly from each employee, this indicates that the existence of good financial management and the implementation of good governance systems will have a positive influence in improving employee performance in the future.

CONCLUSION

1. Financial management, the implementation of a good governance system, the quality of human resources and improving the performance of

employees of the Aceh Financial Management Agency are well underway.

2. Financial management affects the quality of human resources in the Aceh Financial Management Agency.
3. The application of the good governance system affects the quality of human resources in the Aceh Financial Management Agency.
4. The quality of HR affects the performance of employees of the Aceh Financial Management Agency.
5. Financial management influences the performance of employees of the Aceh Financial Management Agency.
6. The application of a good governance system affects the performance of employees of the Aceh Financial Management Agency.
7. Financial management influences employee performance through the quality of human resources of employees of the Aceh Financial Management Agency.
8. The application of the system of good governance affects the performance of employees through the quality of the human resources of employees of the Aceh Financial Management Agency..

SARAN

1. To improve the quality of human resources and the performance of employees of the Aceh Financial Management Agency based on financial management variables, what needs to be considered is that all employees must always try to optimize all planning activities so that better results can be obtained.
2. Then related to the quality of human resources and employee performance based on the variables of the implementation of the system of good governance, then what must be considered is related to the policy of the institution must be based on the involvement of all elements of the community to know about the activities and programs that will be implemented
3. To improve the quality of human resources, what needs to be considered is to increase the skills of employees in carrying out their duties so that the work target can be realized.
4. To improve employee performance to be even better, then what needs to get attention and run is that employees must be able to carry out work without the help of others, in order to get better work results.

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