International Journal of Economics, Business and Accounting Research (IJEBAR)
Peer Reviewed – International Journal
Vol-6, Issue-3, 2022 (IJEBAR)
E-ISSN: 2614-1280 P-ISSN 2622-4771
https://jurnal.stie-aas.ac.id/index.php/IJEBAR

THE EFFECT OF GOOD GOVERNANCE ON REGIONAL FINANCIAL MANAGEMENT TRANSPARENCY IN PONOROGO REGIONAL WORKING UNITS

Titin Eka Ardiana[1], La Ode Sugianto[2], Diana Pramudya Wardhani[3]
Muhammadiyah University of Surakarta[1]
E-mail: titineka31@gmail.com
Muhammadiyah University of Ponorogo[2]
E-mail: laodesugianto@umpo.ac.id
Muhammadiyah University of Ponorogo[3]
E-mail: andyna.ariyanto@gmail.com

Abstract: *This study was conducted to examine the effect of good governance on the transparency of regional financial management in the Ponorogo Regency Regional Work Unit. The object of this research is the Regional Apparatus Work Unit in Ponorogo Regency as the location for the implementation of regional financial management. The type of research conducted in this research is descriptive quantitative. The data used in this study are primary data. The data collection method used in this research is by distributing questionnaires directly. The sampling technique in this study uses the Purposive Sampling method. the number of samples taken as many as 145 respondents consisting of Head of Agency, Head of Finance, Financial Administration, Treasurer, Head of Accounting, Finance Secretary. Information regarding the variables in this study was obtained from respondents who were transferred in the form of numbers and then analyzed with the SPSS program. The analysis used is simple regression. The results of this study are the Good Governance variable has a positive and significant effect on the transparency of regional financial management in Ponorogo Regency. This means that the better the governance (good governance), the more transparent regional financial management will be. This shows that good governance is able to affect the transparency of regional financial management by 8.6% and the remaining 91.4% is influenced by other factors not included in the model.*

Keywords: *Good Governance, Regional Financial, Management Transparency*

1. Introduction

The implementation of local government has the principle of openness (transparency), namely the principle of giving flexibility to the public to obtain correct and relevant information. The application of the principle of transparency provides lessons for the government to use information wisely, honestly and non-discriminatory (Dito Adita, 2018). Government Regulation No. 71/2010 concerning Government Accounting Standards (SAP), which are reliable, relevant, comparable, and easy to understand, is a form of government in realizing accountability and transparency in regional financial management. The form of transparency and accountability in regional financial management requires skilled accounting personnel with adequate systems and procedures (Dito Adita, 2018).

Transparency is a requirement for transparency regarding accountability for public resource management activities in the preparation of financial reports. Transparent government management contains characteristics, namely the existence of open responsibilities, the accessibility of financial reports, and the open submission of financial reports to the public (Dito Aditia, 2018). The mass media have a very important role in the implementation of transparency as a process of communicating and sharing relevant and accurate information. The consequence faced by the community with openness in disseminating information is that the government must be able to sort out the information that must be disseminated and information that has criteria from the authorities regarding what information and who may receive the information (Dito Aditia, 2018).

The implementation of the realization of transparency in regional financial management by local governments is by presenting information related to Regional Government Financial Reports (LKPD) which include qualitative criteria for financial reports in Government Regulation Number 71 of 2010 (Astika et al., 2018). In order to create a government that is free from corruption, collusion and nepotism, things need to be improved regarding the presentation of financial statements that meet relevant, reliable, comparable and understandable quality, open to the general public in carrying out the mandate of the people (Astika et al., 2018) .

Implementing good governance is the government's way of applying the principles of transparency, participation, law enforcement, equality, responsiveness, effectiveness and efficiency and correct accountability as a manifestation of the implementation of public services desired by the government and outside the government (Ayu Amrina, 2016). According to Mardiasmo (2018), one form of good governance is through effective and efficient financial management. At this time Ponorogo Regency has been able to implement good financial governance and reporting. The Ponorogo Regency Government is able to manage finances in accordance with applicable procedures and provisions, but the distribution of the budget is still not fully absorbed. The Ponorogo Regency Government received an Unqualified Award (WTP) for the Ponorogo City Government Financial Report (LKPD) for the 2018 fiscal year. The WTP opinion award is the seventh time that the Ministry of Finance has given the award from 2012-2018 (timesindonesia.co. id accessed on 15 October 2020). Fairness in BPK's opinion does not mean absolute truth of a transaction, but fairness on material and significant matters regarding the presentation of financial statements.

There are several factors that can affect the implementation of transparency in regional financial management in Ponorogo Regency. Research conducted (Fandra, 2015) shows that the implementation of good governance can affect regional financial management. One aspect of the successful implementation of good governance cannot be separated from the factor of good financial management. Regional financial management is all activities starting from the design, implementation, reporting, accountability, and financial supervision (Fandra, 2015). An organization is said to be running according to the principles of good governance if the regional financial management applied is in accordance with applicable regulations, from the planning stage to reporting.

Based on the background, the authors are interested in conducting research on "The Effect of Good Governance on Transparency of Regional Financial Management in the Ponorogo Regency Regional Work Unit".

2. Literature Review

Good Governance

Good governance is a variety of areas of life that include social, economic and political activities involving people who have an interest in users of human, natural and financial resources that are in line with the principles of justice, participation, efficiency, transparency and public accountability (Maryanto, 2020). Good governance is the government's efforts to carry out development that is in line with applicable regulations, prevent corruption, and carry out budgetary discipline for the creation of business activities (Oktarina, 2016). The success of a government is based on a way of life based on principles that are in accordance with good governance. The influence of good governance is a technique for compiling and applying rules, determination, and development priorities through the participation of the community (Nasrun, 2018).

Good and bad government governance can be seen from all the principles implemented in a government (Ayu Emrina, 2016). Mardiasmo (2018) states that state administration that reflects good governance is based on the principles of professionalism, accountability, transparency, responsiveness, capture power, effectiveness, efficiency, law enforcement, strategic vision, public supervision. To realize good governance for the welfare of the community, there needs to be institutional reform regarding all government tools, both in terms of structure and infrastructure (Mardiasmo, 2018).

Good governance is realized to create employees who are able to provide the best service to the community. According to (Ni Made et al., 2018) the existence of good governance is able to convince the public regarding financial information that is reported and accountable to the government in financial statements.

According to Ruspina Depi (2013), good governance indicators are:

1. Participation,
2. Legal regulations
3. Transparency
4. Capability (Responsiveness)
5. Consensus orientation
6. Justice
7. Effective and efficient
8. Accountability
9. Strategic vision

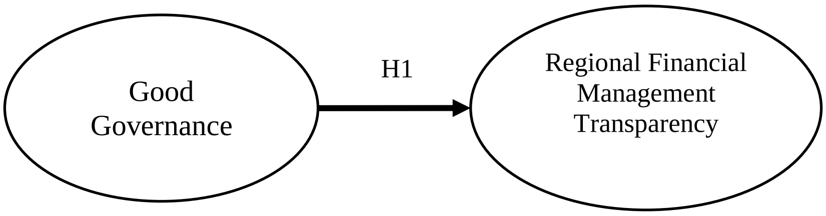
Regional Financial Management Transparency

According to (Hehanussa, 2015) transparency of regional financial management is the government's openness in financial management in providing information to those in need. Transparency of regional financial management is accountability for comprehensive financial management and contains regulations for the use of the budget to the public (Hehanussa, 2015).

The government has an obligation to convey information related to finance and other information as decision making for related parties in need (Hehanussa, 2015). Government Regulation Number 58 of 2005 Article 1 paragraph 6 concerning regional financial management is an activity that includes the design, implementation, management, reporting, accountability and financial supervision.

Framework

This study aims to determine the effect of good governance, financial accounting systems on the transparency of regional financial management in Ponorogo Regency. The framework for thinking in this research is as follows.



Picture 1. Framework

Hypotheses Development

The Effect of Good Governance on Transparency of Regional Financial Management

EGood governance is an increase in public understanding, the influence of globalization which causes people to have responsibility for good governance (Nasrudin, 2018). Good governance aims to carry out the value of private government management in public sector government to achieve good public sector organizations. Good governance is good governance in managing finances. UU No. 1 of 2004 concerning the preparation of LKPD which must be in accordance with government accounting standards that must be carried out by local government agencies in the preparation of financial reports so that the implementation of good governance principles, namely effective, efficient, democratic and transparent. An organization is able to run according to good governance principles if regional financial management runs according to applicable regulations so that it is able to produce relevant and reliable financial reporting starting from the planning, recording to reporting processes (Ni Made Asih et al, 2017).

Previous research on local financial management on the implementation of good governance conducted by Ni Made Asih et al, (2014) showed that good governance has a positive effect on financial management. Similar research was also conducted by Sigit et al, (2017) regarding regional financial management on the implementation of good governance which shows that financial management has no effect on the implementation of good governance. Based on this description, the first hypothesis proposed in this study is as follows:
H1: Assume that Good Governance affect Transparency of Regional Financial Management

3. Research Method

In this study using a quantitative approach by examining the facts that have occurred and all data and information manifested in the form of numbers, with parametric statistical analysis. The population used in this study were all officials working in the Ponorogo Regency Regional Apparatus Work Unit, totaling 8991 people consisting of 45 SKPD (Ponorogo Regency BKPSDM Data, 2020). The sampling method used in this study using a porposive sampling method, namely the sampling method using certain basic considerations or criteria (Sugiyono, 2018). Based on the criteria selected in sampling, the number of samples taken was 145 respondents consisting of Heads of Agencies, Heads of Finance, Financial Administration, Treasurer, Head of Accounting, Finance Secretary.

The data collection technique used in this study was the delivery of questionnaires which were distributed to the relevant respondents. In this study, researchers used a Likert scale in data acquisition. Likert scale is a scale used to measure attitudes, opinions, and perceptions of a person or group of people about social phenomena (Sugiyono, 2018).

In this study, to collect data using a questionnaire. Questionnaires are a way of collecting data by submitting written questions or statements to be answered by respondents, so that researchers get field data to answer research problems and test established hypotheses. as for the results of the questionnaire data will be analyzed by T test, F test and coefficient of determination.

4. Results and Discussion

Results

After testing the validity and reliability of the data, The regression model in this study uses a simple regression model. This regression model is used to test the good governance variable on the transparency of regional financial management. A simple regression model is used if the independent variable is one variable (Santoso, 2015). The results of simple linear regression analysis can be seen in the following table:

Table 1. Multiple Regression

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	26,535	3,195		8,305	,000
	Good Governance	,408	,111	,294	3,676	,000

a. Dependent Variable: *Financial Transparency*

Source: Primary Data processed by SPSS 20.0. 2022

Based on table 1 above, it can be seen that the simple regression analysis equation is as follows:

Y = 26.535+ 0.408X + e

The equation of multiple linear analysis above means that:

1. The constant in this study is 26.535. This shows that when the independent variable of good governance (X) is 0 then the value of the independent variable of transparency of regional financial management (Y) is 26.535.
2. The coefficient value of the good governance variable (X) is 0.408, meaning that if the other independent variables have a fixed value, while the good governance variable (X) is increased by one unit, there will be an increase in the transparency of regional financial management (Y) of 0.408.

Based on table 1 above, it can also be explained that to calculate the value of t table using the provisions of / 2 = 0.05 / 2 = 0.025 (two-way test). Meanwhile, for degree of fred (df) = (N-k), the number of N is 145, where N is the number of data and k = 3, where k is the number of all variables, so that the degree of fredom (df) is (N-k) = 145 – 3 = 142. With these provisions, it can be seen that the t table is 1.97681.

After doing the partial statistical test above, then the analysis for the results of the t test can be explained that to test the effect of the good governance variable (X) on the transparency of regional financial management (Y). Based on the results of the t-test in table 18 above, it is known that the value of tcount is greater than ttable of 3.676 > 1.97681. While the significant value of 0.000 is smaller than 0.05, so it can be concluded that H01 is rejected and Ha1 is accepted, meaning that good governance affects the transparency of regional financial management.

The t-value for the good governance variable can be seen in table 18 of 3.676. While the value of ttable can be seen with the following conditions: /2 = 0.50/2 = 0.25 (two-way test) and degree of freedom (df) = (N-k) = 145-3 = 142. These provisions are in accordance with ttable is 1.97681. Based on the results above, tcount 3,676 is in the H0 rejection region, so it can be concluded that Ha1 is accepted and H01 is rejected. This means that good governance partially has a significant positive effect on the transparency of regional financial management. A significant positive effect means that there is a unidirectional relationship between the variables of good governance and the transparency of regional financial management. The greater the influence of good governance applied by the government, the more transparent the financial management of local governments will be.

Then we can see the coefficient of determination (R2) which is used to measure how big the dependent variable is explained by the independent variable. The value of the coefficient of determination is between zero and one. The results of the coefficient of determination (R2) between good governance (X) and the transparency of regional financial management (Y) in this study can be seen as follows:

Table 2. R Square (Coefficient of Determination)

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,294[a]	,086	,080	3,092	1,725
a. Predictors: (Constant), *Good Governance*					
b. Dependent Variable: *Financial Transparency*					

Source: Primary Data processed by SPSS 20.0. 2022

Based on table 2 above, the results of the coefficient of determination test (R2) obtained the value of R square (R2) 0.086 or 8.6%. This shows that good governance is able to affect the transparency of regional financial management by 8.6% and the remaining 91.4% is influenced by other factors not included in the model.

Discussion

The Effect of Good Governance on Transparency of Regional Financial Management

The first hypothesis in this study examines the effect of good governance on the transparency of regional financial management. The results of the simple regression equation show that the positive coefficient value is 0.408. This means that if good governance (X) is increased by one unit, there will be an increase in the transparency of regional financial management (Y) of 0.408. The results of the t-test indicate that $T_{count} > T_{table}$ which is 3.676 > 1.97681, it can be interpreted that H01 is rejected and Ha1 is accepted. It can be concluded that good governance has a significant positive effect on the transparency of regional financial management. A significant positive effect means that there is a continuous relationship between the variables of good governance and transparency in regional financial management.

Based on the discussion above, it can be explained that the majority of respondents in answering the statement items in the good governance variable answered agree, as well as respondents who answered in the regional financial management transparency variable. For the good governance variable (X) the average respondents answered agree as many as 88 respondents and strongly agree as many as 49 respondents. Meanwhile, for the regional financial management transparency variable (Y), the average respondent answered that 90 respondents agreed and 48 respondents answered strongly agree. It can be seen that the transparency (openness) of regional financial management in Ponorogo Regency has been maximally implemented. The principle of openness is one form of the realization of good governance. One form of openness of the local government to the public related to the management of regional finances in Ponorogo Regency is the availability of information that is easily accessible in the mass media. The more transparent a local government is in conveying material information to the public, the better the governance in a government will be.

The results of testing the first hypothesis are in line with previous research conducted by Asih et al, (2014) which states that good governance has a positive and significant effect on financial management. This study contradicts previous research conducted by Sigit et al., (2017) which states that financial management does not have a positive effect on the implementation of good governance.

5. Conclusion

Based on the results of research on the influence of good governance that affects the transparency of regional financial management, it can be concluded that good governance has a positive and significant effect on the transparency of regional financial management in Ponorogo Regency. This means that the better the governance (good governance), the more transparent regional financial management will be. This resear.ch was conducted in accordance with scientific research. However, in this study there are still limitations that can be used as a reference for further researchers in order to be able to obtain better results, namely the independent variable used in this study is only one variable, namely good governance which is able to affect the transparency of regional financial management by 8.6% and the rest of 96.4% is influenced by other variables that are not included in the model. Respondents used in this study did not represent the practice of implementing good governance

Reference

Astika dkk., 2018. Pengaruh Penerapan Standar Akuntansi Pemerintah, Pemanfaatan Teknologi Informasi, dan Sistem Pengendalian Intern Terhadap Kualitas Laporan Keuangan SKPD Kota Tangerang Selatan. Jurnal EBA, Volume 20, Nomor 2, 2018.

Ayu Amrina. 2016. Analisis Penerapan Prinsip *Good Governance* Dalam Rangka Pelayanan Publik di Badan Pelayanan Terpadu Satu Pintu di Kota Samarinda. Ejournal Ilmu Pemerintahan, Volume 4, Nomor 1, 2016.

Dito Aditia. 2018. Analisis Pengaruh Pengelolaan Keuangan Daerah, Akuntabilitas dan Transparansi Terhadap Kinerja Keuangan Pemerintah. Jurnal Studi Akuntansi & Keuangan, Volume 2, Nomor 3 ,2018.

Fitriasgita, Erlina. 2017. Pengaruh Anggaran Berbasis Kinerja, Penerapan *Good Governance*, Sistem Akuntansi Keuangan Daerah dan Sistem Informasi Pengelolaan Keuangan Daerah Terhadap Kinerja Satuan Kerja Perangkat Daaerah Kabupaten Ponorogo. Skripsi Akuntansi Universitas Muhammadiyah Ponorogo

Ghozali, Imam. 2018. Aplikasi Analisis Multivariate Dengan Program SPSS. Semarang: UNDIP.

Hehanussa.Salomi J.2015.Pengaruh Penyajian Laporan Keuangan Daerah Dan Aksebilitas Laporan Keuangan Daerah Terhadap Transparansi Dan Akuntabilitas Pengelolaan Keuangan Keuangan Daerah Kota Ambon.Conference In Business,Accounting,and Management,Volume 2, Nomor 1, May 2015.

Ma'arif,Linda.2018.Pengaruh Penyajian Laporan Keuangan Daerah dan Aksebilitas Laporan Keuangan Daerah Terhadap Transparansi Dan Akuntabilitas Pengelolaan Keuangan Daerah Pada Dinas Dan Badan Di Kabupaten Ponorogo. Skripsi Akuntansi Universitas Muhammadiyah Ponorogo

Mardiasmo. 2018.Akuntansi Sektor Publik.Yogyakarta: Penerbit ANDI.

Mia Oktarina. 2016. Pengaruh Penerapan Standar Akuntansi Pemerintahan, Kualitas Apartur Pemerintah Daerah dan *Good Governance* Terhadap Kualitas Laporan Keuangan Di Kota Semarang. Journal Of Accounting, Volume 2, Nomor 2, Maret 2016.

Maryanto. 2020. Pengaruh Pengelolaan Keuangan Daerah dan *Good Governance* Terhadap Kinerja Pemerintah Daerah Kota Kerinci. JAAB, Volume 2, Nomor 1, 2020.

Nasrudin, 2018. Pengaruh Good Governance Terhadap Kinerja Keuangan Pemerintah Daerah Kabupaten Pangkajene Dan Kepulauan. Volume 0,Nomor 0. 2018.

Nasrun.Muhammad.2018.Pengaruh *Good Governance* Terhadap Kinerja Keuangan Pemerintah Daerah Kabupaten Pangkajene Dan Kepulauan. Equilibrium,Volume 0, Nomor 0. 2018.

Ni Made Asih dkk., 2014. Pengaruh Sistem Pengendalian Intern, Pengelolaan Keuangan Daerah dan Komitmen Organisasi Terhadap Penerapan Good Governance (Studi Kasus Pada Satuan Kerja Perangkat Daerah Kabupaten Tabanan). Jurnal Akuntansi Program S1, Volume 2, Nomor 1.

Ni Made dkk., 2018. Pengaruh *Good Governance* dan Kompetensi Sumber Daya Manusia Pada Kualitas Laporan Keuangan di Kota Denpasar. E-journal Akuntansi Universitas Udayana. Volume 22, Nomor 1, Januari 2018.

E-ISSN: 2614-1280 P-ISSN 2622-4771
https://jurnal.stie-aas.ac.id/index.php/IJEBAR

Peraturan Pemerintah No.71 /2010 Tentang Standar Akuntansi Pemerintah.

Peraturan Pemerintah Nomor 58 Tahun 2005 Tentang Pengelolaan Keuangan Daerah

Ponorogo.go.id diakses pada tanggal 11 juli 2021.

Ruspina, Depi. 2013. Pengaruh Kinerja aparatur pemerintah daerah, Pengelolaan Keuangan Daerah, dan Sistem Pengendalian Internal Pemerintah (SPIP) terhadap Penerapan *Good Governance* (Studi Empiris Pada Pemerintah Kota Padang). Skripsi Akuntansi Universitas Negeri Padang.

Santoso, Slamet. 2015. Penelitian Kuantitatif Metode dan Pengolah Data. Ponorogo: Umpo Press.

Sekaran, Uma. 2011. Research Methods For Business (Metode Penelitian ntuk Bisnis, Jakarta: Salemba Empat.

Sigit Dkk., 2020. Pengaruh Sistem Pengendalian Intern Dan Akuntabilitas Pengelolaan Keuangan Daerah Terhadap Good Governance (Studi Empiris Pada Kabupaten Minahasa). Jurnal Riset Akuntansi. Volume 15, Nomor 2.

Soedjarno. 2020. Madiunpos.com. APBD Ponorogo defisit Rp 20.3 M. Diambil dari link https://www.madiunpos.com/apbd-ponorogo-2020-defisit-rp203-miliar-1025310.

Solopos. 2019. APBD Ponorogo 2020 defisit Rp 20,3 M. Diambil dari linkhttp://m.solopos.com/apbd-ponorogo-2020-defisit-rp203-miliar-1025310.Pada Tanggal 15 Oktober 2020

Sugiyono, 2018. Metode Penelitian Kombinasi. Bandung: Alfabeta

Times. Indonesia. 2019. Ponorogo Raih WTP Tujuh Kali Berturut-turut. Diambil darilinkhttps://www.timesindonesia.co.id/read/214845/20190521/173053/ponorogo-raih-opini-wtp--tujuh-kali-berturutturut/. Pada tanggal 15 Oktober 2020

Undang-undang No. 1/2004 Tentang Penyusunan LKPD.