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The Influence of Transparency Accountability and Value For Money Concepts on Financial Management in the Public Sector

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Abstract

The purpose of this study was to determine the effect of the values of transparency, accountability, and the concept of *value for money* on financial management in the public sector in (BAPPELITBANGDA) Sul-Sel. This research was conducted at the Agency (BAPPELITBANGDA) of South Sulawesi Province. This study using a quantitative approach with data collection techniques using a questionnaire. Data measurement scale with Likert scale. Data were analyzed using multiple regression analysis with the help of SPSS version 24.0. The results showed that transparency, accountability, and the concept of *value for money* had a positive and significant impact on financial management in the public sector. Based on the results of the study, it is expected that BAPPELITBANGDA can maximize transparency in order to increase accountability for regional financial management; every program, activity, or financial management implementation can pay attention to all aspects of the economy, efficiency, and effectiveness so that managed resources can be utilized as well as possible as a form of management accountability regional assets.



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1 Introduction

Public sector accounting is a science used in an organization of public institutions or non-public institutions that are service-oriented, where financial management in the public sector is required to uphold the values of transparency and accountability. Therefore, the values of transparency and accountability become indicators in measuring the government's success in managing public finances. Value For Money is a component for local governments in achieving government which is called good governance. In terms of accountability and transparency, the South Sulawesi Bappelibangda has been transparent in explaining every detail of the 2020 RAPBD budget as well as asking for input from the public regarding the shortcomings in the 2020 RAPBD; however, in terms of budget efficiency, there are still parts that waste the budget, and it is still unclear (output) is being made. Income from a budget that is considered too significant apart from official travel costs, Bappelibangda

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is also criticized for the amount of honorarium for the governor's team for accelerated development (TGUPP) with a total budget of more than Rp. 5 billion.

Phenomena concerning complaints and complaints from the public in public services, either directly or through the mass media, such as complaints against complicated procedures, the lack of certainty of the settlement period, the number of costs that must be incurred, requirements that lack transparency, the attitude of officers or employees who are less responsive. One of the wrong images still attached to most public services in Indonesia is the lack of professionalism of officers in service organizations. The government must be able to increase the accountability of regional financial management. To realize this, namely, to provide information in the presentation of financial statements, the government must provide all relevant financial information honestly and openly to the public because the government's activities are in the context of carrying out the people's mandate.

Previous research, such as Hadrianto's (2017) research, entitled the effect of accountability and transparency on budget management in Bina Nusantara, shows that transparency positively affects budget management. In line with the research, Anugriani (2014) entitled Effect of Accountability, Transparency, and Monitoring of the Budget Performance concept of value for Money on Government Agencies in Bone regency, stating that transparency positive and significant effect on the performance of the budget concept of value for money. The main pillars of good governance are accountability and transparency. In addition, there is value for money, which is the concept of managing public sector organizations; therefore, I am motivated to research accountability and transparency and the concept of Value For Money in the South Sulawesi Bappelitbangda.

According to Kristianten (2006), transparency will have a positive impact on governance. Transparency will increase the accountability of policymakers so that public control over the policy-making authorities will run effectively. Mustopa Didjaja (2003), the principle of transparency is related to financial matters. Government transparency in planning also includes 5 (five) such as Openness in meetings important where the community participates in giving their opinions. Information Disclosure relating to documents that need to be known by the public. The Openness of procedures (decision making or planning procedures). Openness of registers containing legal facts (civil records, land books, etc.). Openness to accept community participation.

Accountability in this study is the accountability of the implementing team for the management of the Village Fund Allocation (ADD) to the community, where the village head is the main person in charge. This concept is based on the opinion of several experts, among others: According to Syahrudin Rasul (2002), accountability is the ability to give answers to higher authorities for the actions of a person or group of people towards the broader community in an organization. Accountability is that decision-makers in public, private and civil society sector organizations have accountability to the general public as well as to the stakeholders (Hadi, 2006).

Article 7 of Law No. 28 of 1999 explains that what is meant and the results of state administration activities must be accountable to the community/people as the holder of the highest sovereignty of the state under the provisions of the applicable laws and regulations. According to UNDP, accountability is an evaluation of the process of implementing organizational activities/performance so that they can be accounted for and feedback from organizational leaders to further improve organizational performance in the future. Accountability can be obtained through efforts to make government officials responsible for every government behavior and responsive to the identity of those who have authority—establishing criteria for measuring the performance of government officials and establishing mechanisms to ensure that standards are met.

Value For Money is the core of performance measurement in organizations in the public sector. Performance cannot be in terms of the output produced but must consider input, output, and outcome together. Performance indicators on value for money are centered on the economy, efficiency, and effectiveness of programs and activities, commonly known as 3E. Economical means being efficient and careful in procuring resources for maximum results, and effective means being effective in achieving goals and objectives. They are obtaining inputs with specific quality and quantity at the lowest price. Economics is a comparison of inputs with input values expressed in monetary units. Economics is related to how public sector organizations can minimize the input resources used, namely by avoiding wasteful and unproductive spending. Achievement of output maximum with input specific the use of input the lowest to achieve output particular. Efficiency is a comparison of input-output associated with performance standards or targets set. In simple terms, effectiveness is a comparison

of outcomes with outputs. Community demands in Value For Money are economical in terms of procurement and allocation of resources, efficient in that their use/sacrifice is minimized and results are maximized, and effective in achieving goals and objectives. The role of performance indicators in Value For Money is to provide information for consideration for decision making (Mardiasmo, 2009).

2 Research Method

This type of research is causal associative research to identify causal relationships between variables. This study aims to analyze the relationship between three exogenous variables to one endogenous variable. This study aims to provide empirical evidence from the analysis of regional financial accountability, value for money, transparency on regional financial management. Each variable was measured to agree or disagree with the questions asked with a score (5 = Strongly Agree, 4 = Agree, three = Do not Know, 2 = Disagree, 1 = Strongly Disagree).

Data analysis in this study used multiple regression method using the following formulation:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + \dots + e$$

Description:

Y = Financial Management Effectiveness (Public Sector)

a = Constant

X1 = Transparency

X2 = Accountability

X3 = Value for Money Concept

b_{1,2,3} = Regression Coefficient

3 Result and Discussion

Result

Descriptive statistical analysis was conducted to provide an overview of the data that has been collected, which consists of 4 variables, namely Transparency, Accountability, Value For Money Concept and Financial Management in the public sector. This analysis includes the number of studies, minimum value, maximum value, average value (mean), and standard deviation.

Tabel 1. Descriptive Statistics Variable

	N	Minimum	Maximum	Mean	Std. Deviation
Transparency	39	34	45	39,69	2,525
Accountability	39	22	44	33,66	4,686
Value for Money Concept	39	48	60	53,23	3,444
Financial Management Effectiveness (Public Sector)	39	24	30	26,76	1,613
Valid N (listwise)	39				

Based on table 1, it can be seen that the N for each variable is 39. The transparency variable has a minimum value of 34, a maximum value of 45, an average of 39.69, and a standard deviation of 2.525. The mean value has a value greater than the standard deviation value, so it can be concluded that the data distribution shows average and unbiased results. The Accountability variable has a minimum total score of 22, a maximum value of 44, an average of 33.66, and a standard deviation of 4.686. The mean value has a value greater than the standard deviation value, so it can be concluded that the data distribution shows average and unbiased results. The Value for Money concept variable has a minimum total value of 48, a maximum value of 60, an average of 53.23, and a standard deviation of 3.444. The mean value has a value greater than the standard deviation value, so it can be concluded that the data distribution shows average and unbiased results. The dependent variable of Financial Management Accountability in the Digital era has a minimum value of 24, a maximum value of 30, an average of 26.76, and a standard deviation of 1.613. the standard deviation value of 1.613 is smaller than the mean value of 58.02, so it can be interpreted that the financial management variable in the

public sector has normal data distribution, and there is no bias. The respondents used in this study were (n) = 39 respondents with an $r\text{-table} > 0.2605$ with a significance level of 5%. The statement or question in the questionnaire can be said to be valid if the $r\text{-count}$ is positive and more significant than the $r\text{-table}$.

Table 2. Validity Test Results

Variable	Statement items	R-Calculated	R-Estimated	Info
Transparency	X1.1	,564	0,2605	Valid
	X1.2	,370	0,2605	Valid
	X1.3	,353	0,2605	Valid
	X1.4	,595	0,2605	Valid
	X1.5	,555	0,2605	Valid
	X1.6	,559	0,2605	Valid
	X1.7	,456	0,2605	Valid
	X1.8	,586	0,2605	Valid
	X1.9	,567	0,2605	Valid
Accountability	X2.1	,655	0,2605	Valid
	X2.2	,824	0,2605	Valid
	X2.3	,824	0,2605	Valid
	X2.4	,706	0,2605	Valid
	X2.5	,784	0,2605	Valid
	X2.6	,487	0,2605	Valid
	X2.7	,784	0,2605	Valid
	X2.8	,340	0,2605	Valid
	X2.9	,666	0,2605	Valid
Value for Money Concept	X3.1	,394	0,2605	Valid
	X3.2	,517	0,2605	Valid
	X3.3	,298	0,2605	Valid
	X3.4	,531	0,2605	Valid
	X3.5	,562	0,2605	Valid
	X3.6	,655	0,2605	Valid
	X3.7	,651	0,2605	Valid
	X3.8	,777	0,2605	Valid
	X3.9	,643	0,2605	Valid
Financial Management Effectiveness (Public Sector)	X3.10	,603	0,2605	Valid
	X3.12	,564	0,2605	Valid
	X3.13	,537	0,2605	Valid
	Y1	,415	0,2605	Valid
	Y2	,517	0,2605	Valid
	Y3	,579	0,2605	Valid
	Y4	,457	0,2605	Valid
	Y5	,489	0,2605	Valid
	Y6	,554	0,2605	Valid

Table 2 shows that all questionnaire questions on the variables of transparency, accountability, the concept of value for money, and financial management in the public sector show $r\text{-count}$, which is greater than $r\text{-table}$ (0.2605) so that it can be concluded that all statement items and variable questions are stated valid and the data collected can give good results. A questionnaire is reliable or reliable if a person's answers to questions are consistent or stable over time—measurement of reliability using Cronbach Alpha. A construct is said to be reliable if it gives a Cronbach alpha value > 0.60 .

Table 3. Reliability Test Results

	Reliability Statistics	
	Cronbach's Alpha	N of Items
Transparency	,722	10
Accountability	,759	10
Value for Money Concept	,740	13
Financial Management Effectiveness (Public Sector)	,677	7

Table 3 shows that all variables have a Cronbach Alpha value greater than transparency, the Cronbach alpha value is 722, the accountability variable is 759, the value for money concept variable is 740, and the financial management variable in the public sector is 677. So it can be concluded that each statement item used will obtain consistent data. If this statement is resubmitted, relatively the same answer will be obtained. This shows that all statement items in the questionnaire are reliable. Before testing the multiple linear regression analysis on the research hypothesis, the classical assumption test is a statistical requirement that must be met in using multiple linear regression analysis based on Ordinary least squares (OLS). The regression analysis that is not based on OLS does not require the requirements of classical assumptions, such as logistic regression or ordinal regression. Therefore, before testing multiple linear regression analysis, it is necessary first to test the classical assumptions.

To find out whether the data is normally distributed or not, the Kolmogorov-Smirnov Test statistical test is used. The residual is usually distributed if it has a significance value > 0.05 .

Table 4. Data Normality Test Table
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		39
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	97042106
Most Extreme Differences	Absolute	,057
	Positive	,057
	Negative	-,054
Test Statistic		,057
Asymp. Sig. (2-tailed)		,200 ^{c,d}

Based on table 4, the results of the normality test based on the One Sample Kolmogorov-Smirnov Test, are 0.200 greater than 0.05. So it can be concluded that the data is normally distributed.

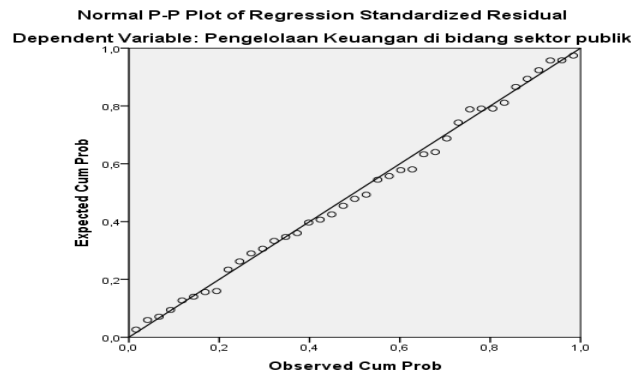


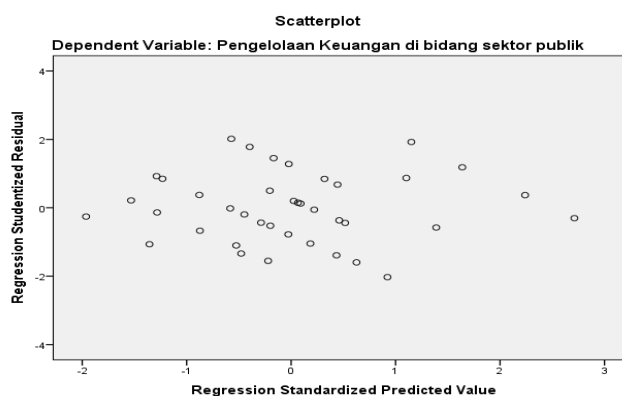
Figure 1. Normality Test Results

Figure 1 shows the spread of data around the diagonal line and following the direction of the diagonal line. This shows that the regression model has met the assumption of normality. A good regression model should not correlate with the independent variables. The requirements for the multicollinearity test are to look at the Tolerance and VIF (Variance Inflation Factor) values. If the Tolerance value is more significant than 0.10, there is no multicollinearity in the regression model. If the Tolerance value is less than 0.10, there is multicollinearity in the regression model. If the VIF value is less than 10.00, there is no multicollinearity in the regression model. If the VIF value is more significant than 10.00, there is multicollinearity in the regression model.

Table 5. Multicollinearity Test Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Transparency	,999	1,001
	Accountability	,504	1,984
	Value for Money Concept	,504	1,985

Table 5 shows that the tolerance value for the variables of transparency, Accountability, and the concept of value for money is 0.519, 0.374, and 0.503, each more incredible than 0.05, and the Variance Inflation Factor (VIF) value for the three independent variables, namely Transparency of 1.001, Accountability of 1.984, and the Value for Money Concept of 1.985 which is smaller than 10.00. So it can be concluded that the regression equation model does not have multicollinearity problems and can be used in this study. Furthermore, the heteroscedasticity test was conducted to test whether the regression model had variance inequality and residuals from one observation to another. If the residual variance from one observation to another remains, it is called homoscedasticity, and if it is different, it is called heteroscedasticity. A good regression model is a homoscedasticity (Ghozali, 2016).

**Figure 2. Heteroscedasticity Test Results**

Based on Figure 2, the scatterplot graph shows that the data is spread above and below the number 0 (zero) on the Y-axis, and there is no clear pattern in the data distribution. This means that there is no heteroscedasticity in the regression equation model. This study uses four variables consisting of three independent variables and one dependent variable. To determine the pattern of relationships between variables, three hypotheses that have been proposed previously will be tested using the multiple linear regression analysis methods. To determine the effect of the independent variable on the dependent variable with the regression equation.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

H1: Transparency has a positive and significant impact on Financial Management in the public sector

H2: Accountability has a positive and significant effect on Financial Management in the public sector

H3: The concept of Value for Money has a positive and significant impact on Financial Management in the public sector

Discussion

Transparency is access to information that is as wide as possible for the public to reveal what happens while administering the government. Transparency emphasizes that the general public can know or have access to information about government actions and policies. The application of the principle of transparency attempts to prevent the obscurity and secrecy of the government administration process. This study found that

transparency has a positive and significant effect on financial management in the public sector. These results indicate that the better the values of transparency are applied, the better the financial management in the public sector. Mardiasmo (2009) explains that transparency is the government's openness in providing information to the public related to public resource management activities to those in need. The results of this study are in line with the research of Nababan, Sihombing & Thamrin in 2018, which stated that transparency positively influences financial management with the concept of value for Money. Syahputra's research, Ricky Ary (2018), states that honesty and transparency have a significant relationship with Regional Financial Management. Accountability is an ethical concept related to explaining the decisions taken and the activities carried out.

This study finds that accountability has a positive and significant effect on financial management in the public sector. Accountability serves as a control tool in measuring success in a specific term of office. These results indicate that the better the values of accountability are applied, the better the financial management in the public sector. The results of this study are in line with the research of Nababan, Sihombing & Thamrin (2018), which states that accountability has a positive influence on financial management with the concept of value for Money. The research results by Desak Nyoman Tri Wandari (2015) state that accountability has a significant positive effect on budget performance with the Value for Money concept in government agencies in Buleleng Regency.

Measuring value for money performance is a concept to measure the economy, effectiveness, efficiency of program performance, activities, and organizations. This concept is essential in the organization because it aims to value every rupiah properly and be used properly. Value for Money is a measure of financial management accountability, especially in the digital era. The many examples of cases where waste or budget inefficiency are the importance of applying this concept in all aspects of financial management. This study suggests that the Value for Money concept has a positive and significant effect on Financial Management in the Public sector. These results indicate that by applying the principles of economics, efficiency, and effectiveness in financial management, financial management in the public sector will improve. Therefore, the concept of value for Money will further improve the quality of agency accountability to the public in making the best use of regional-owned resources. The results of this study support the research of Syahputra, Ricky Ary (2018). His research shows that value for Money, honesty, transparency, and supervision have a positive and significant relationship to Regional Financial Management. In contrast, Regional Financial Accountability has a negative and significant relationship to Regional Financial Management. Then Julius Saputra, (2015) Value for Money From the research results that the author did, Partially Value for Money (economical, efficiency, and effectiveness) has a significant effect on public accountability in the Palembang City Government Agency.

4 Conclusion

Transparency has a positive and significant effect on financial management in the public sector. Based on these results, it can be indicated that the better the transparency, the greater the Accountability, where the preparation of financial reports using transparency will provide more comprehensive and relevant information to improve financial management in the public sector following with the ideals of a clean, accountable and trustworthy government. Accountability has a positive and significant effect on financial management in the public sector. Based on this, it can be interpreted that the better application of the Value for Money concept in every financial management activity will further increase Accountability so that it can be concluded that Accountability has a contribution in improving the performance of regional financial management in the era of easy access to information and is expected to improve the quality of financial management further by prioritizing economy, efficiency, and effectiveness. The concept of Value for Money has a positive and significant effect on financial management in the public sector. Based on this, it can be interpreted that the better the application of Value for Money in every financial management activity will further improve the performance of financial management so that it can be concluded that the Value for Money concept has a contribution to the improvement of regional financial management in the era of easy access to information and is expected to further improve the quality of financial management by prioritizing economy, efficiency and effectiveness.

Further researchers can add or try other more relevant variables related to public sector financial

management in the era of electronic-based government information systems. In addition to using a questionnaire or quantitative approach, further research can use qualitative methods or direct interviews to understand the questions in the questionnaire so that the results obtained are more accurate. The regional planning, development, research, and development agency (BAPPELITBANGDA) is expected to maximize transparency to improve regional financial management performance. Good transparency aims to provide information that is comprehensive, informative, reliable, and relevant. The regional planning, development, research, and development agency (BAPPELITBANGDA) is expected to maximize the principle of Accountability to improve the performance of regional financial management. Good Accountability aims to provide Accountability for public sector financial management to the public. The regional planning, development, research, and development agency (BAPPELITBANGDA) is expected in every program, activity, or financial management implementation to pay attention to all aspects of the economy, efficiency, and effectiveness so that the managed resources can be utilized as well as possible as a form of Accountability for the management of property assets area.

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