



Does Competence Improve The Factors That Affect Good Governance?

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ABSTRACT

Good governance is the most prominent issue in the management of public administration today. The purpose of this study is to investigate the impact of the government's internal control system and fixed asset administration on good governance, with competence serving as a moderating variable. This study was carried out at the work unit of the Directorate General of Natural Resources and Ecosystem Conservation of the Ministry of Environment and Forestry, with a questionnaire distributed to 218 of a total of 225 respondents and data analyzed using smart pls. The findings revealed that the government's internal control system and fixed asset administration had a direct positive effect on improving good governance, but the state apparatus's competence was unable to moderate this relationship. It is clear that the competence of the state apparatus is very similar and that there is no competence gap. Theoretically, this research contributes to the advancement of knowledge, particularly in the public sector accounting sector, and practically, it can be used as material for Ministry-level decision making.

Keywords: Fixed Assets Administration, Good governance, Government's Internal Control System, Work competence.

INTRODUCTION

Currently, demands for the realization of good governance are urgently needed, particularly in government agencies in Indonesia (Riwukore et al., 2022), while the implementation of good governance in Indonesia is still said to be poor (Aprilia, 2018;(Salam, 2021), with Indonesia classified as a low-quality country alongside China, Nepal, and Pakistan. Indonesia ranks last, with a Judicial Efficiency index of 2.50, a Corruption index of 2.15, and a Good Governance index of 2.88. This also demonstrates the Ministry's poor implementation of good governance, including the Ministry of Environment and Forestry, which is in charge of managing forests throughout Indonesia, covering an area of 95.6 million hectares, or 50.9 percent of the total land area of Indonesia (Menlhk, 2021).

The Ministry of Environment and Forestry, which is a public institution and part of the central government, is expected to provide good services to the community as well as to be a model of a good and honest government with effective social control, which is the hallmark of a democratic society. is that the government's will must be limited because it cannot make arbitrary decisions against citizens, including fraud and criminal acts of Corruption, Collusion, and Nepotism (KKN). As a result, in order to create good governance, an appropriate, clear, and tangible accountability system must be implemented so that government development can be implemented in an efficient, effective, clean, responsible, and KKN-free manner (Erayanti et al., 2021). One effort that could be made is to implement good governance principles such as openness, transparency, accountability, and fairness (Rusydi et al., 2020).

Several factors must be considered in government agencies, both central and regional, in order to encourage the implementation of Good Governance. According to previous research, the





Government's Internal Control System ((Prabawa et al., 2020; Beshi & Kaur, 2020; Wafa et al., 2020); and Fixed Assets Administration (Gerriyent et al, 2021; Aisyah) can influence factors that affect Good Governance. However, Good Governance remains a challenge that must be supplemented with other variables in order for effectiveness to be realized properly, namely work competence ((Faridani et al., 2021); Jefri, 2018). The Internal Control System of the Government is required for the implementation of government activities. According to Government Regulation Number 60 of 2008, the Government Internal Control System (SPIP) is an integral process for actions and activities carried out continuously by the leadership and all employees to provide adequate confidence in the achievement of organizational goals through effective and efficient activities, financial reporting reliability, and compliance with laws and regulations (Risna & Yandari, 2022).

The administration of fixed assets is the next factor that influences good governance. Fixed asset administration is the management of all goods purchased or obtained at the expense of the State Revenue and Expenditure Budget (APBN) or derived from other legitimate acquisitions that are under the control of the Property User/Property User and managed by the Property Manager. Bookkeeping, inventory, and BMN reporting are all part of BMN administration (PP No. 71 of 2010). Fixed Asset Administration is one of the things that is thought to be capable of achieving optimal Good Governance if properly and orderly managed. Fixed asset administration necessitates the participation and cooperation of all parties, both internal and external (Gerriyent et al, 2021), and it is expected to improve good governance in the end (Aisyah, 2021).

Because individual differences affect the ability to do work, good governance with factors such as the government's internal control system and Fixed Assets Administration must be strengthened with the variable of competence of state apparatus so that all Government functions run according to the rules (Chuang et al., 2019). To achieve optimal good governance, state apparatuses that are willing to contribute to the achievement of organizational goals are required (Sedarmayanti, 2019). However, many state apparatuses are not optimal in carrying out financial management starting from planning, budgeting, implementation, administration, reporting, and accountability in accordance with the desired rules, so competency variables are considered to be capable of strengthening the factors that influence good governance.

LITERATURE STUDY

Good Governance

Governance is a border term for government functions at all stages of response to citizens' joint or shared problems by meeting their needs as best as possible (Griffin, 2010). "Governance is a custom, practice, values, and organizations through which power in a state is executed involving the government selection procedure, replacement of government and accountability, honor and rights for citizens, and the ability of the state to devise and employ its policies (Mansoor, 2021). As a complex structure comprised of multiple features and elements such as responsiveness, accountability, and transparency, good governance must fit into all possible conditions (Jameel et al., 2019). Good governance can be realized if two important elements exist: an ideal orientation of the state that is directed at achieving the state's goals, and a government that functions ideally and effectively in achieving the state's goals.

Government Internal Control System

Internal control is defined as a process influenced by human resources that is designed to assist organizations in achieving specific goals (Setyaningsih et al., 2021). The Government Internal Control System, according to Government Regulation Number 60 of 2008, is an integral process of actions and activities carried out continuously by the leadership and all employees to provide adequate confidence in the achievement of organizational goals through effective and efficient activities. Haeli (2020) The Government Internal Control System (SPIP) has an impact on the application of Good Governance principles. Haura et al. (2019), the Government's Internal Control System has a significant influence on Good Governance, and increasing the implementation of the





Government's Internal Control System will improve Good Governance. (Sari, 2020) The Internal Control System of the Government has an impact on the implementation of Good Governance. According to Mailoor et al., (2017), the Internal Control System of the Government has a positive and significant impact on the implementation of Good Governance. The following hypothesis can be developed based on a brief description of the theory and previous research:

H1: The Government's Internal Control System affects Good Governance

Fixed Asset Administration

Administration of fixed assets, including bookkeeping, inventory, and BMN reporting, is carried out in order to realize administrative order, including compiling BMN Reports that will be used as material for preparing the central government's balance sheet by providing data so that BMN management can be implemented in accordance with functional principles, the principle of legal certainty, the principle of transparency and openness, and the principle of accountability. Gerriyent et al., (2021), to achieve Good Governance, legal responsibility in the management of State/Regional Property must be regulated. According to Setiabudhi (2019), the role of the Government's Fixed Asset Management in development with an ideal legal structure will be able to reflect good governance. The following hypothesis can be formulated based on a brief description of the theory:

H2: Fixed Assets Administration Affects Good Governance

Competence

Competence is defined as the ability to perform or perform a job or task based on skills and knowledge and supported by the work attitude required by the job. Thus, good competence will almost certainly be able to influence a person's performance for the better, because competence is a fundamental characteristic of a person that directly affects, or can predict, excellent performance in carrying out the duties and responsibilities assigned to him with the provision of education, training, and quite adequate experience (Syamsir, 2020; Andrianto & Nursikuwagus, 2017). The competence of the state apparatus is critical in achieving good governance because it has a significant impact on accountability and transparency (Yadiati, 2017.; Erliyanti et al., 2022). The following hypothesis can be developed based on a brief description of the theory and previous research:

H3: Work Competence can moderate the relationship between the Government's Internal Control System on Good Governance.

H4: Work Competence can moderate the relationship between Fixed Asset Administration and Good Governance

METHOD

This study employs a quantitative approach in conjunction with explanatory research. Using a 5-point Likert scale, questionnaires were distributed to 225 respondents from 75 work units of the Directorate General of Conservation of Resources and Ecosystems of the Ministry of Environment and Forestry. Each work unit consists of three employees who are responsible for the application of the agency-level financial application system (SAKTI) using 5-point Likert scale. Good governance is measured using 5 indicators by Safkaur et al. (2019), SPIP is measured using 5 indicators by Safrizal (2018), and asset administration is measured using 3 indicators by Government Regulation Number 71 of 2010. Finally, the variable of work competence is measured using three indicators as described by Spreitzer (1995). The results of the respondents' responses were analyzed using smart pls.

RESULT AND DISCUSSION

Result

Following the distribution of the questionnaires, 218 samples, or 96.89 percent, were obtained and were eligible for data analysis. Table 1 summarizes the demographics of respondents





for all samples based on gender, age, educational background, and overall length of work. By 59.17 percent, men make up the majority of the sample. This is due to the fact that this type of work necessitates a significant amount of time, energy, and focus. Then, as much as 61.93 percent of the age group 31-40 years. This is due to the job requiring exceptional physical and mental strength, as well as being related to boundaries and distribution during the recruitment process for state civil servants. Furthermore, the educational background of the majority of undergraduates (S1) is 55.05 percent, which is consistent with the type of work that requires a high level of accuracy. Finally, the sample in this study is a state civil servant who has worked for a long time and already has experience in completing his work and can provide good problem solving related to obstacles and challenges encountered in the field (76.15 percent).

Table 1. Respondent Profiles

Description	Frequency	%
Gender		
Man	129	59,18
Woman	89	40,83
Age		
21-30 years	21	9,63
31-40 years	135	61,93
41-58 years	62	28,44
Education		
Senior High School	45	9,63
Diploma	37	61,93
Bachelor	120	28,44
Post Graduate	16	7,34
Length of Working		
< 5 years	19	8,71
5 – 10 years	33	15,14
>10 years	166	76,15

Source: Data processed, 2022

Following the collection of data, reliability and validity testing is performed with the goal of testing the quality of the data that is part of the measurement model. First, in testing the reliability and validity, table 2 shows that the variables of work-family conflict, job satisfaction, organizational commitment, and employee performance all have Cronbach's alpha and composite reliability values greater than 0.7 (Hair et al., 2017), implying that the questionnaire shared is reliable. The following test is convergent validity. Each variable has a value greater than 0.50 in the average variance extracted (AVE) value (Chin, 1998), and the loading factor value of each item meets the criteria greater than 0.70. Based on the validity and reliability testing, it is possible to conclude that the questionnaire used is valid and reliable, allowing it to proceed to the next test, which is the structural model.

Table 2. Result of Reliability and Validity Test

Variables	Loading Factor	Cronbach Alpha	Composite Reliability	AVE
Good Governance	Y1 = 0,736	0,801	0,863	0,557
	Y2 = 0,731			
	Y3 = 0,730			
	Y4 = 0,810			
	Y5 = 0,723			
SPIP	X1.1 = 0,835	0,914	0,936	0,744
	X1.2 = 0,860			
	X1.3 = 0,885			





	X1.4 = 0,857			
	X1.5 = 0,877			
Penatausahaan Aset	X2.1 = 0,867	0.839	0.903	0.756
	X2.2 = 0,866			
	X2.3 = 0,875			
Work Competence	Z1 = 0,851	0.843	0.905	0.760
	Z2 = 0,892			
	Z3 = 0,871			

Source: Data processed, 2022

Furthermore, the calculation of R square is carried out and the R square value is 0.463 or 46.3% so that it can be understood that good governance is influenced by 46.3% by variables in the construct while the rest is influenced by variables outside this research model.

Table 3. R Square

Structural Model	Exogent Variable	R Square
1	Good Governance (Y)	0.463

Source: Data processed, 2022

After testing the data quality, either directly or indirectly proceed with hypothesis testing. The results of hypothesis testing can be presented in table 4 and figure 1 using the boothstrapping method on Smartpls and the conceptual framework that was built from scratch.

Table 4. Hypothesis Testing Result of Direct and Moderating Effect

Hypothesis	Path Coefficient	p-value	t-statistic	Meaning
X1 -> Y	0,513	0,000	6,170	Significant
X2 -> Y	0,244	0,001	3,268	Significant
X1*Z ->Y	0,079	0,183	1,330	Not Significant
X2*Z ->Y	0.075	0,267	1,109	Not significant

Source: Data processed, 2022

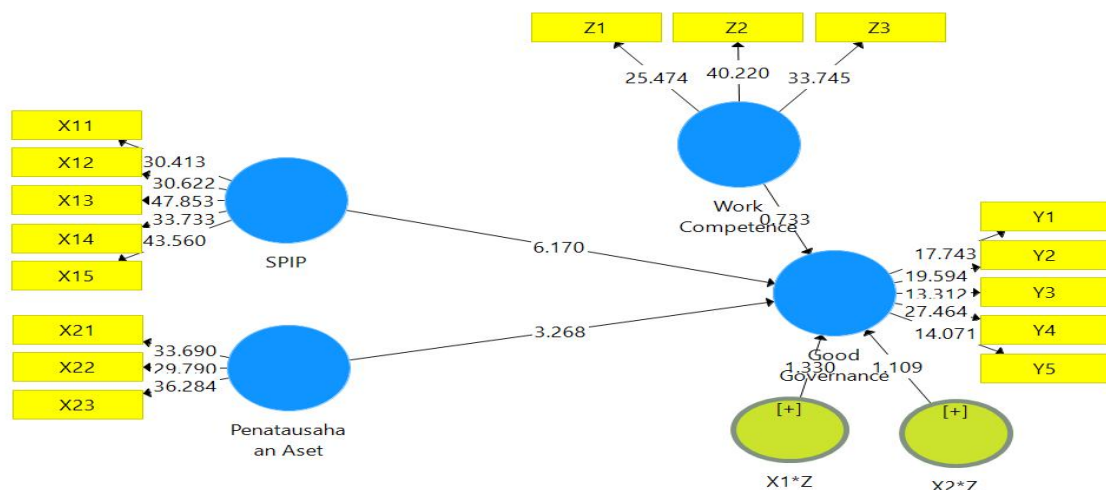


Figure 1 Final Model

In this study, the research hypothesis consists of a total of 4 hypotheses with 2 direct hypotheses and two moderating hypotheses. Based on table 4, it can be understood that SPIP has a direct positive effect on good governance with a coefficient value of 0.513 and a t-statistic of 6.170 > 1.96 so that H1 is accepted. Asset administration has a positive and significant effect with a





coefficient of 0.244 and a t-statistic of $3.268 > 1.96$ so that H2 is accepted. Work competence cannot moderate the influence of SPIP on Good Governance with a coefficient of 0.079 and a t statistic of 1.330 as well as unable to moderate the effect of asset administration on good governance with a coefficient value of 0.075 and a t statistic of 1.109.

Discussion

The results of this study prove empirically that SPIP has a positive and significant effect on good governance. This means that with the implementation of the Government's Internal Control System, optimal Good Governance will be realized in accordance with applicable regulations and laws. The results of this study are in line with the research of Mailoor et al (2017); Yunus (2018) and Haura et al (2019) and is different from the research of Ponto et al (2020). With the commitment of the leadership and all employees in implementing SPIP optimally in accordance with the provisions of Government Regulation Number 60 of 2008 then this will support the realization of Good Governance.

The results of the study empirically prove that Fixed Asset Administration has a positive and significant effect on Good Governance with a path coefficient variable value of 0.224 (positively related). This means that if fixed assets can be managed properly and in an orderly manner, it can realize the optimal implementation of Good Governance in accordance with Government Regulation Number 71 of 2010 which has become a stronger legal basis so that administrative order and orderly management of BMN/BMD can be realized. . With the Government Regulation Number 71 of 2010 it is hoped that the management of BMN/BMD will be more orderly both in terms of administration and management, so that the procurement, utilization & maintenance and security of BMN/BMD in the future can be more effective & efficient. The Government's Internal Control System will realize optimal Good Governance in accordance with applicable regulations and laws. The results of this study are in line with the Stewardship theory in which the public sector must place the interests of the community (agent) as a priority, so that the public sector is required to always be oriented to continuous performance improvement for the benefit of the organization (steward). The results of this study support Gerriyent et al (2021) The regulation of legal responsibility in the management of State/Regional Property needs to be carried out in order to realize Good Governance and also Setiabudhi (2019) The role of Government Fixed Asset Management towards development with an ideal legal construction will be able to reflect good governance.

The results of hypothesis testing related to work competence are surprisingly not able to moderate the relationship between SPIP and Asset Administration towards Good Governance. 2008 as well as the administration of fixed assets in accordance with PP 71 of 2020 in supporting the realization of good Good Governance. It can be understood that the competence of the state apparatus is very homogeneous due to the use of information technology so that there is no longer a competency gap between state apparatus in order to support the improvement of good governance. The results of this study contradict the research of Yunus (2018) and Yadiati (2017) which state that the success of an organization in achieving a goal is largely determined by the competence of Human Resources (HR) in it.

CONCLUSION

Based on the results of the research and discussion that have been described previously, the conclusions that can be drawn from this research are that the Government's Internal Control System has a positive and significant effect on Good Governance, Fixed Assets Administration has a positive and significant effect on Good Governance and the work competence variable is not able to moderate the relationship. between the Government's Internal Control System and Good Governance as well as the relationship between Fixed Assets Administration and Good Governance. The implications of this research are for the Central Government, the results of this study can be input for the State Civil Apparatus in making decisions to determine public policies related to the





importance of realizing Good Governance by looking at the factors that influence it, by always optimizing the Government's Internal Control System and Fixed Asset Administration.

This study has several limitations, including the fact that it is still limited to employees who carry out tasks in the planning, implementation, and reporting divisions, with as many as 218 respondents spread across 75 Work Units within the scope of the Directorate General of Natural Resources and Ecosystem Conservation of the Ministry of Environment and Forestry. In order to obtain more accurate results, research with a larger sample size involving leaders with a higher level of authority should be conducted. Second, because data collection in this study was solely based on questionnaire completion, it is possible that there were less objective elements in the questionnaire completion. Third, this study only uses the Government's Internal Control System variable, Fixed Assets Administration, which has an effect on Good Governance of less than 50%, so that future research can include other variables. Furthermore, other moderating variables must be implemented because work competence is incapable of mediating the relationship between SPIP and asset administration and good governance.

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