The Effect of Accountability, Transparency and Supervision on Value for Money based Budget Performance in Mojokerto City

Raka Mahyudin Hakiki*, Laely Aghe Africa
University of Hayam Wuruk Perbanas, Jl. Wonorejo Utara 16 Rungkut, Surabaya, Indonesia
Corresponding Author*: Raka3232@gmail.com, Laely.aghe@perbanas.ac.id

ABSTRACT

Purpose: This study aims to analyze the effect of accountability, transparency, and supervision on value for money-based budget performance in Mojokerto City.

Design/methodology/approach: In this study, sampling is carried out using the purposive sampling method. The research sample consists of 51 respondents in regional apparatus organizations in Mojokerto City. The analytical technique used in this study is multiple linear regression analysis.

Findings: The results show that transparency and supervision have a significant effect on value for money-based budget performance, while accountability has no significant effect on value for money-based budget performance.

Paper type: Research paper

Keywords: Accountability, Budget Performance, Supervision, Transparency, Value for Money.

Received : January 11th
Revised : January 16th
Published : March 31th

I. INTRODUCTION

Mojokerto City is part of East Java Province and is classified as a developing region. Like other regions, Mojokerto City also requires substantial funds to carry out regional development activities in various sectors, which are sourced from the local government of Mojokerto City itself. Mojokerto City is one of the cities where the local government is always actively making efforts to increase its regional income from year to year in accordance with the policies set by the central or provincial government.

The phenomenon that has become a concern in current budget management is the demand for public accountability and transparency by central or regional organizations/agencies. Accountability is the obligation of the government to report, present, and account for all its activities to the public who have the right and obligation to receive this accountability (Setyowati et al., 2021). Meanwhile, transparency is carried out on the basis of free information, where all processes and information regarding government must be valid and accessible in order to be understood and monitored.

Regarding budget data in Mojokerto City, quoted from kominfo.jatimprov.go.id, the Mayor of Mojokerto said that the COVID-19 pandemic also had an impact on general regional government budget policies, changes in macroeconomic assumptions, income assumptions, and regional expenditures and financing which affected on the structure of the Mojokerto City Budget for the 2021 Fiscal Year. Furthermore, the Mayor of Mojokerto said that in general, each post in the changes to the General Budget Policy and Temporary Budget Ceiling Priorities (KUA-PPAS) for the 2021 Fiscal Year had increased or decreased. Based on the background of the problem, this study was conducted to determine and analyze the effect of accountability, transparency and supervision on value for money-based budget performance in Mojokerto City.

A. Theoretical Basis

Stewardship theory is an alternative to agency theory (Jefri, 2018). It is assumed that the stewardship theory reflects the actions of the capital manager (steward) on his responsibilities to interested parties/principals. Stewardship theory encourages stewards to prioritize the interests of organizational credibility and make the
The public believe and trust the organization. Good steward is a picture of a steward who can put aside his personal needs, where the responsibilities and tasks given will be carried out properly. Stewardship theory is used as the basis for knowing the responsibility of the steward for the quality of the content of the financial statements (Raharjo, 2007). Stewards at OPD are expected to be able to be committed in carrying out their duties, so that prevention in an effort to harm the company can be avoided. Stewardship theory functions as an accountability mechanism to ensure good supervision, auditing, and reporting in order to help achieve organizational goals (Indriyani & Putra, 2020).

Figure 1 above shows that this study uses independent variables consisting of accountability, transparency and supervision. Furthermore, the researcher will analyze the effect of the three independent variables on the value for money-based budget performance, as the dependent variable used in this study.

Hypothesis is a temporary answer to a problem to be verified. The hypothesis must be tested to get an answer as evidence for the existing facts. Based on the framework above, the hypotheses in this study are as follows:

1. **H1: Accountability has an effect on value for money-based budget performance in Mojokerto City**
   Accountability is an obligation of the trust holder to account for, present, and disclose information about his activities to the party who gives the trust, in this case the principal, who has the right and authority to obtain the accountability report (Kurnia et al., 2019). The higher the level of accountability, the better the quality of budget management performance will be. The application of the principles of good corporate governance in central or local government agencies is a basic aspect of community assessment of whether the performance of the government agency is in accordance with the value for money principle or not. Good budget management requires economical, efficient, and effective accountability (Ludani et al., 2015). This is in line with the concept of accountability in value for money-based budget management which can be said to be good if there is a mutual relationship between one another.

2. **H2: Transparency has an effect on value for money-based budget performance in Mojokerto City**
   Transparency is a principle that ensures that everyone has the authority, rights and freedom to obtain information about the administration of government, such as information about policies, the process of making them, their implementation, and the results to be achieved (Sangki et al., 2017). Transparency in the budget can be used as a means to prevent budget abuse such as corruption, to identify policy weaknesses and strengths, to increase accountability, and to increase public trust. The existence of transparency makes the community more critical in assessing every event that occurs so that it becomes a means of controlling the government of a region. The creation of an effective, accountable, clean, and caring regional or central government is a manifestation of transparency that has horizontal accountability. In this case the public interest is the main factor that must be prioritized.

3. **H3: Supervision has an effect on value for money-based budget performance in Mojokerto City**
   The budgeting process that is not properly controlled will have the potential to cause problems, especially in terms of financing that is not in line with expectations (Hesda, 2017). Supervision activities are considered good if these activities are carried out in accordance with their functions to reduce or prevent deviations that will occur. A good government supervision system is expected to be able to control the tasks carried out properly in order to improve the quality of government performance so as to avoid irregularities and misappropriation of resources.
funds (Habibi & Nugroho, 2018). In addition, the detection of irregularities can be used as a warning to organizations that they must increase their vigilance.

II. METHODS

This research is included in hypothesis testing research which aims to examine the effect of accountability, transparency and supervision on value for money-based budget performance. Hypothesis testing explains the influence and relationship between variables. Judging from the type of data used, this research is included in quantitative research because the data used is in the form of numbers or numeric.

Quantitative research is a research method that refers to the phenomenon used to examine a particular population or sample. Data collection is quantitative with the aim of testing the hypotheses that have been set in the research (Sugiyono, 2015, p. 14). The data used in this study is primary data obtained directly from the results of field research in Mojokerto City government agencies by distributing questionnaires which are then filled out by respondents with predetermined criteria.

III. RESULTS AND DISCUSSION

A. Normality Test

<table>
<thead>
<tr>
<th>Unstandardized Residual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>N</strong></td>
</tr>
<tr>
<td><strong>Normal Parameters</strong></td>
</tr>
<tr>
<td>Mean</td>
</tr>
<tr>
<td>Std. Deviation</td>
</tr>
<tr>
<td><strong>Most Extreme Differences</strong></td>
</tr>
<tr>
<td>Absolute</td>
</tr>
<tr>
<td>Positive</td>
</tr>
<tr>
<td>Negative</td>
</tr>
<tr>
<td><strong>Test Statistic</strong></td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
</tr>
</tbody>
</table>

Source: Processed data SPSS 24, 2022

The normality test aims to determine whether the independent and dependent variables have a normal distribution or not. The results of the normality test with Kolmogorov-Smirnov show that the value of Asymp. Sig. (2-tailed) is 0.057 ≥ 0.05. So, H0 is accepted, which indicates that the residuals are normally distributed.
B. Multicollinearity Test

Table 2. Multicollinearity Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficients</th>
<th>Statistic</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accountability</td>
<td>0.259</td>
<td>3.855</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transparency</td>
<td>0.412</td>
<td>2.429</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supervision</td>
<td>0.244</td>
<td>4.104</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Processed data SPSS 24, 2021

Based the results of the multicollinearity test in Table 2, it can be concluded that in the regression model there is no multicollinearity because the Tolerance Value is > 0.10 and the Variance Inflation Factor (VIF) value is < 10 in each variable.

C. Hypotheses and Multiple Linear Regression Testing

Table 3. Multiple Linear Regression Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unstandardized Coefficients</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>9.400</td>
<td>1.456</td>
<td>6.457</td>
</tr>
<tr>
<td>Accountability</td>
<td>-0.003</td>
<td>0.067</td>
<td>-0.010</td>
<td>-0.051</td>
</tr>
<tr>
<td>Transparency</td>
<td>0.162</td>
<td>0.062</td>
<td>0.417</td>
<td>2.614</td>
</tr>
<tr>
<td>Supervision</td>
<td>-0.347</td>
<td>0.075</td>
<td>-0.960</td>
<td>-4.633</td>
</tr>
</tbody>
</table>

The resulting equation based on the results of the multiple linear regression test in table 3 above is as follows:

\[ Y = 9.400 - 0.003X1 + 0.162X2 - 0.347X3 + e \]

Based on the results of the regression equation, it can be explained that:

1. The constant value of 9.400 indicates that the independent variables (transparency, accountability, and supervision) are assumed to be constant, so that the dependent variable (value for money-based budget performance in Mojokerto City) has a constant value of 9.400
2. The coefficient value of the variable of accountability (X1) of -0.003 indicates that for every 1 point increase in accountability, the value for money-based budget performance in Mojokerto City will decrease by 0.003. This shows that the dependent variable of value for money-based budget performance and the independent variable of accountability have a linear negative relationship, which means that if the value for money-based budget performance increases, the accountability will decrease, and vice versa, if the accountability increases, the value for money-based budget performance will decrease by -0.003 units.
3. The coefficient value of the variable of transparency (X2) of 0.162 indicates that for every 1 point increase in transparency, the value for money-based budget performance in Mojokerto City will increase by 0.162. This shows that the dependent variable of value for money-based budget performance and the independent variable of transparency have a linear relationship, which means that the higher the transparency, the higher the value for money-based budget performance in Mojokerto City.

4. The coefficient value of the variable of supervisory (X3) of -0.347 indicates that for every 1 point increase in supervision, the value for money-based budget performance in Mojokerto City will decrease by 0.347. This shows that the dependent variable of value for money-based budget performance and the independent variable of supervision have a linear negative relationship, which means that if the value for money-based budget performance increases, the supervision will decrease, and vice versa, if supervision increases, the value for money-based budget performance will decrease by 0.347 units.

5. "e" indicates variable outside the variables used in this study.

D. T test

The results of the t-test in Table 3 show that:
1. The accountability variable (X1) has a significance value of 0.960 > 0.05, so H0 is accepted or the regression coefficient is not significant. This means that accountability (X1) has no significant effect on value for money-based budget performance in Mojokerto City (Y).
2. The transparency variable (X2) has a significance value of 0.012 < 0.05, so H0 is rejected or the regression coefficient is significant. This means that transparency (X2) has a significant effect on value for money-based budget performance in Mojokerto City (Y).
3. The supervision variable (X3) has a significance value of 0.000 <0.05, so H0 is rejected or the regression coefficient is significant. This means that supervision (X3) has a significant effect on value for money-based budget performance in Mojokerto City (Y).

E. F test

The F test in this study aims to determine whether the independent variable has an effect on the dependent variable. The F test is carried out by looking at the significance value used in this test, which is 5%. If Fcount value > Ftable value or significance value < 0.05, it can be concluded that the hypothesis is accepted, H0 is accepted, and Ha is rejected. On the other hand, if Fcount value < Ftable value or significant value > 0.05, it can be concluded that the hypothesis is rejected, H0 is rejected, and Ha is accepted.

Table 4. F Test Calculation Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2179.536</td>
<td>3</td>
<td>726.512</td>
<td>58.010</td>
<td>0.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>588.621</td>
<td>47</td>
<td>12.524</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2768.157</td>
<td>50</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on the results of the test that has been carried out, it can be seen that Fcount value is 58.010, with a significance value of 0.000 < 0.05. So, H0 is rejected and Ha is accepted, which means the regression model is fit (good) and the independent variable can explain the dependent variable. Thus, it can be concluded that the variables of accountability, transparency, and supervision can explain or affect the variable of value for money-based budget performance in Mojokerto City.

IV. CONCLUSION

a. The first hypothesis (H1) is not proven. The results of the hypothesis test show that H0 is accepted or the regression coefficient is not significant. This means that accountability (X1) has no significant
effect on value for money-based budget performance in Mojokerto City (Y). Basically, public accountability is the steward's obligation to account for, present, report, and disclose everything that is his responsibility to the principal who has the right and authority to request the accountability report. Based on the theory of stewardship, this research is also not in line with the principles of the theory because the stewards have not carried out their duties/objectives to be responsible to the principal.

b. The second hypothesis (H2) is proven. The results of the hypothesis test show that H0 is rejected or the regression coefficient is significant. This means that transparency (X2) has a significant effect on value for money-based budget performance in Mojokerto City (Y). Transparency means the availability of sufficient, accurate and timely information regarding public policy and the process of its formation. Information is a very important requirement for the community to participate in the management of their area. Based on the theory of stewardship, this research is in line with the principles of the theory because the stewards have carried out their duties/objectives to be responsible to the principal by taking transparent actions.

c. The third hypothesis (H3) is proven. The results of the hypothesis test show that H0 is rejected or the regression coefficient is significant. This means that supervision (X3) has a significant effect on value for money-based budget performance in Mojokerto City (Y). The results of this study show that the better the supervision carried out on budget management, the better the performance of budget management. Based on the theory of stewardship, this research is in line with the principles of the theory because the stewards have carried out their duties/objectives to be responsible to the principal by carrying out supervisory actions during budget preparation.

A. Suggestion

Based on the results of research and discussion on the effect of accountability, transparency, and supervision on value for money-based budget performance in Mojokerto City, it is recommended that further researchers monitor and guide respondents in filling out questionnaires so that the objectives to be studied can be found easily (conducting research on this topic after the COVID-19 pandemic). In addition, it is also suggested that further research add more independent variables related to good corporate governance in order to create a higher disclosure value.

REFERENCE


