Accountability and Performance of the Public Sector Organization

Agustiawan  
Department of Accounting  
Universitas Muhammadiyah Riau  
Pekanbaru, Indonesia  
agustiawan@umri.ac.id

Abdul Halim  
Department of Accounting  
Universitas Gadjah Mada  
Yogyakarta, Indonesia  
Ahal58@ugm.ac.id

Abstract—This research aims to find out the influence of accountability and the performance of public sector organizations. Accountability used in this study consists of performance accountability, financial accountability, hierarchical accountability, professional accountability and legal accountability. The performance in this research is quantitative and qualitative performance. The method used in this research is quantitative. Analysis tool to test hypotheses uses SEM-PLS. The study was conducted in the Special Region of Yogyakarta, specifically the Regional Work Unit (SKPD). 114 respondents participated in this study. The results of this study indicate that financial accountability, performance accountability, and legal accountability have a positive effect on the quantitative and qualitative performance of public sector organizations. Furthermore, this study does not find support that hierarchical and professional accountability affect the performance of public sector organizations using quantitative methods.

Keywords: Accountability, Performance, SEM-PLS.

I. INTRODUCTION

The Government of Indonesia since 2001 has undertaken various administrative reform efforts marked by various regulations. The development of public sector reform is currently heavily influenced by the demands and pressures of society towards the government. The community considers the poor performance of the government in managing existing resources. Pressure experienced by the government encourages the development of a performance-based Government system. Insistence and demands for change also come from the organizational environment that demands the government to carry out activities that benefit the community.

Akbar et al. [1] revealed that the factor causing local governments to carry out accountability was due to regulatory obligations and strong pressure from the central government. In Indonesia, accountability is seen as a necessity because of pressure from external parties. The question arises how exactly is the performance and accountability in the public sector at this time especially in Indonesia?. Proper and Wilson [2] said that good accountability is accountability that can show an increase in performance of government agencies and positive changes in employee behavior. Solikin [3] argues that accountability reporting in Indonesia is still biased. Reporting bias may occur because the government reports successful programs compared to failed programs and the local government perceives accountability as an obligation. Bovens [4] the implementation of accountability in order to show good government performance does not run as expected.

Wang's research [5] related to a survey conducted in the United States government showed that the type of accountability requirement formed in an administrative accountability framework positively influences the accountability forum. Different results with Dubnick [6] showing that there is no relationship between types of accountability with performance. Namu Kim [7], Caseley [8] show that the relationship of various types of accountability contributes to performance improvement. The diversity of research results on accountability and performance still provides a space of debate, so that makes researchers interested in conducting research in the field of accountability and performance in the public sector more comprehensive. This research explores more closely to the types or dimensions of public sector accountability and performance.

II. LITERATURE REVIEW AND HYPOTHESIS FORMULATION

Institutional Theory

With regard to the study of public sector organizations, one theory that is widely used, put forward and developed is institutional theory especially in Indonesia, such as; Akbar et al. [1], Ahyaruddin and Akbar [9]; [10]. DiMaggio and Powell [11] define institutional theory as a rational response. They argue that the causes of organizational rationalization have changed. The institutional understanding explains that institutionalization is a product of the political efforts of actors to achieve their goals and that the success of the institutionalization project and the shape of the institution produced depend on the strength of the actors who support, oppose, or attempt to influence. According to Scott [12] social individuals come together over social reality, a conception of validity that is considered independent in doing something.

Zucker [13] defines that institutional theory is a theory that can describe organizational complexity. Scott [12] defines institutional theory as a social theory that seeks to explain organizational structure. The institutional understanding explains that
institutionalization is a product of the political efforts of actors to achieve their goals and that the success of the institutionalization project and the resulting institutional form depend on the strength from actors who support, oppose, or seek to influence.

Accountability and Performance

Many perspectives define accountability according to specific contexts and conditions from time to time. Patton [15] stated that accountability is actually a concept that has not yet been able to precisely find its meaning and implication. Sinclair [16] revealed that accountability is a very valuable concept, which is desirable, but difficult to understand. Sinclair further described accountability as a chameleon, because the concept of accountability is changing. Sinclair [16] revealed five dimensions of accountability, namely political accountability, public accountability, managerial accountability, professional accountability, and personal accountability. Brinkerhoff [17] states that to interpret the concept of accountability there are several things that need to be considered, namely: 1) regarding the question 'what' and 'why' a thing is done; 2) with regard to incentives or witnesses for actions taken; and 3) the objectives of applying accountability, whether it is in the financial, performance or political categories.

Performance is a work performance, a comparison between work results and standards expected by Dessler [1]. Gibson et al. [1] states that performance is a record of certain products and jobs or activities. Some factors that play a role in performance include a balance between workers and the environment nearby which includes individuals, resources, clarity of work and feedback. Performance refers to the level of success in carrying out the task and the ability to achieve the goals set. Performance is declared good and successful if the desired goals can be achieved (Donnelly, Gibson, and Ivancevic).

HYPOTHESIS FORMULATION

Financial Accountability and Organizational Performance

McKevitt & Lawton (1994) [18] suggested that one of public accountability is financial accountability which requires public agencies to make financial reports. Financial accountability is the responsibility of public institutions to use public funds economically, efficiently and effectively. Emphasizing financial accountability on financial transparency often requires clearer and written rules, policies, and strict internal controls. This emphasis can ultimately lead to Wang's centralized decision making system [5]. Decision making on reports provided by government agencies regarding government finances will affect the agency's performance. The performance of agencies can be seen how clearly written, realized, economically, efficiently and effectively in the use of agustiawan public funds, [25].

H1a: Financial Accountability is related to qualitative performance.

H1b: Financial Accountability is related to quantitative performance.

Performance Accountability and Organizational Performance

Wang [5] explained that performance accountability is used for decision making in achieving organizational goals. If the government institution's accountability to the accountability report is good, trustworthy, and accountable, it can be said that the performance of the government agency is good, but if the agency's performance report is poor in the sense of failure, then the government performance can be said to fail [25].

H2a: Performance accountability is related to Quantitative performance.

H2b: Performance accountability is related to qualitative performance.

Hierarchical Accountability

Hierarchical accountability shows the strict supervision of higher authorities using organizational rules and regulations, supervisory directives, and a set of performance standards [20]. Romzek and Dubnick [6] revealed that the function of hierarchical accountability is related to the organization of relations and legitimacy between superiors and subordinates. Hierarchical requirements can negatively affect employees. When employees are burdened with tasks, regulations, it will reduce performance so that it will have a negative impact on organizational performance.

H3a: Hierarchical accountability is related to quantitative performance.

H3b: Hierarchical accountability is related to qualitative performance.

Legal Accountability and Organizational Performance

Romzek and Dubnick [6] define legal accountability as accountability similar to a form of bureaucracy in that it involves applications that are often controlled for various public administration activities. The difference between legal accountability and bureaucratic accountability lies in how legal accountability is based on the relationship between external parties and members of the organization. Legal accountability reflects detailed, external negligence for agency performance aimed at maintaining contractual relationship [20]. Romzek [6] revealed that accountability actors must fulfill internal obligations and must achieve external expectations. The requirement for legal accountability can cause increased work pressure on government agencies. Pressure experienced by government agencies will have an impact on the performance of these agencies. The hypothesis proposed from this study is as follows:

H4a: Legal accountability is related to quantitative performance.
H4b: Legal accountability is related to qualitative performance.

**Professional Accountability and Organizational Performance**

According to Kim and Lee [20], professional accountability expects that agency staff must work on the basis of their expertise and professional norms and standards. Professionals in service must have an awareness and ethical concern, a strong attitude in all areas of service practice. Professional accountability is reflected in work governance which gives a high degree of autonomy to individuals who base their decisions on internalized norms of proper practice [21]; Kim and Lee [20] revealed that professional accountability can reduce the perception of workload. When this workload decreases, the performance of the individual will increase. Individual performance will improve the performance of organizations/government agencies. From the theoretical exposures and ideas above, the hypotheses developed are:

H5a: Professional accountability is related to quantitative performance.
H5b: Professional accountability is related to qualitative performance.

### III. RESEARCH METHOD

The study was conducted in the Special Region of Yogyakarta, specifically in the Regional Work Unit (SKPD) which covers Yogyakarta City, Bantul Regency, Gunung Kidul Regency, Kulon Progo Regency, and Sleman Regency. Some of the reasons this research was carried out in DIY government were to consider the varied LAKIP values of government agencies in the Special Region of Yogyakarta.

**Operational Definition and Variable Measurement**

Exogenous variables consist of performance accountability, financial accountability, legal accountability, professional accountability and hierarchical accountability. The endogenous variables consist of qualitative and quantitative performance. Measuring instruments of performance accountability and financial accountability is carried out with a Likert scale of 1-5 that was previously done by Wang [5]. The measurement of hierarchical accountability instruments, financial accountability and legal accountability on a Likert scale of 1-5 was previously done by Kim and Lee [20] and Manafe [21]. Performance is measured using the Spekle and Verbeeten instruments [23]. This study adopted several items used by Spekle and Verbeeten [23] to measure performance using a Likert scale of 1-5.

**Method of Data Analysis**

Quantitative analysis or hypothesis testing was conducted using the Structural Equation Modeling - Partial Least Square (SEM-PLS) approach using WarpPLS 3.0 software. Hair et al., [26] say that SEM is able to test complex research models simultaneously and can analyze variables that cannot be measured directly and pay attention to measurement errors. SEMPLS can conduct measurement model testing as well as structural model testing.

### IV. RESULTS AND DISCUSSION

**Rate of Questionnaire Response**

Based on the data collected, the researchers found that there were eight (8) questionnaires that were not filled in completely, so they could not be used for analysis and were then excluded from the study sample. This causes the number of samples that can be used, 114 with a response rate of 93.4%. Respondents’ response rates from each region can be seen in Table 1. Each region in the capital city of Yogyakarta (90.0%), Sleman district (81.8%), Kulonprogo district (95.5%), Bantul district (82.4%), and Gunungkidul district (82.6)%. It can be concluded that the level of questionnaire response can provide a fairly good representation of the entire population.

**General Description of Respondent**

The unit of analysis used in this study is the organizational analysis unit, so the respondents who become the sample of this study are senior executives who hold echelon II, echelon III, and echelon IV positions in the SKPD in the Province of DIY. Senior executive officers were chosen to be respondents because they have been involved in the process of preparing strategic plans to report on the work of the organization and have responsibilities. Therefore, they are believed to understand the situation and conditions of the organization's environment.

**Demographic Information of Respondent**

Demographic information from the respondents is 47.4% are male and 43.0% are female, while 9.6% are not identified because they did not answer the questions in the questionnaire. It can be concluded that the percentage is not much different between men and women who work in government. Further demonstrates that there are 16.7% who do not answer questions about the respondent's position, but the majority of respondents have an echelon IV position (57.0%), echelon II and III each have a percentage of 6.1% and 20.2%. It can be concluded that respondents are believed to understand the situation and environmental conditions of the organization. In addition, the information can be concluded that the majority of the age of respondents is around 30-40, and 41-50, each of which has a percentage of 36%, while respondents who have an age below 30 years are only 1.7%. This can be concluded that the respondents understood what they were doing and understood the organization. explain that SEM-PLS is a second multivariate data analysis technique that is able to test several dependent and independent variables simultaneously.
In addition, the advantage of using SEM-PLS can estimate the model with the smallest sample size, and does not require the fulfillment of assumptions such as data normality and goodness of fit models.

**Structural Model Evaluation**

The structural model in PLS is evaluated using the values of the coefficient of determination ($R^2$), $Q^2$-Squared. The table below presents in detail the results of the structural model evaluation. The coefficient of determination ($R^2$) shows the percentage of endogenous construct variance that can be explained by exogenous constructs. The higher the value ($R^2$) of a construct, the better the prediction model from the proposed model. The quantitative performance has an $R^2$ value of 0.461 and qualitative performance has a value of 0.361. This explains that the quantitative performance variable can be explained by 46.5% and the qualitative performance variable by 36.1% by the variables of financial accountability, performance accountability, hierarchical accountability, legal accountability and professional accountability.

Whereas the $Q^2$-Squared value is used to see the predictive relevance. The $Q^2$-Squared value must be greater than zero to see that the exogenous latent variable has predictive relevance to the affected endogenous latent variable. The results of this study have $Q^2$-Squared values above zero, which are 0.465 for quantitative performance and 0.387 for qualitative performance. It can be concluded that the predictive relevance of this research model can be said to be good.

**Evaluation of Measurement Model**

The measurement model that has been developed is evaluated by testing the validity and reliability of each construct. Sholihin and Ratmono (2013) explain that the parameters for assessing the validity of each type of construct are based on the cross loading value. Validity test is carried out to evaluate this measurement model by looking at convergent validity and shipment validity, while for value reliability testing, Croanbach’s alpha and composite reliability are used. The all constructs and indicators in measurement model have met convergent validity criteria above loading factor value of $>$0.50 and $p$-value of $<$0.05. Based on the results it can be concluded that all constructs have fulfilled internal consistency reliability. It can be seen that all the values of composite and Cronbach's alpha reliability have values above 0.70. The highest value of the reliability of the composition is financial accountability of 0.947, while the lowest value is Hierarchical accountability of 0.812.

**Test of Research Hypothesis**

In this study, there are ten hypotheses proposed. The supported hypothesis can be determined by looking at the path coefficient, standard errors, $p$-value, and effect size of the results of the analysis conducted. The results presented relationship between financial accountability with quantitative performance and financial accountability with qualitative performance is significant. This can be seen in the table above, that the path coefficient is 0.360, $p$-value $<$0.001, while for the relationship of financial accountability with qualitative performance has a path coefficient value of 0.213 with a $p$-value of 0.028 (smaller than 0.05). This gives the conclusion that the financial accountability of public sector organizations is related to performance, whether quantitative or qualitative performance. This is in line with Wang's findings [5] that financial accountability must exist in government organizations.

The results of tests carried out show that the relationship between performance accountability and performance quantitatively is significant. This can be seen in the path coefficient value of 0.230 with a $p$-value of 0.010, and an effect size of 0.107. This means that performance accountability is positively related to the quantitative performance of the organization, so hypothesis 2a is supported. The same thing happened in Hypothesis 2b showing support with a path coefficient value of 0.270, with a $p$-value of 0.006, a standard error of 0.107, and an effect size of 0.125. This shows that accountability is positively related to the qualitative performance of the organization. These results indicate that performance accountability felt by public sector organizations can already be said or can be a tool to improve the performance of public sector organizations effectively and efficiently.

The results of testing on hypothesis 3a show that the relationship between hierarchical accountability and organizational quantitative performance is not supported. This can be seen from the path coefficient of -0.017, $p$-value of 0.436 (greater than 0.05), and effect size of 0.003. The same thing happens in hypothesis 3b that hierarchical accountability with organizational qualitative performance is not supported. This can be seen from table 8 with a path coefficient of -0.092, a $p$-value of 0.233 (greater than 0.05), and an effect size of 0.019. These results provide the conclusion that hierarchical accountability does not have a positive relationship with organizational performance both quantitatively and qualitatively. These results reject the results of research conducted by Kim and Lee (2009). Hierarchical requirements can negatively affect employees. When employees are burdened with tasks, regulations, and food directions, performance will be reduced which will have a negative impact on organizational performance.

The results of tests conducted show that the relationship between legal accountability and organizational performance has proven to be significant. It is seen that legal accountability is positively related to quantitative performance with a path coefficient of 0.261, $p$-value of $<$0.001, and effect size of 0.121. The same thing happened in hypothesis 4b that legal accountability and qualitative performance is supported by a path coefficient of 0.092, a $p$-value of $<$0.001 (significant at the level of
0.001) and an effect size of 0.135. This indicates that the existence of legal accountability can improve performance both quantitatively and qualitatively of public sector organizations. This supports Romzek [6] that accountability actors must fulfill internal obligations and must achieve external expectations. Kim and Lee [20] revealed that legal accountability is positively related to workload and not positively related to work pressure.

Similar to the results of testing hypotheses 3a and 3b, the results of testing hypotheses 5a and 5b proved to be insignificant. This can be seen in Table 8 above that professional accountability with quantitative performance is proven insignificant with a coefficient value of 0.054, a p-value of 0.0221 (above 0.05), and an effect size of 0.014. The same thing happens in hypothesis 10 that professional accountability is not positively related to qualitative performance. This can be seen with the path coefficient of 0.052, p-value of 0.312, and effect size of 0.013. So it can be concluded that hypothesis 10 is not supported. This indicates that professional accountability cannot be used as a tool to improve the performance of public sector organizations both quantitative and qualitative performance. This rejects research Manafe (2014). It also provides new findings related to Kim and Lee's research [20] that professional accountability can reduce the perception of workload. Professional accountability can reduce perceptions of workload but cannot improve the performance of public sector organizations.

The results of the quantitative data analysis reveal that there are several unsupported hypotheses namely for hypotheses 3a, 3b, 5a and 5b. The unsupported hypothesis is likely because they cannot express professional and hierarchical accountability at the organizational level. This possibility is supported by Dubnick & Yang [27] who revealed that they have their own interactions and perceptions of the types and functions of accountability themselves. It can be concluded that government officials have not been able to represent their organizations regarding hierarchical and professional accountability because they still interpret their organizations. Whereas hypotheses 3a, 3b, 5a and 5b were not supported statistically.

V. CONCLUSION

This research is one of the empirical studies to provide evidence about accountability and performance of the public sector organization. The results of this study demonstrate that financial accountability, accountability, performance and legal accountability are positively related to quantitative and qualitative performance of public sector organizations.

The results of this finding conclude that financial accountability, performance accountability and legal accountability are the driving factors for achieving the performance of public sector organizations in order to fulfill good services for the community. The community requires accountability for what has been done by public sector organizations, in this case the Regional Work Unit (SKPD) in order to achieve the overall organizational goals.

This research does not find or support that hierarchical and professional accountability are related to the performance of public sector organizations. This unsupported conclusion that the relationship between subordinate superiors, employees with other employees does not affect the performance of the organization.

Many researchers and students in the past decade are interested in conducting research in the public sector area. Researchers and students contribute a lot to interested parties and needs. However, there is little that connects the dimensions of accountability of public sector organizations with the performance of public sector organizations, especially in Indonesia.

Therefore, the existence of this research can provide several contributions in the academic world, practitioners and government. The use of SEM-PLS becomes a suitable tool to test the model and analyze the relationship of several variables simultaneously. SEM-PLS is able to estimate the model well even though there is an abnormal data distribution. Public sector organizations need to pay greater attention to accountability systems correctly. Policymakers need to be more enthusiastic in encouraging public sector institutions or organizations to increase accountability and performance in providing better services to all Indonesian people.

REFERENCES

[1] R. Akbar, R. Pilcher, and B. Perrin, Performance measurement in Indonesia: the case of local government, vol. 24, no. 3, 2012.
[2] C. Propper, “The Use and Usefulness of Performance Measures in the Public Sector,” Oxford Rev. Econ. Policy, vol. 19, no. 2, pp. 250–267, 2003.
[3] A. Solikin, “Accountability Reporting in Indonesia: When Self-Serving Ascriptions Exaggerate Perceived Performance,” J. Akunt. Pemerintah, vol. 1, no. 1 mei 2005, pp. 21–35, 2005.
[4] B. Mark, “Two concepts of accountability: Accountability as a virtue and as a Mechanism,” West Eur. Polit., vol. 33, no. 5, pp. 946–967, 2010.
[5] X. Wang, “Assessing Performance Measurement Impact: A Study of U. S. Local Governments,” Public Perform. Manag. Rev., vol. 26, no. 1, pp. 26–43, 2002.
[6] B. S. Romzek and M. J. Dubnick, “Accountability in the Public Sector: Lessons from the Challenger Tragedy,” Public Adm. Rev., vol. 47, no. 3, p. 227, 1987.
[7] S. Kim and S. Kim, “Balancing Competing Accountability Requirements: Challenges in Performance Improvement of the Nonprofit Human Services Agency Challenges in Performance Improvement of the,” no. January 2015, pp. 37–41, 2014.
[8] J. Caseley, “Multiple accountability relationships and improved service delivery performance in Hyderabad City, Southern India,” Int. Rev. Adm. Sci., vol. 72, no. 4, pp. 531–546, 2006.
[9] J. dan R. A. Ahyaruddin, “The Relationship Between The Use Of A Performance Measurement System,”

112
Organizational Factors, Accountability, and the Performance of Public Sector Organizations,” *J. Indones. Econ. Bus.*, vol. 3, no. September 2017, pp. 1–21, 2016.

[10] M. dan R. A. Ahyraddin, “Indonesian Local Government’s Accountability and Performance: the Isomorphism Institutional Perspective,” *J. Akunt. dan Investasi*, vol. 19, no. January, pp. i–11, 2018.

[11] P. J. Dimaggio and W. W. Powell, “The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields,” vol. 48, no. 2, pp. 147–160, 1983.

[12] J. W. R. Scott, “The Adolescence of Institutional Theory,” *Adm. Sci. Q.*, vol. 32, no. 4, p. 493, 1987.

[13] L. G. Zucker, “Institutional Theories Of Organization,” vol. 13, no. 1987, pp. 443–464, 2012.

[14] S. L. Howell, F. Saba, N. K. Lindsay, and P. B. Williams, “Seven strategies for enabling faculty success in distance education,” *Internet High. Educ.*, vol. 7, no. 1, pp. 33–49, 2004.

[15] J. M. Patton, “Accountability and Governmental Financial Reporting,” *Financ. Account. Manag.*, vol. 8, no. 3, pp. 165–180, 1992.

[16] A. Sinclair, “the Chameleon of Accountability: Forms and Discourses,” vol. 20, no. 2, pp. 219–237, 1995.

[17] R. O. Brinkerhoff, “The Success Case Method: A Strategic Evaluation Approach to Increasing the Value and Effect of Training,” *Adv. Dev. Hum. Resour.*, vol. 7, no. 1, pp. 86–101, 2005.

[18] A. McKeivitt, D. And Lawton, *Public Sector Management: Theory. Critique And Practice*. London: SAGE Publications Ltd, 1994.

[19] Mahmudi, *Manajemen Kinerja Sektor Publik*. Yogyakarta: UPP AMP YKPN, 2005.

[20] S. E. Kim and J. W. Lee, “Impact of Competing Accountability Performance on Perceived Work Performance,” *Am. Rev. Public Adm.*, vol. 40, no. 1, pp. 100–118, 2010.

[21] M. W. M. Manafe and R. Akbar, “Accountability and performance measures,” *Acad. Mag.*, vol. 4, no. 1, pp. 16–17, 19, 2015.

[22] S. C. Cheng, K. Salleh, S. Noh, and S. Ahmad, “KM implementation in a public sector accounting organization: an empirical investigation,” 2011.

[23] R. F. Speklé and F. H. M. Verbeeten, “sector: Effects on performance,” *Manag. Account. Res.*, 2013.

[24] L. Kloot and J. Martin, “Strategic performance management: A balanced approach to performance management issues in local government,” *Manag. Account. Res.*, vol. 11, no. 2, pp. 231–251, 2000.

[25] Agustiawan dan Abdul, “Dimensi-Dimensi Akuntabilitas dan Kinerja Organisasi Sektor Publik Dimensions of Accountability and Performance of The Public Sector Organization,” *J. Akunt. Ekon.*, vol. 8, no. 1 Juni, pp. 56–63, 2018.

[26] S. Edition, “3b.HairBook2017PLS2ndEd.”

[27] J. S. Performance, M. Review, and N. Mar, “Accountability and the Promise of Performance: In Search of the Mechanisms Author ( s ); Melvin Dubnick Stable URL: http://www.jstor.org/stable/3381159 Accessed: 24-07-2016 13:13 UTC Your use of the JSTOR archive indicates your acceptance of the Term,” vol. 28, no. 3, pp. 376–417, 2016.