

Factors Affecting the Performance of Regional Financial Managers with Additional Work Achievement Income as Moderation (Study on SKPK of Banda Aceh City Government)

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ABSTRACT: The purpose of this study was to determine the factors that affect the performance of regional financial managers with additional work performance income as a moderator in the Banda Aceh City Government. Data analysis in this study using multiple linear regression which aims to test and analyze, both jointly and partially to test the effect of local government accounting systems, competence, and local financial administration on the performance of local financial managers, to test the effect of local government accounting systems on the performance of local financial managers, to test competence on the performance of local financial managers, to test local financial administration on the performance of local financial managers, to test the local government accounting system on the performance of local financial managers with work performance as a moderator, to test competence on the performance of local financial managers with work performance as a moderator and to test administration on the performance of local financial managers with work performance as a moderator in the Banda Aceh City Government, which was processed with the SPSS (Statistical Package For Social Science) 22 program. The results showed that the local government accounting system, competence, and local financial administration had an effect on the performance of local financial managers. Local government accounting systems have a positive effect on the performance of regional financial managers, competence affects regional financial managers, administration affects the performance of regional financial managers, additional work performance income moderates the effect of local government accounting systems on the performance of regional financial managers, additional work performance income moderates the effect of competence on the performance of regional financial managers, and additional work performance income moderates the effect of regional financial administration on the performance of regional financial managers.

Keywords: regional accounting system, competence, administration, work performance, performance of regional financial managers

INTRODUCTION

Legislation on the performance of regional financial management states that the regional head must be accountable to the DPRD. Government Regulation Number 58 of 2005 concerning Regional Financial Management which was followed up with Permendagri (Permendagri) Number 13 of 2006 concerning Regional Financial Management Guidelines where the accounting system and financial management were centralized in the Department / Agency / Bureau / Finance Division has been amended again with Permendagri Number 21 of 2011 concerning the Second Amendment to Permendagri Number 13 of 2006 concerning Regional Financial Management guidelines where it became decentralized in each Regional Work Unit (SKPD) where SKPD was also obliged to make SKPD financial reports. In this case, SKPD is required to be able to implement changes in these financial management regulations, so that the stipulated regulations can be implemented properly.

Based on the results of the Audit Report of the Republic of Indonesia (LHP BPK RI), it shows that the financial management performance of the Banda Aceh City Government is quite

good. For several years the Banda Aceh City Government has succeeded in obtaining a Reasonable Without Exception (WTP) opinion from the Supreme Audit Agency (BPK). However, getting a WTP opinion does not necessarily indicate that there are no findings that must be followed up by the Regional Government. This is a special note and a recommendation for improvement in the financial management of the Banda Aceh City Government. Therefore, it is important to further study how the performance of financial managers in SKPK.

The factor that affects the performance of local financial managers is the local government accounting system. Accounting becomes more necessary, to establish communication between external and internal parties of an organization, with the accounting system, information from an organization is available and can be used for decision making both external and internal parties. To be able to produce relevant, reliable, and trustworthy financial statements, the government must have a reliable accounting system (Mardiasmo, 2009). A weak accounting system will cause financial statements to provide less reliable and irrelevant information which in turn can lead to poor decisions. Waranti (2014) found that improved regional financial accounting will encourage the financial management of regional work units. If it is related to local government, it can be concluded that the more familiar the finance department employees are with the regional financial accounting system in preparing their financial reports, the better the financial management of the local government, including its work units.

The performance of regional financial management is also largely determined by the ability of human resources who manage finances in all SKPK. In an organization, the need for superior and professional human resource competencies is absolutely necessary. Competence is defined as a person's ability in certain fields such as verbal communication, presentation skills, technical knowledge, ability to manage work pressure, and ability to make plans and decisions (Rahman, 2012). In good regional financial management, SKPK must have competent human resources supported by an accounting background in finance. So that to implement the accounting system, these competent human resources will be able to understand accounting logic well. The failure of Local Government human resources to understand and apply accounting logic will have an impact on the errors in the financial statements made and the incompatibility of reports with the standards set by the government (Warisno, 2009).

The next factor that affects the performance of regional financial managers is regional financial administration. Regional financial administration is guided by Permendagri Number 59 of 2007 which is corrected by Permendagri Number 21 of 2011 concerning Regional Financial Management Guidelines, that regional financial administration includes: 1) Administration of revenue at the Regional Work Unit (SKPD) level and the Regional Financial Management Work Unit (SKPAD) level; 2) Administration of expenditure at the SKPD level and at the SKPAD level (Mardiasmo, 2009). The better the regional financial management apparatus towards regional financial administration will be able to improve the performance of regional financial management. Tuasikal (2007) conducted research on the effect of regional financial management and SKPD performance in Central Maluku Regency, Maluku Province. The results of this study indicate that regional financial management has a positive effect on the performance of SKPK.

Another factor that can improve the relationship between the Local Government Accounting System, Competence, and Local Financial Administration is Additional Work

Performance Income. Government Regulation Number 58 of 2005 concerning Financial Management which states that local governments can provide additional income to civil servants based on objective considerations by taking into account the financial capacity of the region and obtaining DPRD approval in accordance with statutory regulations. In this case in Banda Aceh Mayor Regulation Number 28 of 2012 Article 5 explains the provision of additional work performance income in the SKPK of the Banda Aceh City Government based on performance calculated by a system called e-performance for the provision of work incentives. Additional work performance income is part of the compensation given to employees every month based on the workload performed. Based on Government Regulation Number 58 of 2005 states that the Regional Government can provide additional income to regional Civil Servants (PNS) based on objective considerations by taking into account the regional financial capacity and obtaining DPRD approval in accordance with the provisions of laws and regulations, which aims to improve employee welfare and will automatically have an impact on improving the performance of financial managers.

METHOD

Object and Research Design

This study aims to examine the effect of the Regional Government Accounting System, Competence, and Regional Financial Administration on the Performance of Regional Financial Managers and Additional Work Achievement Income as Moderation. In accordance with the research objectives, the type of research used in this study is hypothesis testing research.

Data Analysis Tools

Data analysis equipment is carried out through the SPSS (Statistical Product and Service Solution) 2.2 program. The analytical method used is multiple linear regression which aims to test and analyze, both jointly and partially the effect of the Local Government Accounting System, Competence, and Regional Financial Administration on the Performance of Regional Financial Managers with Additional Work Achievement Income as Moderation.

RESULTS AND DISCUSSION

The Effect of Local Government Accounting System, Competence, and Local Financial Administration on the Performance of Local Financial Managers

The calculated F value is 229.999 with a significance value of 0.000 or smaller than 0.05. This shows that there is a simultaneous influence of the Regional Government Accounting System, Competence, and Financial Administration on the Performance of Regional Financial Managers. The R value is 0.895 which shows that there is a relationship between the Regional Government Accounting System, Competence, and Financial Administration with the Performance of Regional Financial Managers of 0.895 or 89.5%. While the R Square value is 0.800 which shows that the large variation of the Regional Government Accounting System, Competence, and Financial Administration variables in explaining the Regional Financial Management Performance variable is 0.800 or 80.0%, while the remaining 20.0% is explained by other variables outside the study.

The Effect of Local Government Accounting System on the Performance of Financial Managers

The test results show that the regression coefficient value of the Local Government Accounting System variable (X_1) is $\beta_1 = 0.393$ with a significance level of 0.000. Because the sig value of 0.000 is smaller than 0.05 or the degree of significance of 5%, then H_a is accepted. This means that the Regional Government Accounting System variable affects the Performance of Regional Financial Managers at SKPK in Banda Aceh City. The coefficient value is 0.393, meaning that the Local Government Accounting System has a positive effect on the Performance of Regional Financial Managers by 0.393 times on the regional financial management variable. The greater the Regional Government Accounting System, the greater the Regional Financial Management Performance of SKPK in Banda Aceh City.

The Effect of Competence on the Performance of Financial Managers

The test results show the regression coefficient value of the Competency variable (X_2) of $\beta_2 = 0.234$ with a significance level of 0.000. Hypothesis testing shows that if sig < 0.05 then H_a is accepted, namely Competence affects the Performance of Regional Financial Managers at SKPK in Banda Aceh City. The coefficient value is 0.234, meaning that Competence has a positive effect on the Performance of Regional Financial Managers. The greater the Competence, the more it will improve the Performance of Regional Financial Managers of SKPK in Banda Aceh City.

The Effect of Regional Financial Administration on the Performance of Regional Financial Managers

The test results show the regression coefficient value of the Financial Administration variable (X_3) of $\beta_3 = 0.118$ with a significance level of 0.000. Hypothesis testing shows that if sig < 0.05 then H_a is accepted, namely Financial Administration affects the Performance of Regional Financial Managers at SKPK in Banda Aceh City. The coefficient value is 0.118, meaning that Financial Administration has a positive effect on the Performance of Regional Financial Managers. The greater the Regional Financial Administration, the higher the Regional Financial Management Performance of SKPK in Banda Aceh City.

The Effect of Local Government Accounting System on the Performance of Local Financial Managers with Additional Work Achievement Income as Moderator

The test results show that the regression coefficient β_4 is significant because the sig value is < 0.05 and the value of β_5 is not significant because the sig value is > 0.05. This shows that there is a moderating *predictor* (moderator *predictor*), meaning that Additional Work Achievement Income moderates the effect of the Local Government Accounting System on the Performance of Regional Financial Managers.

The Effect of Competence on the Performance of Regional Financial Managers with Additional Work Achievement Income as Moderator

The test results show that the regression coefficient value β_4 is significant because the sig value is < 0.05 and the value of β_6 is significant because the sig value is < 0.05. This shows that there is a *quasi* moderator, meaning that Additional Income for Work Performance moderates the effect of Competence on the Performance of Regional Financial Managers.

The Effect of Regional Financial Administration on the Performance of Regional Financial Managers with Additional Work Achievement Income as Moderation

The test results show that the regression coefficient β_4 is significant because the sig value is <0.05 and the value of β_7 is not significant because the sig value is >0.05 . This shows that there is a moderating *predictor (predictor moderator)*, meaning that Additional Work Achievement Income moderates the effect of Financial Administration on the Performance of Regional Financial Managers.

CONCLUSION

1. Local Government Accounting System, Competence, and Regional Financial Administration affect the Performance of Regional Financial Managers at SKPK in Banda Aceh City
2. Regional Government Accounting System affects the Performance of Regional Financial Managers at SKPK in Banda Aceh City
3. Competence affects the performance of Regional Financial Managers at SKPK in Banda Aceh City
4. Financial Administration affects the Performance of Regional Financial Managers at SKPK in Banda Aceh City
5. Additional Work Achievement Income moderates the effect of the Regional Government Accounting System on the Performance of Regional Financial Managers at SKPK in Banda Aceh City
6. Additional Work Achievement Income moderates the effect of Competence on the Performance of Regional Financial Managers at SKPK in Banda Aceh City
7. Additional Work Achievement Income moderates the effect of Regional Financial Administration on the Performance of Regional Financial Managers at SKPK in Banda Aceh City.

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