

# The Effect of Public Accountability, Internal Control and Organizational Commitments on Managerial Performance in the Office of Industry and Trade Serdang Bedagai District

Elwardi Hasibuan

\*Lecturer of the Faculty of Economics, UNIVA Medan

Email: elwardihasibuan17@gmail.com

## Abstract

This study aims to determine the effect of Public Accountability, Internal Control and Organizational Commitment on Managerial Performance at the Office of Industry and Trade, Serdang Bedagai Regency . The population as well as the sample in this study amounted to 35 people. The data used in this study are primary data obtained through questionnaires, interviews, field observations and documentation. The results of statistical tests in this study state that the variables of Public Accountability, Internal Control and Organizational Commitment able to affect managerial performance by 26.8% while the remaining 73.2% is influenced by other variables not examined in this study. From the *Coefficients* table <sup>a</sup> the multiple linear regression equation  $Y = 17,297 + 0.086 + 0.013 + 0.904$ . Constant (a) = 17,297 is positive and the independent variable is positive, which means Public Accountability , Internal Control and Organizational Commitment has a positive relationship to managerial performance .

**Keywords:** Public Accountability, Internal Control, Organizational Commitment, Performance

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## Introduction

### Background of the problem

Law No. 32 of 2004 as a substitute for Law No. 22 of 1999 concerning Regional Government and Law no. 33 of 2004 in lieu of Law no. 25 of 1999 concerning the financial balance between the Central and Regional Governments is the juridical basis for the development of regional autonomy in Indonesia. Regional Autonomy is an effort to empower regions in making regional decisions more freely to manage their resources in accordance with the interests, priorities, and potential of the region itself. With regional autonomy, financial management is entirely in the hands of the regional government itself.

Since then there have been changes in the formulation of strategies and changes in the budgeting system. In government circles, the transfer of authority from top management to lower level managers is intended to bring the government's hands closer to the public. In carrying out governance, local governments are obliged to carry out two types of responsibilities. First, vertical accountability to the center, second, horizontal accountability to DPRD and the wider community. Both types of local government accountability are important elements in the accountability process.

In order for effective and efficient budget management to run properly and on target, direct supervision from superiors or internal control and a supervisory agency specifically formed to control the planning and implementation of the budget is required, which will ultimately lead to organizational performance. However, everything will be done well when all components of the organization have a shared commitment to the organization

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For the sake of Realizing Accountability in government agencies, local government agencies have separated their authority, which refers to Permendagri number 21 of 2011 because the dual positions of PA and Commitment Making Officers (PPK) have often had problems with law enforcement and the auditor's findings about this dual position deviation. In this regard, the creation of public accountability must be implemented in government accounting to be able to create *good governance*.

In addition to the application of local government accounting systems and accounting understanding, compliance with laws and regulations is also an important element that is directly related to the performance of government agencies. With this, it is hoped that the accountability reports produced will be precise and appropriate in order to fulfill obligations to the central government and the needs of public information.

### **Formulation of the problem**

Based on the above background, the formulation of the problem in this study, namely: How is the influence of Public Accountability, Internal Control and Organizational Commitment on Managerial Performance at the Office of Industry and Trade, Serdang Bedagai Regency .

### **Research purposes**

Based on the formulation of the problem as the main problem in this study, the purpose of this research is to find out together how the influence of Public Accountability, Internal Control and Organizational Commitment on Managerial Performance at the Office of Industry and Trade, Serdang Bedagai Regency.

### **Local Government Accounting (APD)**

Local government accounting is part of the overall regional financial management. The existence of Law Number 32 of 2004 concerning Regional Government and Law Number 33 of 2004 concerning Financial Balance between the central government and regional governments provides considerable authority for regions to manage their resources. However, in addition to having authority, local governments also have an obligation to report and account for the management of these resources. Therefore, the accounting system becomes a demand as well as a need for each regional command.

Government Regulation Number 58 of 2005 concerning regional financial management. regional government is the administration of government affairs according to the principle of autonomy and assistance tasks with the principle of autonomy as wide as possible within the system and principles of the unitary state of the Republic of Indonesia.

The Regional Government Accounting System (SAPD) is a series of procedures starting from the process of collecting data, recording, summarizing, to financial reporting in the context of accountability for the implementation of the APBD which can be done manually or using a computer application. SAPD has several characteristics in common with the Central Government Accounting System (SAPP), namely:

- a. Cash Basis, SAPD uses the cash basis for the Budget Realization Report (LRA) and the accrual basis for the balance sheet. On a cash basis, income is recognized and recorded when cash is received by the Regional Treasury account and expenditures are recognized and recorded when cash is issued from the Regional Treasury Account. Assets, Liabilities,

and Ekita Funds are recognized and recorded when transactions occur, or when environmental events or conditions affect government finances.

- b. Paired Bookkeeping System The double entry system is based on the basic accounting equation, namely:  $\text{Assets} = \text{Debt} + \text{Equity of Funds}$ . Each transaction is opened by debiting one account and crediting another.

### **Public Accountability**

Accountability for the performance of government agencies is regulated based on PP number 7 of 1999. Public accountability is an obligation for the trust holder to provide accountability, present and disclose all activities and activities that are their responsibility to the trustee (*principal*) who has the right and authority to accept accountability (Mardiasmo, 2002:20). Mahmudi (2005:9) argues that, Public accountability is the agent's obligation to manage resources, report, and disclose all activities and activities related to the use of public resources to the *principal*

### **Internal Control**

In PP no. 60 Chapter I Article I states that the Internal Control System is an integrated 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, reliability of financial reporting, safeguarding state assets. and compliance with laws and regulations.

### **Organizational Commitment**

Theoretically it is said that organizational commitment affects one's behavior in encouraging organizational effectiveness (Mc Caul et.al; Wiwin, 2005 in Suryo Pratolo, 2006:116), stating that organizational commitment shows relative strength to take sides and be involved in the organization, including the desire to stay in the organization.

Kalbers and Fogerty (1995) in Pinem (2005:35) organizational commitment, namely. *affective* relates to one view of professionalism, namely dedication to the profession, while organizational commitment to *continuity* is positively related to experience and negatively to the view of professionalism of social obligations. In other words, commitment will create a *sense of belonging* for employees towards the organization.

### **Performance of Local Government Apparatus**

Public sector organizations use the budget to assess the success of the organization to improve the welfare of society and not to make a profit. The budget is informed to the public for criticism and discussion to get input and suggestions. The public sector budget is an instrument of accountability for the management of public funds and the implementation of programs financed by public money (Mardiasmo, 2005; 61).

Performance refers to something related to the activity of doing work, in this case it includes the results achieved. Performance can also be defined as a multidimensional *construct*, the measurement of which also varies depending on the complexity of the factors that shape performance. Performance is a word in Indonesian from the basic word "work" which translates a word from a foreign language achievement, it can also mean the result of work.

### Measures of Performance of Local Government Apparatus

Government Regulation Number 90 of 2010, states that the implementation of performance-based budgeting contains at least 3 (three) principles, namely:

1. the principle of budget allocation for programs and activities based on the duties and functions of work units attached to the organizational structure (*money follow function*),
2. the principle of performance-oriented budget allocation (*output and outcome oriented*), and
3. the principle of flexibility in budget management while maintaining the principle of accountability (*let the manager manages*).

### Effect of Accountability, Internal Control and Organizational Commitment on Managerial Performance

Accountability is a form of government accountability as an entity that manages and is responsible for the use of the budget. So that accountability causes great control from the community causing government managers to work in accordance with existing provisions and in the end will be able to produce good budget performance.

The influence of Internal Control is all actions taken by an organization with the aim of safeguarding resources from waste, fraud, inefficient use, ensuring the reliability of accounting data, ensuring compliance with management policies, evaluating employee performance, departmental fund managers.

Theoretically it is said that organizational commitment affects a person's behavior in encouraging organizational effectiveness. In other words, organizational commitment is a personal disclosure from employees in a serious, comprehensive manner and provides a place for active participation from all levels of society in the process of managing human resources. Openness and honesty to the community is based on the consideration that the community has the right to know openly and thoroughly the accountability of the government in the resources entrusted to it and its compliance with laws and regulations. Clarity of budget objectives is an important part of the characteristics of budget objectives.

### Conceptual framework

Based on the theoretical background and review, the conceptual framework in this paper is as follows:

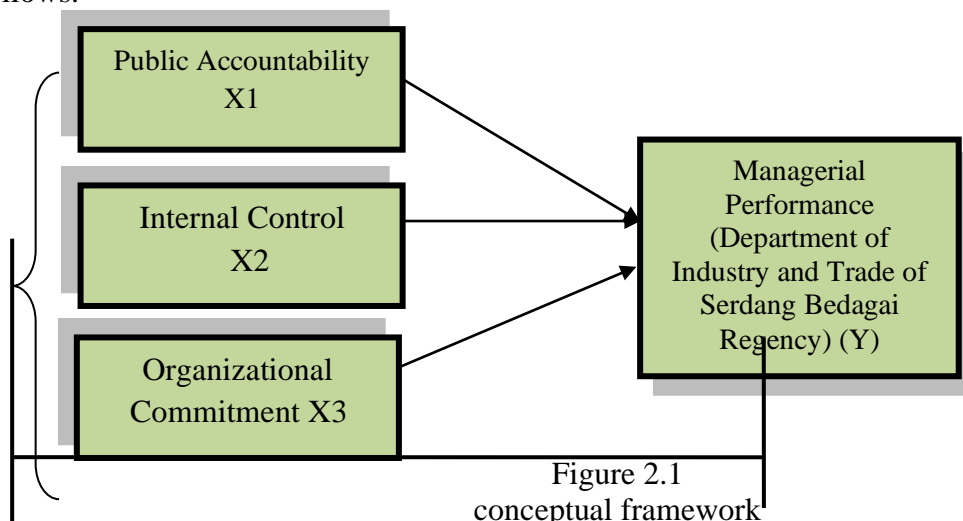


Figure 2.1  
conceptual framework

## Hypothesis

It is suspected that Public Accountability, Internal Control and Organizational Commitment simultaneously or, together, have a positive and significant effect on Managerial Performance at the Department of Industry and Trade, Serdang Bedagai Regency.

## Methodology

### Types, Subjects and Objects of Research

This research is a quantitative research by testing the hypothesis by using primary and secondary data. The subjects of this research are all employees in the Department of Industry and Trade. The object of the research is the Work Plan and Realization Report of the Revenue and Expenditure Budget of the Industry and Trade SKPD in Serdang Bedagai Regency.

### Population and Sample .

For sample determination in non-probability research , the selected sampling is a sample based on *convenience sampling* , ie the sample unit drawn is easy to contact, not troublesome, easy to measure and cooperative. Thus, the researcher determined that the sample in this study was a saturated sample, meaning that the total population was the same as the number of samples

### Data Processing and Analysis Method

The data analysis technique used is descriptive statistics. Descriptive analysis was performed using multiple linear regression analysis. Testing or statistical analysis of the proposed hypothesis is carried out through the following tests: coefficient of determination test (R<sup>2</sup>), t test (partial test) and F (simultaneous) test with a significance level of 0.05%. The formula for multiple regression analysis according to (Ghozali, 2006:78) is as follows:

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

## Research Results and Discussion

### Data Quality Test Results

#### Instrument Validity Test

From the results of the instrument validity test on all 35 respondents, it was found that all statement items with a total of 31 question items, where all question items were categorized as valid with the condition that r count or the value in *the Corrected Item-Total Correlation column* was greater than the r table product. moment r<sub>table</sub> is set at 0.338 for decision making for the X variable, namely Public Accountability, Internal Control and Organizational Commitment, as well as for the Y variable (Managerial Performance)

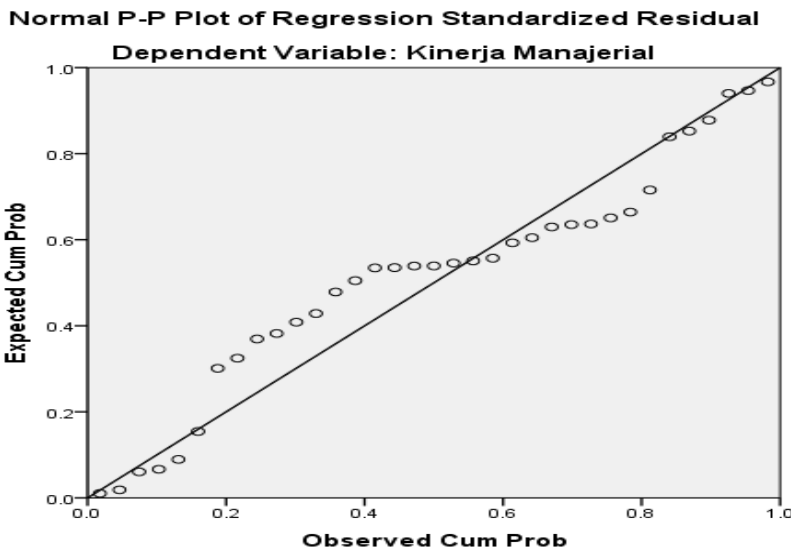
#### Instrument Reliability Test

Reliability test can only be done after an instrument has been confirmed its validity. The reliability test in this study to show the level of reliability of the internal consistency of the technique used is to measure the *Cronbach's Alpha coefficient* with the help of the SPSS 18.00 program. The alpha value varies from 0 - 1, a question can be categorized as reliable if the alpha value is greater than 0.70 (Ghozali, 2011:48).

**Table 1**  
**Instrument Reliability Test**

Variable	Cronbach's Alpha	N of Items	Cronbach's Variables
Public Accountability	.892	8	Reliable
Internal Control	.912	7	Reliable
Organizational Commitment	.857	6	Reliable
Managerial Performance	.922	10	Reliable

**Classic Assumption Test Results**  
**Normality Test Results**



**Figure 1 Normal Graph P Plot**

Figure 1 shows that the regression model is feasible to use in this study because the normal graph plot shows that the points spread around the diagonal line and the distribution follows the direction of the diagonal line so that it meets the assumption of normality.

**Multicollinearity Test Results**

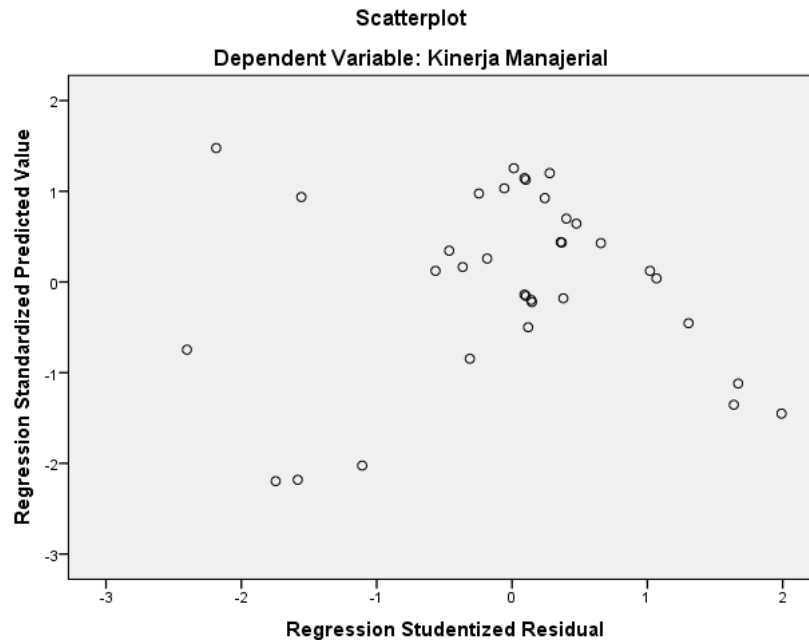
**Table 2**  
**Multicollinearity Test Results**

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Public Accountability	.726	1.377
	Internal control	.682	1.467
	Organizational Commitment	.928	1.078

a. Dependent Variable : Managerial Performance

### Heteroscedasticity Test Results

A good regression model is homoscedasticity or there is no heteroscedasticity (in the regression model there is an inequality of variance from the residuals of one observation to another. If the variance of the residuals of one observation to another observation remains). The scatterplot graph shows that the data is spread above and below the number 0 (zero) on the Y axis and there is no heteroscedasticity in the regression model, so the regression model of this study is feasible to use.



**Figure 2**  
**Heteroscedasticity Test Results**

### Multiple Regression Test Results

#### Multiple Linear Regression

The coefficient value of the regression equation from the output obtained by the regression equation model:

$$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3$$

$$Y = 17.297 + 0.086 X_1 + 0.013 X_2 + 0.904 X_3$$

From the Coefficients table, the regression equation  $Y = 17,297 + 0,086X_1 + 0,013X_2 + 0,904X_3$  is obtained. Constant (a) = 17,297 is positive and Public Accountability 0.086 is positive, Internal Control 0.013 is positive and Organizational Commitment 0.904 is also positive, meaning that Public Accountability, Internal Control and Organizational Commitment have a positive relationship to Managerial performance

Table 3  
Regression Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	17,297	10,209		1,694	.100
Public Accountability	.086	.244	.061	.352	.727
Internal control	.013	.238	.010	.055	.956
Organizational Commitment	.904	.238	.579	3,802	.001

a. Dependent Variable: Managerial Performance

Coefficient of determination test ( R<sup>2</sup>)

Table 4  
Coefficient of Determination Test Results  
Model Summary <sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.577 <sup>a</sup>	.333	.268	4.62785

a. Predictors: (Constant), Organizational Commitment, Public Accountability, Internal Control

b. Dependent Variable: Managerial Performance

From the table, it can be seen that the Adjusted (R<sup>2</sup>) of <sup>0</sup>, 268 %, this shows that the percentage of the contribution of the influence of the independent variable (Public Accountability, Internal Control and Organizational Commitment) to the dependent variable (managerial performance) of 26.8%.



## Hypothesis Test Results

Table 5  
F . Statistical Test Results  
ANOVA <sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	331.045	3	110,348	5.152	.005 <sup>b</sup>
	Residual	663,927	31	21.417		
	Total	994,971	34			

a. Dependent Variable: Managerial Performance

b. Predictors: (Constant), Organizational Commitment, Public Accountability, Internal Control

From the table the results of the tests carried out show that Public Accountability, Internal Control and Organizational Commitment together have a significant influence on managerial performance where the probability value (p-value) is 0.05 ( $0.005 < 0.05$ )

## Conclusion

From the results of this study obtained conclusions, namely:

1. Public Accountability, Internal Control and Organizational Commitment have a positive relationship to managerial performance.
2. The level of relationship between the variables of Public Accountability , Internal Control and Organizational Commitment to the managerial performance of SKPD Department of Industry and Trade Serdang Bedagai Regency has a moderate level of relationship that is equal to 57.7%

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