

The Effect of Fraud Risk Factor, Good Government Governance, Organizational Citizenship Behaviour and Employee Empowerment to Organizational Performance Based on Value for Money Approach

(Study at Regional Work Unit/SKPD in Subang District)

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Abstract—The study intended to determine how the effects of fraud risk factors, good government governance, organizational citizenship behavior and employee empowerment toward performance based on value for money approach. The population used in this research is 60 Regional Work Units (SKPD) in Subang District. The sample size determination is based on the Slovin formula with 5% error rate. The method of sampling in this study is by proportionate stratified random sampling method. The sample used in this research is 52 samples. The analytical tool used in this research is multiple regression and hypothesis test using t-test and f test by using IBM SPSS Statistics 22. The result of the research shows that the risk factor of fraud has not significant negative effect, good government governance has significant positive effect, organizational citizenship behavior has not significant positive effect and employee empowerment has not significant negative effect on value for money performance.

Keywords—*fraud risk factors; good government governance; organizational citizenship behavior; employee empowerment and value for money*

I. INTRODUCTION

Efficient, economical and effective is the performance of state financial management [1]. This concept is known as value for money [2]. Of the 2,564 findings in various fields based on examining the performance of local governments in 2016 on 268 objects of examination, there are 2,775 problems of effectiveness, efficiency and economics [3].

Fraud risk, good government governance, organizational citizenship behavior and employee empowerment are factors that influence the performance of local governments.

Stakeholders are very interested in the financial statements of local governments so that there is a fraud risk that aims to influence the perception of users of financial statements (stakeholders) on organizational performance [4] both profit or non-profit oriented organizations.

The public demand for the government regarding good governance continues to increase with increasing public knowledge and the influence of globalization [5] so that the concept of good government governance has an important influence and role in the implementation of government performance.

Factors of employee behavior are also one of the determinants of government performance. Organization of citizenship behavior (OCB) is a work behavior that exceeds the basic needs of a worker [6]. OCB has a significant relationship to employee performance [7]. Likewise, the case with Ticoalu [8], Ahdiyana, Fathoni and Warso in Meiyanti which mentions Organizational Citizenship Behavior has a significant effect on performance [9].

Another factor that influences organizational performance is employee empowerment. Empowerment employees are the basis for the implementation of regional autonomy. Regional autonomy is a form of empowerment of local governments.

This research is a continuation of Meiyanti research by adding a new variable, employee empowerment. Thus the research was arranged with the title: " The Effect of Fraud Risk Factors, Good Government Governance, Organizational Citizenship Behavior and Employee Empowerment to Organizational Performance Based On Value for Money Approach (Study at SKPD in Subang Regency)" [9].

II. HYPOTHESIS THEORY AND DEVELOPMENT

A. Theoretical Base

1) *Stewardship theory*: McGregor in Glinkowska and Boguslaw suggests that [10]: "The stewardship theory is focusing on managerial behavior. It states that the key motivating factors for managers are satisfaction from a job well done. Thus, their behavior is pro-organizational and in line with organization's interests." In addition, Davis et al.

states that [11]: "this theory is rooted in psychology and the manager is a steward and acts in the interests of the owner."

2) *Value for money*: Value for money is an organization based management concept on three elements, namely: economics, effectiveness and efficiency [12].

Economical is realization of expenditure/expenditure budget. Efficiency is realization of expenditure/revenue realization. Effectiveness is revenue realization/revenue budget.

3) *Fraud risk factors*: According to the Fraud Triangle theory proposed by Cressey in Tuanakotta through his research Cressey stated that a person commits fraud (fraud) caused by 3 factors, namely [2]:

- Pressure (pressure)
- Opportunity
- Rationalization

4) *Good government governance*: The main principles that form the basis of the implementation of Good Government Governance according to Mardiasmo in Sari and Nur are as follows [13]:

- Transparency (Transparency)
- Accountability
- Responsibility
- Independence (Independence)
- Equality and Fairness

5) *Organizational citizenship behavior*: Organizational citizenship behavior is an individual's contribution that exceeds the demands of the role at work and is rewarded based on the results of individual performance. Whereas according to Aldag and Reschke in Darto defines [7]: "organizational citizenship behavior as a huge individual contribution exceeds the demands of roles in the organization and makes achievement of performance very good." Organizational citizenship behavior involves several behaviors such as helping people others, volunteering for extra tasks, obeying the rules and procedures in the workplace [7].

Organ suggests that there are five dimensions of organizational citizenship behavior including Altruism (Voluntary), Conscientousness (SelfControl), Sportsmanship (Tolerance), Courtesy and Civic Virtue [9].

6) *Employee Empowerment*: Hodgetts "Empowerment is the process of giving workers autonomy over the way their jobs are done and holding them accountable for the results" [14].

Furthermore, Thomas and Tymon, suggested that the characteristics of having implemented employee empowerment consisted of Feeling of Choice, Feeling of competence, feeling of meaningfulness and Feeling of progress [15].

Furthermore, each of these elements is explained further in the table 1.

7) *Previous research*: Good Government Governance has a significant effect on government performance in Ciamis Regency [5]. Good governance governance has a significant positive effect on organizational performance [16]. Shahin et al. stated that organizational citizenship behavior has a significant positive effect on performance [17]. Good Government Governance significant effect on SKPD performance in Subang Regency [9]. The difference with this study is that there is an additional independent variable, employee empowerment.

TABLE I. BUILDING BLOCKS FOR EMPOWERMENT

<p>CHOICE Authority to make decisions Trust in employee's judgment Security in knowing there will be no blame for honest mistakes Purpose - clear objectives setting to guide decision making Information - sharing knowledge in order to facilitate informed decisions.</p>
<p>COMPETENCE Models of how to perform tasks through training and role modeling Positive feedback-appreciation rather than criticism Skill recognition - giving credit for successes Growth opportunities - allowing employees to take on more challenging tasks Non-Comparative standards in order to prevent counter productive competition among employees.</p>
<p>MEANINGFULNESS Non- clinical climate that promotes idealism and caring among employees Clear values - a shared understanding of what is important Exiting vision - of the future Relevant task purposes that serve the vision Whole tasks / identifiable projects whenever possible.</p>
<p>PROGRESS Collaboration between employees to achieve their task purpose Milestones - establish key events in longer tasks Celebrations of achievement of important milestones Customer Appreciation - allows appreciative feedback from customers to receive employees to receive Continuous improvement of key task processes.</p>

source: Thomas & Tymon [15]

8) *Framework*

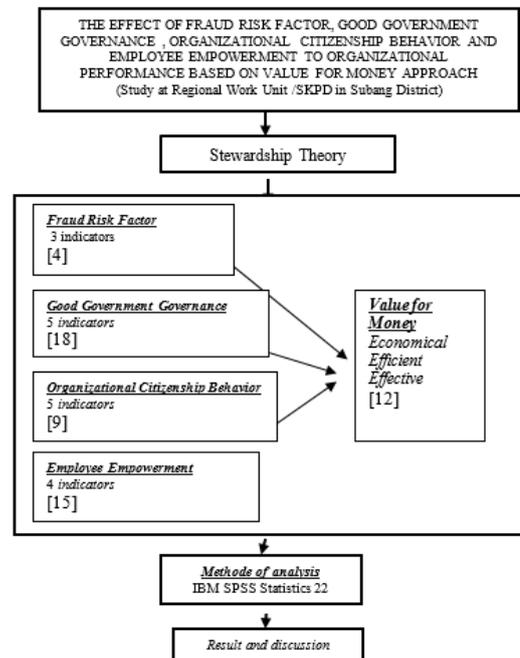


Fig. 1. Framework.

B. Hypothesis Development

1) *Effect of fraud risk factor on SKPD performance based on the concept of value for money:* SKPD financial statements are a description of SKPD performance. Financial statement provide information to various stakeholders for decision making. Stakeholders consist of various parties with various interests, so there is a risk of fraud that can be done in the preparation of financial statements to suit the interests of stakeholders. Fraud can be done if there are opportunities, pressures and rationalizations [12]. Fraud aims to influence the perception of users of financial statements through organizational performance. The risk of fraud affects organizational performance [19]. Based on this, the proposed hypothesis is as follows:

H1: Fraud risk factors negatively affect SKPD performance based on the concept of value for money.

2) *Effect of good government governance on SKPD performance based on the concept of value for money:* Good government governance (GGG) in this study developed from Mardiasmo [12]. The main role of GGG consists of the government, the private sector and community organizations. These three roles must be integrated in a mutually agreed upon rule. The principles of GGG consist of transparency, accountability, responsibility, independence and equality and fairness. Openness of government performance in a timely manner and correctly reflects transparency. Government accountability, the private sector and community organizations to the community reflect accountability. Compliance with the law and the provisions of the applicable regulations is not only intended for the community but the main thing is done by the government. In addition, the government must provide equality to the community to improve or maintain welfare. The application of these principles has a positive effect on the performance of SKPD, therefore the hypothesis proposed is as follows:

H2: Good government governance has a positive effect on SKPD performance based on the concept of value for money.

3) *The Effect of organizational citizenship behavior on SKPD performance based on the value for money concept:* Employees who carry out their duties according to the job desk are normal but employees who carry out their duties more than the job desk are desired by the organization [20]. Organizational performance will be better if the employee does his job beyond his job desk [9]. The employee has organizational citizenship behavior. The same thing was stated by Ticoalu [8] and Winardi [21]. Based on this, the proposed hypothesis is as follow:

H3: Organizational Citizenship Behavior has a positive effect on SKPD Performance based on the Value for Money Concept.

4) *The effect of employee empowerment on SKPD performance based on the value for money concept:* Regional autonomy is a form of decentralization of government power.

Regional autonomy can be implemented if there is employee empowerment. Empowerment is the process of giving autonomy to employees and making it responsible for the results [14]. The quality of employee work will be better if there is empowerment of employees so that it will improve organizational performance. Thomas and Tymon [15] suggested that employee empowerment can be implemented if there is a Feeling of Choice, Feeling of competence, Feeling of meaningfulness and Feeling of progress.

Based on this, the proposed hypothesis is as follows:

H4: Employee Empowerment has a positive effect on SKPD Performance based on the Value for Money Concept

Based on the explanation regarding Fraud Risk Factors, Good Government Governance, Organizational Citizenship Behavior and Employee Empowerment, researchers suspect that simultaneously these four variables have a positive effect on SKPD Performance based on the Value for Money Concept.

H5: Risk Factors for Fraud, Good Government Governance, Organizational Citizenship Behavior and Employee Empowerment are influential on SKPD Performance based on the Value for Money Concept.

III. OBJECTS AND METHODS E RESEARCH

60 Regional Work Units (SKPD) in Subang Regency are objects of research that are divided into secretariats, inspectorates, offices, agencies, offices and sub-districts. The method used in this study is descriptive statistics. Data collection techniques used in the study used questionnaires with SKPD employees as respondents. The type of questionnaire used in this study was a questionnaire with closed questions [22]. Population in this study were 60 SKPD. Based on Slovin formula obtained 52 samples.

IV. RESEARCH RESULT

The number of male respondents was 37 people or 71.20% and 15 people or 28.80% female respondents. The age of respondents is 3.80% less than 30 years, 26.90% more than 50 years and 69.20% ranging from 30 to 50 years. Respondents with S1 degree are 32 people or equivalent to 61.5%, S2 degree is 15 people or 28.80%, D3 degree is 3 people or 5.80% and high school is 2 people or 3.80% with more than 5 years working experience.

A. Descriptive Analysis of Variables X

The results of data collection on each variable in this study are presented in table 2.

TABLE II. VARIABLE DESCRIPTIVE STATISTICS X

Variable	N	Actual Range	Min.	Max .	Mean	SD	Var.
Fraud Risk Factors (X1)	52	2.56	1.22	3.78	2.32	0.51	0.270
Good Government Governance (X2)	52	2.40	2.60	5.00	4.25	0.49	0.241
Organizational Citizenship Behavior (X3)	52	2.40	2.60	5.00	4.26	0.46	0.216
Employee Empowerment(X4)	52	1.64	3.00	4.64	3.77	0.36	0.133

Source: Primary data processed (2018)

B. Descriptive Analysis of Organizational Performance Variables (Y)

In this study, organizational performance is calculated using *value for money* approach with the results of the calculation of organizational performance of 52 SKPD consists of 1 (16 SKPD, 30.80%), 0.67 (17 SKPD, 32.70%) and 0.33 (19 SKPD, 36.50%).

C. Instrument Testing Analysis

1) *Validity test*: The results of the validity test for the questionnaire with dk or df = 52 - 2 = 50 at the level of significance (α) of 5% or 0.05 obtained $r_{table} = 0.273$. The statement in the questionnaire has a positive value and is greater than R table, then the statement can be said to be valid.

2) *Reliability test*: The results of reliability testing have an alpha value > 0.60. Thus, it can be said that the questionnaires X1, X2, X3 and X4 are reliable.

3) *Model Strength Test (R square)*: Adjusted R square is 0.418. this shows that 41.8% of the variation of value for money can be explained through variations of the four independent variables. While the remaining 58.20% is explained by other causes.

4) *Normality test*: Normally distributed data according to Normal P-P Plot of Regression Standardized Residual.

5) *Multicollinearity test*: Multicollinearity testing results show that Fraud Risk Factors (X1), Good Government Governance (X1), Organizational Citizenship Behavior (X3) and Employee Empowerment (X4) have tolerance values of 0.812, 0.325, 0.285 and 0.781. This means that the number is more than equal to 0.10, which means there is no correlation between independent variables. Whereas for the results of Variance Inflation Factors (VIF) are 1,231 (X1), 3,078 (X2) 3,492 (X3) and 1280 (X4) means that the value is less than

equal to 10. So it can be concluded that there is no multicollinearity between variables in the regression model.

6) *Hypothesis testing analysis*: The following table shows the results of the regression test using IBM SPSS Statistics:

TABLE III. REGRESSION TEST RESULTS

Variable	B	Sig.
(Constant)	-0,600	-
Fraud Risk Factors (X1)	- 0.004	0.954
Good Government Governance (X2)	0.291	0.008
Organizational Citizenship Behavior (X3)	0.146	0.224
Employee Empowerment (X4)	-0.160	0.086

Source: Primary data processed (2018)

Based on table 3 above obtained regression equation as follows:

$$Y = -0,600 - 0.004 X1 + 0.291 X2 + 0.146 X3 - 0.160 X4 + e$$

D. Discussion

1) *Influence of fraud risk factors on SKPD performance based on the concept of value for money*: Partial testing of the risk factor variables shows the regression value $\beta_1 = -0.004$, the negative effect is not significant, it is not in accordance with the hypothesis. Significant value of 0.954 is more than 0.05 so **H1 is rejected**.

The average fraud risk factor is 2.32 (disagree). Most of the respondents have S1 education (61.5%) and S2 (28.8%). Based on this, it can be concluded that the majority of respondents are not top management in SKPD so that the "opportunity" to commit fraud is still lacking. Most of the respondents are male (71.2%) and the rest are female (28.8%). Men are heads of households so "pressure" on men is greater than women. This pressure comes from the employee's personality. This pressure is not supported by pressure from the organization because most respondents are not top management SKPD so that the "pressure" factor of SKPD employees does not result in fraud. The rationalization of cheating is not growing rapidly, one of which is caused by the arrest of three regional heads of Subang districts in a row from 2003 to 2018. This gives a warning to SKPD employees that fraud is incorrect and can be subject to strict sanctions, so the "rationalization" factor of SKPD employees did not result in fraud.

2) *Influence of good government governance on SKPD performance based on the concept of value for money*: Partial testing of this variable shows the regression value $\beta_2 = 0.291$. In this case the effect is positive. With a Significant value of 0.008 so that the value is smaller than 0.05 then **H2 is accepted**.

These results are in line with the research of Hifzalnam and Mukthar [16] and Nurlala [5]. Article 3 Subang Districts Regulation Number 49 of 2015 concerning the Implementation of e-Government in the Subang District Government stated that e-government is an effort to organize good governance and improve public services. The principle of transparency and accountability began to be applied. One form of e-government is Electronic Procurement Services (LPSE). The community accesses and oversees the project announcement / tender, the

procurement process at each stage. This is a form of community participation. Existing public services such as e-ID, e-sim, marriage certificate, birth certificate and others. The community can find out the procedure, cost and length of submission. By using e-government, procurement is expected to run effectively, efficiently and economically.

3) *Influence of Organizational Citizenship Behavior on SKPD performance based on the concept of value for money:*

Partial testing shows the regression value $\beta_3 = 0.146$, in this case the effect is positive, while the Significant value is 0.224 then **H3 is rejected**.

This is also not in line with the research of Shahin et al [16] which states that *organizational citizenship behavior* has a significant positive effect on performance. The difference is due to differences in the culture of public sector organizations and private sector organizations. Awards in the private sector are given based on employee performance (merit system), while the public sector has not implemented a merit system. The drive to work more than the main task is still lacking so the hypothesis is rejected.

4) *Influence of employee empowerment on SKPD performance based on the concept of value for money:* Partial testing shows the regression value of $\beta_4 = -0.160$. In this case the effect is negative with a Significant value of 0.086, **H4 is rejected**.

Sherman and Tymon said that employee empowerment can be done if employees have choices, competencies, sense of meaning and progress [14]. SKPD employees carry out their duties in accordance with the regent's established regulations, so they do not have the choice to carry out their duties. Employee empowerment also requires employee competence. Most of the respondents with a Bachelor's background but their appearance does not match their educational background. Employee empowerment also requires feelings of meaningfulness, a sense of participation in achieving the organization's vision and mission. The untimely turnover of regional heads resulted in a changing vision and mission of each new regional head, so that employees were less focused on achieving organizational goals. The untimely change of regional head also results in varying objectives, so that the achievement of each regional head's work program is less clear.

5) *Influence of Fraud Risk Factors, Good Government Governance, organizational citizenship behavior and employee empowerment simultaneously on SKPD performance based on the concept of value for money:* F arithmetic is 10.144 with a significance level of 0.000 which means it is smaller than 0.05. So (X1), (X2), (X3) and (X4) together (simultaneously) affect the performance of SKPD based on the concept of value for money (Y).

V. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusion

- Fraud risk factors have no significant negative effect

- Good government governance has a significant positive effect
- organizational citizenship behavior has no significant positive effect
- Employee empowerment has no significant negative effect
- Risk factors for fraud, good government governance, organizational citizenship behavior and employee empowerment simultaneously have a significant effect on SKPD performance based on the concept of value for money.

B. Recommendations

- Subsequent research adds organizational culture factors.
- The risk of fraud can be reduced by applying and reviewing the facts of integrity between the Subang Districts Government with the KPK.
- Employee placement in accordance with the concentration of education.
- The Subang Districts Government applies the merit system.

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