

# Balanced scorecard on accountability of government institution performance

Suyanto

*Sekolah Tinggi Ilmu Ekonomi IPWI, Jakarta, Indonesia*

L. B. Riadi

*Universitas Pancasila, Jakarta, Indonesia*

**ABSTRACT:** This study aims to determine the role of balanced scorecard as a moderation of the correlation between budget target clarity, internal control, and reporting systems on performance accountability of government agencies in the Ministry of Marine Affairs and Fisheries Republic of Indonesia using five variables, namely budget target clarity (X1); internal control (X2); reporting systems (X3); and performance accountability of government agency (Y) with balanced scorecard (X4) as the moderating variable.

The results of the study show that budget target clarity, internal controls, and reporting systems partially had a positive and significant effect on the performance accountability of government agency. However, the balanced scorecard as a moderating variable is not able to moderate the relationship between budget target clarity, internal control, and reporting systems with performance accountability of government agency.

*Keywords:* performance accountability, budget, internal control, reporting, balanced scorecard

## 1 INTRODUCTION

In regards to the application of Balanced Scorecard (BSC), there has been a phenomenon of performance management changes which has led to an assessment of the Government Agency Performance Accountability System by the Ministry of Administrative Reform and Bureaucratic Reform towards the Ministry of Marine Affairs and Fisheries with a better achievement. This phenomenon is also supported by the theory that BSC translates organizational vision and strategy into a comprehensive set of measures that provides a framework for measurement and strategic management systems, Kaplan and Norton (1996) and as stated by Ittner and Larcker (1998), (Harini, 2014) that performance measurement in public organizations can increase accountability and improve the decision-making process, so this study will empirically examine whether the application of BSC that ends in the reporting systems can act as a moderator, which ultimately influences the budget target clarity, internal control, and reporting systems

within the Ministry of Marine Affairs and Fisheries (Niven, 2006).

The objectives of this study are: (1) to prove and analyze whether budget target clarity has an effect on performance accountability of government agency; (2) to prove and analyze whether government internal control has an effect on performance accountability of government agency; (3) to prove and analyze whether the reporting system has an effect on performance accountability of government agency; (4) to prove and analyze whether the application of balanced scorecard is able to moderate the relationship between budget target clarity and performance accountability of government agency; (5) to prove and analyze whether the application of balanced scorecard is able to moderate the relationship between government internal control and performance accountability of government agency; (6) to prove and analyze whether the application of balanced scorecard is able to moderate the relationship between reporting systems and performance accountability of government agency.

## 2 RESEARCH METHODS

This research is categorized as empirical research using quantitative methods and multiple regression analysis. The object of this study was the Ministry of Marine Affairs and Fisheries.

The total population was approximately 260 officials/employees, using Purposive Sampling with the number of samples was 120 officials/employees that handle planning, budget management, internal control, reporting, and performance measurement.

This research used quantitative data through primary data sources. Data collection technique carried out by researchers was questionnaires.

## 3 RESULTS AND DISCUSSIONS

Respondents in this study were officials / staffs who work in the field of program and budgeting, monitoring and evaluation, activity and performance reporting, and the Government Internal Supervisory Apparatus (APIP), namely the Strategic Planning Compilation Team, Balanced Scorecard and IKU Compilation Team, Plan Compilation Team Work and Budget, Performance Measurement Team, LAKIP Compilation Team, Internal Control System Unit (SPIP), and Echelon III and IV Officials in the Program and Performance Report of the Ministry of Marine Affairs and Fisheries. The questionnaires were directly distributed to 120 officials/employees. Of all the questionnaires distributed, 116 questionnaires were returned and 4 were unreturned because the 4 respondents were out of the office, thus, the response rate was 96.7%.

The questionnaires distributed to respondents have been tabulated and seen in the assessment of indicators in the performance measurement of reporting systems variable with an average score of 4.22 or the highest value, while the indicator in risk assessment of internal control variable has an average score of 3.79 which is the lowest value.

Partial influence can be seen from the results of the t test, where the t count of each independent variable (budget target clarity, internal control, and reporting systems) is greater than the t table value at a significance level below 0.05 so that the decision H<sub>0</sub> is rejected and H<sub>1</sub> is accepted. This means that budget target clarity, internal control, and reporting systems had a positive and significant effect on performance accountability of government agency in

the Ministry of Marine Affairs and Fisheries (Bastian, 2007).

Through the residual test, it can be seen the moderating effect, which shows that the balanced scorecard variable cannot moderate the relationship between budget target clarity, internal control, and reporting system with performance accountability of government agency in the Ministry of Marine Affairs and Fisheries that can be seen from the significance level of p value above 0.05.

### 3.1 *Effect of Budget Target Clarity on performance accountability of government agency*

T test was used to test the effect of the variable of budget target clarity on performance accountability of government agency and the result shows the 5% significance level that indicates budget target clarity has a positive and significant effect on the performance accountability of government agencies. This result is contradictory to Herawaty's (2010) study, which shows budget target clarity variable did not affect performance accountability of government agency in the Regional Government of Jambi city. However, it is in line with the previous studies by Khairunyah, Yulia Efni (2018); Fitrawati, Abdul Kahar, Muh. Iqbal A (2017); Nurul Fathia (2017); Reyhan Hady Fauzan (2017); Ni Made Mega Cahyani, I Made Karya Utama (2015); M. Ali Zakiyudin, Suyanto (2015); Afillu Hidayatullah & Irine Herdjino (2014); Harini Susilowati (2014); Reni Yulianti (2014); Ummu Kaltsum, Abdul Rohman (2013); and Eko Setiawan (2013) that show budget target clarity has a positive and significant effect on Performance Accountability of Government Agency.

### 3.2 *Effect of government internal control on performance accountability of government agency*

Partially, internal control has a positive and significant effect on performance accountability of government agency in the Ministry of Marine Affairs and Fisheries. This is proven through the t test with a significance level of 5% which shows that the greater the involvement and concern of the leadership, and stakeholders in the preparation of internal controls, the higher the performance accountability of government agency in the Ministry of Marine Affairs and Fisheries.

These results are also in accordance with those stipulated in Government Regulation No. 60 of 2008

concerning the Government Internal Control System, Article 35 Paragraph 1 that states the leadership of government agencies must determine and review performance indicators and measurement, therefore, the role of the leadership of SAKIP agencies and controllers is very much needed in the process of performance accountability of government agency in the Ministry of Marine Affairs and Fisheries.

### *3.3 Effect of reporting systems on performance accountability of government agency*

The effect of the variable of reporting systems on performance accountability of government agencies was tested using t test and the result shows reporting systems has a positive and significant effect on performance accountability of government agency. It indicates the relationship between reporting systems and performance accountability of government agencies variables is quite strong and significant.

This result is in line with the opinion of Reyhan Hady Fauzan (2017); Nurul Fathia (2017); Ni Made Mega Cahyani, I Made Karya Utama (2015); M. Ali Zakiyudin, Suyanto (2015); Dina Afrina (2015); Afilu Hidayattullah, Irine Herdjiono (2014); Reni Yulianti (2014); and Netty Herawaty (2011) which show that the reporting system has a positive and significant effect on performance accountability of government agency. However, this statement is in contradictory to Khairunsyah, Yulia Efni (2018) and Eko Setiawan (2013) who state that reporting systems have no effect on performance accountability of government agency (in Nurul Fatiah, 2017).

### *3.4 Effect of the balanced scorecard as a moderating variable*

The balanced scorecard is not able to moderate the relationship between budget target clarity, internal control, and reporting systems with performance accountability of government agency. This is evidenced by the results of the residual test carried out in this study with a p value above 0.05 so that H<sub>0</sub> is accepted. Whereas when the t test for the balanced scorecard variable was carried out as an independent variable on performance accountability of government agency, the results also show no significant effect because of the tcount <ttable

(0.394 <1.982) and the significance value 0.694 >  $\alpha$  0.05.

This result is quite interesting because it is in accordance with the phenomenon that occurs in the Ministry of Marine Affairs and Fisheries in the past seven years concerning an increase in SAKIP values after using balanced scorecard-based performance management. In this research, the balanced scorecard variable itself was only used as a moderating variable and the result shows the balanced scorecard is not able to moderate and influence the independent variables on performance accountability of government agencies. Thereby, it signifies that budget target clarity, internal control, and reporting systems can stand alone without being influenced by the balanced scorecard performance management to make an increase in the value of performance accountability of government agencies in the Ministry of Marine Affairs and Fisheries.

## 4 CONCLUSION

Based on data analysis, hypothesis testing, and research discussion, the following conclusions can be drawn: (1) The first hypothesis (H1) was accepted and it can be concluded that budget target clarity had a significant effect on performance accountability of government agency; (2) the second hypothesis (H2) was accepted and it can be concluded that internal control had a significant effect on performance accountability of government agency; (3) the third hypothesis (H3) was accepted and it can be concluded that the reporting system had a significant effect on performance accountability of government agency; (4) the fourth hypothesis (H4) was rejected and it can be concluded that the application of the balanced scorecard is not able to moderate the influence between budget target clarity and performance accountability of government agency; (5) the fifth hypothesis (H5) was rejected and it can be concluded that the application of the balanced scorecard is not able to moderate the influence between internal control and performance accountability of government agencies; (6) the fourth hypothesis (H6) was rejected and it can be concluded that the application of the balanced scorecard is not able to moderate the influence between the reporting systems and performance accountability of government agency.

## REFERENCES

- Afilu Hidayattullah & Irine Herdjiono. 2014. Pengaruh Kejelasan Sasaran Anggaran, Pengendalian Akuntansi, Sistem Pelaporan Terhadap Akuntabilitas Kinerja SKPD di Merauke, *Prosiding Seminar Nasional Multi Disiplin Ilmu & Call for Papers Unisbank*.
- Bastian, Indra. 2007. *Akuntansi Sektor Publik*. Penerbit Salemba Empat. Jakarta.
- Dina, Afrina. 2015. Pengaruh Penerapan Akuntansi Pemerintah Daerah, Pengendalian Intern, dan Sistem Pengendalian Intern dan Sistem Pelaporan Terhadap Akuntabilitas Kinerja Instansi Pemerintah (Studi Persepsian Pada Satuan Kerja Perangkat Daerah Kota Pekanbaru), *JOM FEKON Vol.2 No.2 Oktober 2015*.
- Harini, Susilowati. 2014. Pengaruh Kejelasan Sasaran Anggaran, Pengendalian Akuntansi, Sistem Pelaporan, dan Motivasi Kerja Terhadap Akuntabilitas Kinerja Pemerintah Daerah (Studi Kasus Pada Dinas Pemerintah Kota Surakarta). *Skripsi Program Studi Akuntansi Universitas Muhammadiyah Surakarta*.
- Instruksi Presiden. 1999. *Instruksi Presiden Republik Indonesia Nomor 7 Tahun 1999 tentang Akuntabilitas Kinerja Instansi Pemerintah*. Pemerintah Republik Indonesia.
- Jensen, M.C and Meckling, W.H. 1976. Theory of The Firm. Managerial Behavior Agency Costs and Ownership Structure. *Journal of Financial Economics*, Oktober, 1976, V.3 No.4. <http://papers.ssrn.com>.
- Keputusan Kepala Lembaga. 2003. *Keputusan Kepala Lembaga Administrasi Negara Nomor 239 Tahun 2003 tentang Pedoman Penyusunan Pelaporan Akuntabilitas Kinerja Instansi Pemerintah*. LAN.
- Niven, Paul. 2006. *Step by Step : Maximizing Performance and Maintaning Result. 2<sup>nd</sup> edition*. John Willey & Sons Inc, New Jersey.
- Nurul Fathia. 2017. Pengaruh Penerapan Sistem Akuntansi Pemerintah Daerah, Penerapan Anggaran Berbasis Kinerja, Kesejalaran Sasaran Anggaran, Sistem Pelaporan, dan Pengendalian Akuntansi Terhadap Akuntabilitas Kinerja Instansi Pemerintah (AKIP) (Study Kasus SKPD di Provinsi Riau). *JOM FEKON Vol. 4 No. 1 Februari 2017*.
- Peraturan Menteri. 2015. *Peraturan Menteri PAN & RB Nomor 12 Tahun 2015 tentang Pedoman Evaluasi Atas Implementasi SAKIP*. Pemerintah Republik Indonesia.
- Reni Yulianti. 2014. Pengaruh Kejelasan Sasaran Anggaran, Kesulitan Sasaran Anggaran, Pengendalian Akuntansi dan Sistem Pelaporan Terhadap Akuntabilitas Kinerja Instansi Pemerintah (Studi Pada Satuan Kinerja Perangkat Daerah Kabupaten Pelalawan). *JOM FEKON Vol.1 No.2 Oktober 2014*.
- Ummu Kaltsum & Abdul Rohman. 2013. Pengaruh Kejelasan Sasaran Anggaran Terhadap Akuntabilitas Kinerja Instansi Pemerintah Melalui Sistem Pengendalian Intern Sebagai Variabel Intervening. *Jurnal Akuntansi Universitas Diponegoro Tahun 2013*.