

Factors Which Influenced the Success of the Implementation of the Regulation of the Minister of Home Affairs Number 59 of 2007 in North Sumatera Provincial Government

Amar Rinanda Lubis¹, Erlina², Zainul Bahri Torong³

¹ School of Economics and Business, University of North Sumatera, USU Campus, Padang Bulan, Medan, Indonesia

^{2,3}Accounting Department, Faculty of Economics and Business, University of North Sumatera, Indonesia, E-mail: amr.lubis@gmail.com

Abstract *This study aimed to test empirically and analyze the influence of regulation, commitment, human resources and supporting devices to the successful implementation of the Regulation of the Minister of Home Affairs No.59 Year 2007. Population in this study is SKPD Officer of North Sumatra Province (108 people) which was sampled for 93 people. Simultaneous F test and partial t test were used to studies effects of regulation, commitment, human resources and supporting facilities to the successful implementation of the Regulation of the Minister of Home Affairs No. 59, year 2007. These results prove that the regulation, commitment, human resources and supporting devices simultaneously influenced the successful implementation of the Regulation of the Minister of Home Affairs No. 59 Year 2007. In partial, regulation, commitment and human resources affected successful implementation of the Regulation of the Minister of Home Affairs No. 59 Year 2007, while the supporting facilities did not have an effect. These results showed that 48% variations of successful implementation of the Regulation of the Minister of Home Affairs No.59 Year 2007, depended on variable of regulation, commitment, human resources and supporting facilities and the remaining 52% depended on other uninvestigated variables.*

Key words Regional financial management, budget planning, budget formulation, budget execution and reporting, financial reports of SKPD

JEL Codes: M41, H83

1. Introduction

Indonesian government and all layers of the society have fought for reformation to bring changes in national and local politics. One of the changes is approving a number of policies and regulations related to financial management of local governments to improve existing system and have greater accountability for community resources managed by local governments. To answer the demand, the government always tries to be more transparent in its public accountability. As

bases for fundamental changes of financial reformation, Law Number 17 of 2003 on State Finances, Law Number 15 of 2004 on State Finances Management and Responsibility Assessment were established, followed by the establishment of standards for organizing Financial Statements for Central Government and Local Government, i.e., Government Regulation Number 24 of 2005.

2. Literature review

The role of local governments in managing local finances has led to the establishment of Law Number 32 of 2004 on Local Government and Law Number 33 of 2004 on Financial Balance between the Central Government and the Local Governments. The government's reformation agendas on local governments and financial balance between central and local governments are implemented by financial decentralization and regional autonomy. Local governments are expected to be more independent in managing local development. It's a process to involve all elements and layers of the society to authorize local governments to regulate and manage their own governments based on people's aspirations so the aspirations of local people can be achieved by local governments by financial management. The Central government as a catalyzer and facilitator knows better about the development targets and purposes to be achieved. As a catalyzer and facilitator, it needs various supporting facilities to implement development sustainably.

The Regulation of the Minister of Home Affairs Number 59 of 2007 which is a guide in the implementation and management of Local Budget and financial statements includes accounting policies. Accounting policies are basis to be obeyed in making financial statements. Besides accounting policies, local government also must have human resources which can make regional financial statements consistent with The Regulation of the Minister of Home Affairs Number 59 of 2007 and Government Regulation Number 24 of 2005 on Government Accounting Standard. It's one of the demands which must be met in The Regulation of the Minister of Home Affairs Number 59 of 2007 as every Regional Work Unit must make financial statement.

The Regulation of the Minister of Home Affairs Number 59 of 2007 Article 265 clause (1) states that every Regional Work Unit (SKPD) must formulate and report accountability for Regional Budget implementation periodically, including a. Budget realization report; b. SKPD balance; c. Note for financial statement of SKPD and based on Article 290 clauses (1), (2) and (3) which essentially state that the Heads of SKPD must submit budget realization reports twice a year on the first semester (January to June) which describe realization of income and expenditure budgets of SKPD along with prognosis for the next six months, at the longest seven working days after the first semester of the fiscal year in question. Then, Heads of SKPD

submit annual reports for the period of January to December of the fiscal year. The form of Regional Budget implementation accountability report of SKPD is:

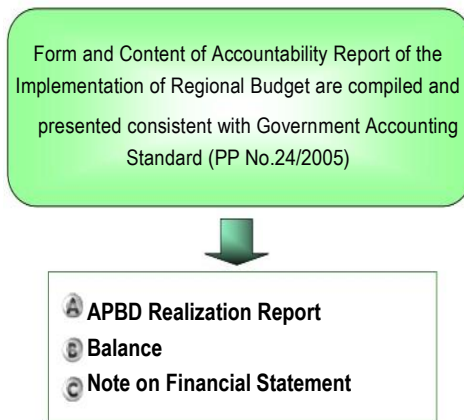


Figure 1. Accountability of the implementation of Regional Budget of SKPD

Regional Income and Expenditure Budget (APBD) is an annual financial policy which is arranged based on statutory provisions in effect and various other considerations so that the organization, observation, control and evaluation of APBD are easy to perform. On the other hand, APBD can be a mean for certain parties to see or determine regional abilities in terms of income and expenditure. Particularly in organizing regional financial statements, local governments must have accounting policies as basis in making financial statements and have human resources, commitment and supporting facilities to make financial statements consistent with The Regulation of the Minister of Home Affairs Number 59 of 2007 and Government Regulation Number 24 of 2005 on Government Accounting Standard.

3. Formulation of the problem

Based on the background above, the researcher formulated the following problem: Do regulation, commitment, human resources and supporting facilities partially and simultaneously influence the success of the implementation of The Regulation of the Minister of Home Affairs Number 59 of 2007 in North Sumatra Provincial Government?

4. Methodology of research

This study was a causal study to see the relations between several uncertain variables. Umar (2008) states that causal design is useful to analyze how a variable affects another variable and in experimental studies where the dependent variables are controlled by researchers to examine the impacts on dependent variables directly. This study was conducted to test the influence of Regulation, Commitment, Human Resources and Supporting Facilities as independent variables and the success of the implementation of The Regulation of the Minister of Home Affairs Number 59 of 2007. The definitions of operational variables which were used to make questionnaires are as follows:

A. Regulation

Regulation which was an independent variable (X_1) was establishment of a rule which change in a short period of time and the change is very different from the previous regulation. The variable is measured by interval scale which measures respondents' attitudes, opinions and knowledge on the implementation of regulation change in regional financial management.

B. Commitment

Commitment was an independent variable (X_2) which was ability, care, loyalty and responsibility of SKPD officers for matters related to the success of the implementation of The Regulation of the Minister of Home Affairs Number 59 of 2007 in managing and making regional financial reports. To measure organizational commitment, this variable was measured by interval scale on attitudes, opinions, knowledge, and perceptions.

C. Human Resources

Human resources which were an independent variable (X_3) is labors who master their tasks and responsibilities in managing the finances of SKPD. The frequency and materials of socializations, trainings, technical guidance and workshop of The Regulation of the Minister of Home Affairs Number 59 of 2007 were joined by SKPD officers.

D. Supporting Facility

Supporting facility which was an independent variable (X_4), was integrated computer hardware, software, database and network which supported the management and making of financial statements of SKPD. To measure available supporting facilities, interval scale of respondents' knowledge, attitudes, opinions and perceptions was used.

E. The Success of the Implementation of the Regulation of the Minister of Home Affairs 59 of 2007

The success of the implementation of the Regulation of the Minister of Home Affairs Number 59 of 2007 (Y) which was a dependent variable was attitudes, opinions, knowledge and perception of the ability of SKPD to perform its tasks and responsibilities in making RKA SKPD to the management and making of regional financial statements. The making and approval of Budget Implementation Documents (DPA) of SKPD are after APBD was established in regional regulation. DPA of SKPD is a document used as a basis to implement budgets for heads of SKPD as budget users after it's approved by Regional Commitment Maker Officers (PPKD). This variable was measured by interval scale to measure respondents' attitudes and opinions on the arrangement, approval and management of regional finances by SKPD officers.

4.1. Research location

The research locations were 36 SKPD which consisted of offices, departments, agencies, and hospitals in North Sumatera Provincial Government in Jalan Pangeran Diponegoro no. 30 Medan. The study was conducted from May 2009 to August 2009.

4.2. Data analysis model

The data analysis model used in this study was Multiple Linear Regression Analysis. Sugiyanto (2004) states that multiple linear regression analysis is used to analyze the influence of more than one independent variable on dependent variable(s).

4.3. Data analysis technique

The data analysis technique in a study is activity after data from all respondents are collected where it's grouped, tabulated, and calculated to answer formulation of the problem, Sugiono (2002). Data analysis technique consists of data quality test, classical assumption test and hypothesis test.

5. Results and discussions

5.1. Data Quality Test

The data testing techniques used in this study were validity test and reliability test.

1. Validity test

The validity of the instruments was tested with the help of SPSS software. Validity values are shown in Corrected Item-Total Correlational column. If a correlation

number is bigger than critical number ($r_{count} > r_{table}$) the instrument is valid. The critical number in this study is $n-2$, $93-2=91$ with significance level 5%, so the critical number for the validity test in the study is 0,172. Based on validity test on the instruments, the values of corrected item total correlation were positive and above r_{table} value of 0,172, meaning all question items were valid. The result of validity test of the variable of the success of the implementation of the Regulation of the Minister of Home Affairs Number 59 of 2007 is as follows:

Table 1. Validity Test

No	Variable	Total Item	r count	r table	Note
1	Regulation (X ₁)	1	.768	0,172	Valid
		2	.779		Valid
		3	.719		Valid
		4	.580		Valid
		5	.580		Valid
2	Commitment (X ₂)	1	.319	0,172	Valid
		2	.498		Valid
		3	.569		Valid
		4	.453		Valid
		5	.241		Valid
3	Human Resources (X ₃)	1	.533	0,172	Valid
		2	.202		Valid
		3	.609		Valid
		4	.216		Valid
4	Supporting Facility (X ₄)	1	.555	0,172	Valid
		2	.181		Valid
		3	.627		Valid
		4	.242		Valid
5	Success (Y)	1	.678	0,172	Valid
		2	.345		Valid
		3	.620		Valid
		4	.421		Valid
		5	.678		Valid
		6	.423		Valid
		7	.259		Valid
		8	.214		Valid
		9	.431		Valid

Source: Result processed by SPSS 21 (2015)

2. Reliability

Reliability test was conducted to determine whether the instruments used were reliable and consistent when repeated. The result of reliability test of the variables is as follows:

Table 2. Reliability Test

Variable	Alpha Cronbach's	Reliability Limit	Note
1. Regulation	.856	0.5	Reliable
2. Commitment	.644	0.5	Reliable
3. Human Resources	.647	0.5	Reliable
4. Supporting Facility	.601	0.5	Reliable
5. Success	.762	0.5	Reliable

Source: Result processed by SPSS 21 (2015)

A questionnaire is reliable if the Alpha Cronbach is bigger than 0.5 Nunnally (Ghozali 2006). From the data above, the result of reliability test shows that the alpha Cronbach of each variable is bigger than 0.5 (reliability limit), so the instrument is reliable.

The Result of Hypothesis Test

To test hypotheses on the influence of regulation, commitment, human resources, and supporting facilities on the success of the implementation of the Regulation of the Minister of Home Affairs Number 59 of 2007 partially and simultaneously, F test was performed to test the hypothesis simultaneously and t test to test partially.

Hypothesis Test by F Test

The result of F test showed that regulation, commitment, human resources, and supporting facilities simultaneously influenced the success of the implementation of the Regulation of the Minister of Home Affairs Number 59 of 2007. The summary of the result of hypothesis test is presented in the table below:

Table 3. F Test Result

Mode		Sum of Square	df	Mean Square	F	Sig.
1	Regression	129,871	4	32,468	22,217	,000(a)
	Residual	128,603	88	1,461		
	Total	258,473	92			

Source: Result processed by SPSS 21 (2015)

F test or Anova test with the help of SPSS produces F count of 22,217 and F table of 2,06 at Alpha = 5%. So, in the regression model F count > F table i.e. F count of 22,217 > F table of 2,06 and it was concluded that Regulation (X1), Commitment (X2), Human resources (X3) and Supporting facilities as independent variables simultaneously influenced the success of the implementation of the Regulation of the Minister of Home Affairs Number 59 of 2007 (Y). It meant if regulation,

commitment, human resources and supporting facilities increased together, the success of the implementation of the Regulation of the Minister of Home Affairs Number 59 of 2007 would improve.

Hypothesis Test by t Test

After performing classical assumption test, the discussion continues with hypothesis test, where t count values of regression results were calculated to determine the influence of independent variables partially on dependent variable. Hypothesis test partially was performed by comparing the values of t count and t table with the criterion: if t count is bigger than t table, hypothesis is accepted or in other words there is influence between independent variable and dependent variable.

Table 4. t Count Values

Variable	t count	t table	Significant	Decision
Regulation	2,947	1,988	0,004	Hypothesis accepted
Commitment	2,017	1,988	0,047	Hypothesis accepted
Human Resources	3,673	1,988	0,000	Hypothesis accepted
Supporting Facility	1,974	1,988	0,051	Hypothesis rejected

Source: Result processed by SPSS 21 (2015)

The table above shows that the t count value of each independent variable partially influence the dependent variable, i.e.:

1. Regulation variable has t count value of 2,947 with probability of 0,004. Because t count > t table (2,947>1,988) or significant t<5% (0,004<0,05) regulation partially influenced the success of the implementation of the Regulation of the Minister of Home Affairs Number 59 of 2007.
2. Commitment variable has t count value of 2,017 with probability of 0,047. Because t count > t table (2,017>1,988) or significant t<5% (0,047<0,05) commitment partially influenced the success of the implementation of the Regulation of the Minister of Home Affairs Number 59 of 2007.
3. Human resources variable has t count value of 3,673 with probability of 0,004. Because t count > t table (3,673>1,988) or significant t<5% (0,000<0,05) human resources partially influenced the success of the implementation of the Regulation of the Minister of Home Affairs Number 59 of 2007.
4. Supporting facility variable has t count value of 1,974 with probability of 0,051. Because t count < t table (1,976<1,988) or significant t<5% (0,051>0,05) supporting facility didn't partially influence the success of the implementation of the Regulation of the Minister of Home Affairs Number 59 of 2007 by 0,001. And based on significant level 10%, t table at significant level 10% is 1,662 or t count > t table

(1,976>1,662) so supporting facility also partially influenced the success of the implementation of the Regulation of the Minister of Home Affairs Number 59 of 2007.

5.2. Discussions

The result of the study on the influence of the implementation of the Regulation of the Minister of Home Affairs Number 59 of 2007 showed that commitment and human resources variables partially influenced the success of regional financial management. It's because SKPD officers' commitment in performing their tasks was the same as when they managed local finances. It showed that the commitment of SKPD officers of Banda Aceh City Government and SKPD officers of North Sumatera Provincial Government to the success of local financial management was significant, as shown by respondents' answers to the questionnaires and the result of statistical test by t test. Similarly, in terms of human resources variable, SKPD officers of Banda Aceh City Government and SKPD officers of North Sumatera Provincial Government joined socializations, trainings, technical guidance and workshops on local financial management so they influenced the success of local financial management.

This study showed that regulation variable influenced the success of local financial management while the study by Azar (2007) shows that regulation variable doesn't influence local financial management.

The difference might be due to differences in regulation and study time. Azar's (2007) study uses the Regulation of the Minister of Home Affairs Number 13 of 2006, while this study (2009) used the Regulation of the Minister of Home Affairs Number 59 of 2007 which amends the essential elements of the Regulation of the Minister of Home Affairs Number 13 of 2006 which are budget, APBD implementation, administration, accounting and reporting to make them easier to understand, easier to implement, and not cause any problem. The different might also be due to special regulation in effect for Nangro Aceh Darussalam Provincial Government on special autonomy which wasn't included in this study. It's shown in respondents' answers to the questions and the result of statistical test by t test.

Supporting facility variable in this study didn't influence the success of local financial management, while the supporting facility of Azar's (2007) study influences the success of local financial management. The difference might be due to available supporting facilities in local financial management in Banda Aceh City Government which had more influence on the success of local financial management than in North Sumatera Provincial Government. It's shown in respondents' answers to the questions and the result of statistical test by t test.

6. Conclusions

From the discussion of the influence of regulation, commitment, human resources and supporting facilities on the success of the implementation of the Regulation of the Minister of Home Affairs Number 59 of 2007 in North Sumatera Provincial Government, the following were concluded:

1. Regulation, Commitment, Human resources, and Supporting facilities simultaneously influenced the success of the implementation of the Regulation of the Minister of Home Affairs Number 59 of 2007.
2. Partially, Regulation, Commitment and Human resources influenced the success of the implementation of the Regulation of the Minister of Home Affairs Number 59 of 2007, while supporting facility didn't. The success of the implementation of the Regulation of the Minister of Home Affairs Number 59 of 2007 in North Sumatera Provincial Government, influenced regulation, while the success of the implementation of the Regulation of the Minister of Home Affairs Number 13 of 2006 in Banda Aceh City Government didn't. The study by Azar (2007) shows that supporting facility variable influenced the success of the implementation of the Regulation of the Minister of Home Affairs Number 13 of 2006 in Banda Aceh City Government while the success of the implementation of the Regulation of the Minister of Home Affairs Number 59 of 2007 in North Sumatera Provincial Government wasn't influenced by supporting facility variable.

7. Suggestions

Based on the conclusions and limitations in this study, the suggestions were as follows:

1. Research objects should be expanded beyond North Sumatera Provincial Government and added the number of samples outside of North Sumatera Provincial Government, thus enable different research results and conclusions if the research objects are broader.
2. Future researches should use direct observation on objects and/or use experimental method to replace questionnaire method.
3. This study should be expanded to get stronger empirical result by adding other variables which may influence the success of the implementation of the Regulation of the Minister of Home Affairs Number 59 of 2007, such as training, educational background of SKPD officer, and performance of SKPD officers.

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