Study of non-cash transactions, integrity and competence effect on the financial management performance of west sulawesi local government

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ABSTRACT

This research aims to study the effect of the implementation of non-cash transactions, integrity and competence simultaneously and partially on financial management performance in the West Sulawesi Provincial Government. This research used survey research. The research was conducted in the West Sulawesi Provincial Government. The research time was conducted from July 2021 to August 2021. The research population is all employees in the West Sulawesi Provincial Government spread across 42 Regional work unit (*Satuan kerja perangkat daerah*, SKPD). Determination of samples in this study by purposive sampling with the criteria of the Financial Management Officer (*Pejabat Penatausaha Keuangan*, PPK) and the Treasurer. The test results showed that partially the variable application of non-cash transactions, integrity and competence had a significant positive effect on financial management performance in the West Sulawesi Provincial Government. The simultaneous variable application of non-cash transactions, integrity and competence has a significant positive effect on the performance of financial management in the West Sulawesi Provincial Government. Variabel competence has the most dominant influence on financial management performance in the West Sulawesi Provincial Government. The research implies that increasing knowledge, skill, and attitude of civil servant are able to enhance the efficient of financial management of local government.

1. Introduction

The Efficient financial management of local government affects the economic growth and independence of an area (Hu et al., 2019; Huang & Ho, 2017; Yasin, 2019). Regions with good financial management, have the ability to finance the implementation of regional autonomy.

Efficient and effective management of regional finances meets participatory principles (Korompot & Warongan, 2017), transparency (Masdar et al., 2021), accountability (Dewi et al., 2019), and justice. Support for good financial management of the regional economy can be seen from the ability of regions to provide solutions to complex regional development problems, without relying on central government subsidies (Melnychuk et al., 2019). Therefore, research on financial management in supporting regional independence is currently still interesting to do (Kravchenko et al., 2021).

The implementation of non-cash transactions is one of the efforts to improve the financial governance of West Sulawesi Province. The West Sulawesi Provincial Government is currently implementing the concept of non-cash transactions to create accountability and transparency in government (Nafaliya Dinul Haqi & Aji Suseno, 2019). Participation in budgeting is the involvement of all employees in an agency to carry out activities in achieving the goals set out in the budget (Kahar et al., 2016). The involvement will encourage employees and heads of departments to take responsibility for each of their duties (Davila et al., 2018). By implementing this system, the performance of employees and heads of departments will increase and it can achieve the goals or targets set in the budget (Wagner et al., 2021). The performance of a region's financial management is not only influenced by financial factors but can also be influenced by non-financial factors, in this study factors that are estimated to affect the performance of regional financial management, namely public participation, accountability, transparency, and integrity. The integrity of the financial management apparatus is needed in achieving institutional goals (Masters & Graycar, 2016). Integrity will avoid deviations or misuse of the regional finances by the local financial management officer (Prihanto, 2020).

Therefore accounting has a very important role, especially as a tool of accountability in the relationship between the principal as the assignor and the power to the agent to do work related to the interests of the principal (Nafaliya Dinul Haqi & Aji Suseno, 2019). Accountability and transparency in government can create a good governance. Good Governance is a set of managerial tools to achieve a better public service (Wardhani et al., 2017). Good governance is a guidance for the community to be become a prosperous society.

Figure 1. Conceptual framework
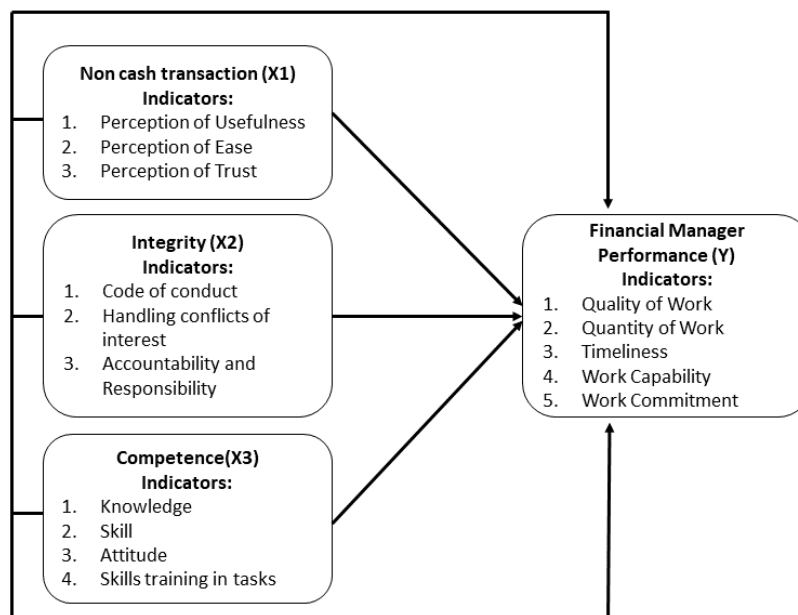
Based on the Conceptual framework above, the paper proposes the following hypothesis.:
1. There is a significant positive effect on the implementation of non-cash transactions, integrity and competence on the financial management performance of West Sulawesi Province.
2. There is a significant partial positive effect on the financial management performance of West Sulawesi Province,

3. There is a significant partial positive integrity effect on the financial management performance of West Sulawesi Province.
4. There is a significant partial positive influence of competence on the financial management performance of West Sulawesi Province.
5. There are variables that predominantly affect the financial management performance of West Sulawesi Province

2. Methods

This research used a quantitative approach with survey methods, and correlational analysis techniques to determine the influence of the relationship of bound variables and free variables. This research was conducted on all SKPD in West Sulawesi Province. The location collection is based on research targets, namely financial management performance in West Sulawesi Province.The research time was conducted in June 2021 to July 2021.

The population in this study was civil servants in West Sulawesi Province spread across 42 SKPD. Sampling was carried out by Purposive sampling which was the sample criteria in this study were financial management officers (Pejabat penatausaha keuangan, PPK) and Treasurers. Data analysis techniques used multiple linear regression analysis preceded by validity tests and reliability tests on research data, then the classic assumption tests used in this study were normality tests, heteroskedasticity tests, and multicollinearity tests then hypothesis tests were used t tests to test relationship partially and f tests to find out the relationship simultaneously. The meaningful analysis in this study was used through a determination coefficient (R square) test.

3. Results

1. Normality test

The normality test in this study was conducted by using probability-plots (P-P) graph analysis and Kolmogorov-Smirnov (K-S) non-parametric statistical analysis. Through graph analysis in figure 2, it can be stated that this research data is already distributed normally. It can be known by looking at the spread of data points around diagonal lines, where the spread of data points is not far from the diagonal line.
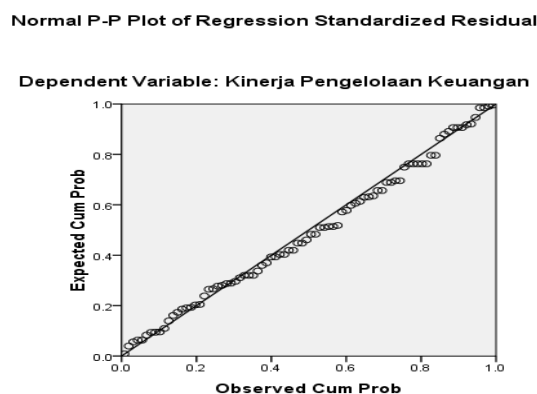

Figure 2. The Normality tests

Tabel 1. One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		84
Normal Parameters[a]	Mean	.0000000
	Std. Deviation	4.61510039
Most Extreme Differences	Absolute	.065
	Positive	.065
	Negative	-.035
Kolmogorov-Smirnov Z		.595
Asymp. Sig. (2-tailed)		.871

a. Test distribution is Normal.

Based on the results of the Kolmogorov-Smirnov test in Table.1. It shows probability (Asymp sig) = 0.871 > 0.05. Thus, the data in this study is normally distributed and can be used to test the hypothesis. The results were consistent with previous tests.

Tabel 2. Tolerance dan VIF

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-3.960	4.246		-.933	.354		
	Penerapan Transaksi Non Tunai	1.047	.366	.300	2.864	.005	.400	2.499
	Integritas	.732	.307	.234	2.384	.019	.456	2.194
	Kompetensi	1.268	.337	.369	3.761	.000	.457	2.186

a. Dependent Variable: Financial Management Performance

Table 2. Indicates that independent variable has a Tolerance value greater than 0.10 which means that there is no correlation between independent variables whose value is more than 95%. The results of the VIF calculation also show the same thing, all independent variables have a smaller VIF value of 10, then it can be concluded that there is no multicollinearity problem in the model.

Tabel 3. Heteroskedasitias with Glejser Statistical Test

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.548	2.499		3.821	.000
	Non-Cash transaction	-.415	.215	-.326	-1.929	.057
	Integrity	-.003	.181	-.003	-.018	.986
	Competence	.068	.198	.054	.344	.732

a. Dependent Variable: Abs_RES

Based on Table 3, the results of the Glejser test shows that the significance value of all independent variables was greater than 0.05. It was concluded that there were no symptoms of heteroskedastistas. This means that regression models can be used to perform hypothesis testing.

2. Hypothesis testing

Table 4. demonstrate partially the application of non-cash transactions, integrity, competence has a significant positive effect on financial management.

Tabel 4. Statistical T Test

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-3.960	4.246		-.933	.354
	Non cash transaction	1.047	.366	.300	2.864	.005
	Integrity	.732	.307	.234	2.384	.019
	Competency	1.268	.337	.369	3.761	.000

a. Dependent Variable: Financial Management Performance

Based on Table 4. It produces structural equations as follows.
$Y = 3{,}960 + 1.047X_1 + 0.732X_2 + 1.268X_3 + \varepsilon$

The equation shows that:
a) The constant value factor is 3,960, meaning that if all independent variables, namely the application of non-cash transactions, integrity, and competence, are assumed to be zero, then the value of financial management performance is 3,960.
b) The regression coefficient of the application of non-cash transactions is 1,047, meaning that if competence increases by 1 unit, the performance of financial management will increase by 1,047 assuming all other independent variables value are constant. The application of non-cash transactions (X1) partially has a positive and significant effect (with a calculated value (2.864) > table t value (1.66412) sig 0.005 < α tolerance of 0.05) on financial management performance (Y). Thus, it can be concluded that the implementation of non-cash transactions partially has a positive and significant effect on financial management performance.
c) The integrity regression coefficient (X2) of 0.732 means that if integrity increases by 1 unit, the performance of SKPD's financial management will increase by 0.732 assuming all other independent variables' value are of constant. Partially integrity has a significant and significant effect (with a calculated t value (2.384) > table t value (1.66412) sig 0.019< α tolerance of 0.05) to financial management performance (Y). Thus, it is concluded that integrity has a partial positive and significant effect on financial management.
d) The coefficient of organizational competency regression (X3) is 1,268, meaning that if competence increases by 1-unit, financial management performance will increase by 1,268 assuming all other independent variables are of constant value. Competence partially has a positive and significant effect (with a calculated value (3.761) > a table t value (1.66412) sig 0.000 < α tolerance of 0.05) to financial management performance (Y). Thus, it can be concluded that competence partially has a positive and significant effect on financial management performance.

Out of three variables used as predictors of financial management performance, competency variables are identified as the strongest variables that affect financial management performance with a regression coefficient of 1,268 if competence rises by 1-unit, financial management performance will increase by 1,268 assuming all other independent variables' value are of constant and beta coefficient standard value of 0.369. Each change in one unit of competence can result in a change in financial management performance of 36.9%.

Tabel 5 Statistical Test F ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3256.873	3	1085.624	49.128	.000[a]
	Residual	1767.830	80	22.098		
	Total	5024.702	83			

a. Predictors: (Constant), Competence, Integrity, non cash transaction implementation

b. Dependent Variable: Financial Management Performance

Based on Table 5, it can be said that p Sig (0.00) < α tolerance (0.05), it can be concluded that for the estimation model, independent variables (application of non-cash transactions, integrity and competence) have a significant simultaneous effect on dependent variables (financial management performance). It was obtained that the value of F calculated at 49,128 is greater than the F value of the table (80: 4) of 2.49, so Ha accepted that the implementation of non-cash transactions, integrity and competence simultaneously is significant to the performance of financial management.

Tabel 6 Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.805a	.648	.635	4.70084

a. Predictors: (Constant), Competence, Integrity, non cash transaction

b. Dependent Variable: Financial Management Performance

Adjusted R Square model value is estimated at 0.635 or 63.50%. That means that the dependent variable (financial management performance) can be explained by independent variables (application of non-cash transactions, integrity, competence) of 63.50%, while the remaining 36.50% can be explained by other variables outside of the estimation model.

4. Discussion
Effect of Non-Cash Transaction Implementation on Financial Management Performance

The implementation of a non-cash transaction policy is expected to realize good, effective, efficient, and accountable financial management to prevent unwanted actions such as corruption involving the national financial sector. Based on the results of the study, it was found that the application of non-cash transactions partially had a positive and significant effect (with a calculated value (2,864) > the table t value (1.66412) sig 0.005 < α tolerance of 0.05) to the performance of financial management. This is in accordance with the results of previous research conducted by (Sahadu et al., 2021) which stated that the implementation of non-cash transactions, Accountability and Transparency had a significant partial and simultaneous effect on employee performance in the Tojo Una-Una Regional Financial and Asset Management Agency with model accuracy reaching 70.2%.

Effect of Integrity on Financial Management Performance

Based on the results of the study obtained integrity positive and significant influence (with a value of t calculate (2.384) > the value of t table (1.66412) sig 0.019< α tolerance 0.05) on financial management performance. This is in line with research (Syahrudin & Thoharudin, 2020), integrity has a positive and significant effect on the performance of employees' values t calculated for the integrity variable of 3,157 with a significance of 0.002<α tolerance of 0.05.

This research is in line with research (Ngorantutul et al., 2019) that there is a positive influence between integrity and the performance of auditors at the Representative Office of the Financial and Development Supervision Agency (BPKP) of Central Sulawesi Province as a result of statistical tests obtained a significance value of 0.028 smaller than 5% alpha nilai which is 0.028 < 0.05 and regression coefficient (b1) 0.295 means. This means that the better the integritas, it will increase performance. Meanwhile, the standardized value of beta coefficients is 0.175 or 17.5%. This shows that partially integrity has an influence of 17.5% on the performance of auditors.

Effect of Competence on Financial Management Performance

Competence is a basic skill, knowledge, attitude and value reflected into the habit of thinking and acting that is developed, dynamic, continuous and can be achieved at any time. The habit of thinking and acting constantly, consistently and done continuously will make a person competent. The more competent an employee, the better the performance of the financial management in which the employee works. The results of the study found that competence partially had a positive and significant effect (with a calculated value (3.761) > a table t value (1.66412) sig 0.000 < α a tolerance of 0.05) to financial management performance. Based on the frequency distribution of competencies show an average value above 4. This shows that competence can have a positive influence on financial management performance, so that financial management in the West Sulawesi Provincial Government is increasing in opinion. This is in line with Amaliyah et al (2019) which concluded partially, competence has a significant effect on the performance of regional financial management.

5. Conclusion

Based on the results of data analysis, hypothesis testing and discussions in this study, it can be drawn some conclusions that; the implementation of non-cash transactions partially has a significant positive effect on the financial management performance of the West Sulawesi Provincial Government. Integrity partially has a significant positive effect on the financial management performance of the West Sulawesi Provincial Government. Competence partially has a significant positive effect on the financial management performance of the West Sulawesi Provincial Government. The implementation of Non-Cash Transactions, Integrity and Competence simultaneously has a significant positive effect on the performance of financial management in the West Sulawesi provincial government. Competence is the most dominant variable affecting the financial management performance of the West Sulawesi provincial government.

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