Role of Hedging Mechanism in Maintaining Volatility Cash Flow and Growth Opportunity and Their Impact on Investor Reaction

by Optima Science IV

Testing Model Accountability in Public Sector Organization (Study on Goverment Regional Tana Toraja, South Sulawesi)

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ABSTRACT

This study aims to test the model of public accountability in local government. Testing is done by designing a questionnaire and distributing a questionnaire to all stakeholders including the executive, legislative and community leaders. The results of the data test show that the question items are valid and reliable. The result of model testing has been valid and shows that the built model puts seven dimensions as an element of accountability which includes legal accountability, honesty, process, program, policy, finance and result to society and two dimension becomes predictor variable to public accountability namely accountability mechanism and *Musrenbang* forum.

1 Introduction

1.1.Background Research

Implementation of the accountability of local governments is very important in order to improve the governance of local government organizations in accordance expectations of society. (Broadbent dan Laughlin 2005) states that the implementation of the governance of public sector organizations more managerial accountability emphasizes that less forward expectations of society as a principal. Accountability thus need to be coupled with a form of public accountability is accountability that emphasizes the expectations of the community. This build public accountability in local government organization is appropriate since it is also a benchmark of what was promised by government area before they lead to be realized in the organization's activities.

The first phase of the research results (Randa 2015) has identified the core theme of understanding of public accountability by the public, local governments and members of the board as stakeholders. Accountability is understood by the public is 1) the availability of infrastructure that support community activities, 2) use of media Development Planning Meeting (MUSRENBANG) as an effective communication channel to accommodate the interests of the community, and (3) accountability of managerial poorly understood and is not an indicator of success local government.

Accountability is understood by the Government as an agent is 1) accountability dominant measure of managerial aspects of the output in the form of the government and the report of responsibility, 2) MUSRENBANG media as a communication channel has not been going according to the mandate of the law. So the accountability that is built more as political economic accountability.

Accountability is understood by the DRPD as the representative of the principal shows 1) political accountability more dominant and the tendency of the board members to side with the government, and 2) the communication media accountability exist as MUSRENBANG, recess and public

aspirations have not been fully utilized and tend as a medium of ceremonial sake political interests of the Members of the Board.

The third resulting of the above research is the basis for designing models and indicators of public accountability in this research. Thus the problem of the research can be formulated: a).What is the design of public accountability in local governments?, b) What kind of the the dimensions and indicators of public accountability?, c) Is accountability model constructed valid, reliable and objective?.

This study aims to formulate a model, dimensions and indicators of public accountability that is valid, reliable and objective on the organization of local government. Models and indicators can complement managerial accountability that has been built by the local government to create an impartial accountability and accepted by the community as a principal.

1.2. The Accountability Concept

Various definitions regarding accountability described by several authors, among others by (Sinclair 1995) that defines the behavior as individuals or organizations to explain and accountable for their actions by giving reasons why the act was committed. This definition brings the consequence that any individual or organization shall deliver accountability as a form of accountability of individuals or organizations. The concept is reminiscent of any individual or organization on the importance of accountability built in order to increase trust and acceptance of each other in the organization or organization with the wider community

Accountability else understood by (Gray, B. dan David 2006) as the right of a society that arise because of the relationship between the organization and the community. This notion has raised accountability on a broader level that accountability is not confined to the individual or organization alone but all the rights and property of the general public who have a connection with individual or organization. More (Gray, B. dan David 2006) states the concept of accountability

within a framework of social responsibility to be met as part of the community at large.

The views (Sinclair 1995) and (Gray, B. dan David 2006) demonstrate accountability must be prepared by an activity subject to the public so that individuals or organizations received public trust or parties who have a relationship with the organization concerned. In the spiritual aspect, accountability also have a meaning that the individual or organization has the awareness to state accountability to the transcendent nature of the Lord as stated by (Jacobs dan Walker 2000) in uncovering IONA organizational accountability model. The organizations argued accountability by following what is the teaching of the Church organization IONA. This spiritual accountability animates each individual to act in appreciation of spiritual values that are believed and manifested in the behavior of each individual as a member or as a leader of the organization.

Accountability is also associated with the concept of honesty and ethics (Parker dan Gould 2000). These reflections show that accountability is also touching aspects of the conscience of each individual that is not only running as rituals but come to the surface as a result of a process of reflection. By involving deep conscience, any individual or organization would uphold the values of honesty and ethics become universal nod to strive and manifested in the activities of each individual or organization.

Ijri and Stewart (1984) in (Parker dan Gould 2000) suggest accountability is a commitment of the two parties, namely agent (maker) and principle (receiver). For example, in the distribution of aid, there is a commitment from donors to provide funds only if accompanied by a commitment from the beneficiaries of donations to implement what were promised to the funder.

At the level of accountability axiology as a science concepts need a real practice. To arrive at the axiology level of accountability and then constructed within the framework of science, namely accounting. This concepts was implemented accountability through reporting functions where accounting as the implementation

or justification of the actions of individuals or organizations. Accounting then became a bridge factual accountability can be understood rationally and verifiable to determine the quality of accountability.

Formulation of accountability becomes a theoretical concept in accounting and then carried through stakeholder theory and agency theory. Thought accountability is important not only morally and theoretically but also in practice. The agreement shall be agreed upon by the other party if the agent is acting in accordance with the agreement stipulated. Commitment to carry out an agreed arrangement is often not done so some of the literature in the field of accounting is lifted into the proposition or theory states that relations between the two parties is often asymmetric (Brown dan M.H.Moore 2001). Agency theory (Jensen dan Mackling 1976) focused on how to manage the agent to the principals accountable to meet the goals of the principal. Normative assumptions in this formulation wanted more honest agent to the principal. Are the principal threats facing their dishonesty and inefficiency agent that needs to be supported by incentive schemes or bonus to motivate agents achieves the desired goal principal.

Accountability is also necessary to identify the interests of stakeholders (Ebrahim 2003) and (Unerman dan O'Dwyer 2006). Information to be part of the accountability required by stakeholders

2   Research Methodology
2.1. Location, Population and Sample.

The research location is Tana Toraja. This location is the same as the previous research (Randa 2015) to increase the validity and consistency on the same object. The populations of this research are the stakeholders of the local government organization Tana Toraja district include the community and the members of the Regional House of Representatives. Samples were taken by purposive sampling of the districts that are easy to reach. Data collected through the distribution of a questionnaire. The questionnaire

consisted of identity and questions prepared in scale liqueur and using SPSS as a tools of data processing.

2.2. Stages of research and data analysis

Stages of research begins with the design of models and indicators of public accountability model. Model design is based on the results of previous research (Randa 2015). This stage is done by analysts on the results of the interview content. The next stage is to prepare a questionnaire, determine the sample, distributing questionnaires, process data, test the feasibility of the model and draw conclusions.

2.3. Data analysis
Data analys throught there forms:
2.3.1   Analysis of the content that is analysis by collecting the same content of the interviews into dimensions and indicators are formulated into a model of accountability.
2.3.2   Analysis of the validity and reliability of the analysis undertaken to test the validity and reliability of the questionnaire were collated whether the dimensions and indicators can measure the true public accountability and consistency in measurement. A questionnaire is said to be valid if the questions in the questionnaire were able to express something that is measured by the questionnaire.
2.3.3   Analysis Model is determind to see the suitability dimensions and indicators in measuring public accountability model.

3   Result and Discussion
3.1 Public Accountability Model Design

The first phase of the research results have identified core themes and find the dimensions of public accountability based understanding of stakeholders. These dimensions are formulated through content analysis method. There are seven dimensions to be found include the legal dimension, honesty, managerial, program, policy, finance and mechanism of accountability. Model of Public Accountability was shown in Figure 2.
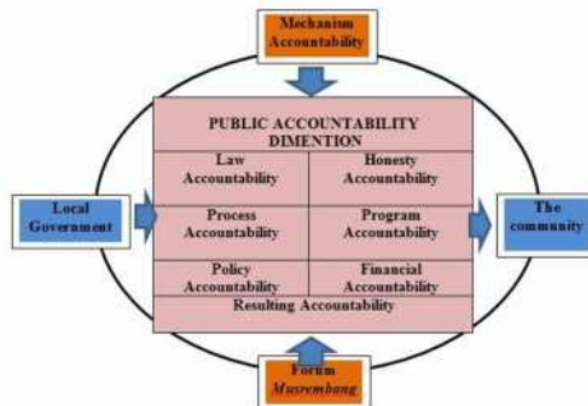
Fig.1. Model of accoutability

3.2. Dimensions and Indicators of Public Accountability

1. Law Accountability
 a. Implementation of the Act or regulations (x11)
 b. Law enforcement(x12)
 c. Guarantee legal compliance(x13)
 d. Follow potential violation of law(x14)
 e. Availability of legal protection(x15)

2. Honesty Accountability
 a. The practice of governance(x21)
 b. Avoidance of abuse office(x22)
 c. Conspiracy in the establishment and implementation of the budget (x23)

3. Process Accountability
 a. Implementation of accounting systems (x31)
 b. Access to information systems (x32)
 c. The effectiveness and efficiency of program management (x33)
 d. Management at sources of potential areas (x34)
 e. Public Service (x35)
 f. Monitoring and inspection (x36)
 g. Administrative procedures (x37)

4. Program Accountability
 a. Achieving the vision and the mission area (x41)
 b. Referring to the regional planning documents (x42)
 c. Represent the interests of the community (x43)
 d. Responsibility programs and activities (x44)
 e. Priorities budgeting (x45)

5. Policy Accountability
 a. The impact of policies (x51)
 b. Consideration of interest(x52)
 c. Public access(x53)
 d. Orientation on the interests of the Community(x54)

6. Financial Accountability
 a. Budget's utilization (x61)
 b. Responsibility budget (x62)
 c. Opinion on financial statements regions (x63)
 d. The preparation of financial statements inconformity standards (x64)
 e. Describing the financial performance (x65)

7. Resulting Accountability

a. As per the expectations/needs of the community (x71)
b. According to the results *musrembang (x72)*
c. Quality of infrastructure development (x73)
d. Implementation oriented interests (x74)

8. **Forum** *Musrenbang*
    a. Communities receive adequate information (x81)
    b. Local governments provide timely information (x82)
    c. Information delivered reliable (x83)
    d. Clarification of the information submitted (x84)
    e. People can understand every decision (x85)
    f. Local governments have ample opportunity to explain his behavior (x86)
    g. Implemented a timely manner (x87)
    h. Attended by the components of society in full (x88)
    i. Attended by members of Parliament in the electoral district each (x89)
    j. Become a forum to evaluate the performance of Local Government (x810)
    k. produce appropriate decisions societal expectations(x811)
    l. Set the standard for assessing implementation (x812)
    m. Realization proposal (x813)

n. The procedures for proper assessment (x814)
o. sanctions that are proportionate to the deviation (x815)

9. **Mechanism Accountability**
    a. Prevention of corruption or misuse of committed actors (x91)
    b. Feedback is enough (x92)
    c. The exact procedure to improve policies and procedures (x93)
    d. Procedures for assessing actors and institutions (x94)
    e. Contribute to the availability of information about what should be done (x95)
    f. Encourage learning behavior of actors and bureaucratic institutions (x96)
    g. Supervision of actors and institutions and bureaucracy (x97)

3.3 Quality Test Data
3.3.1. *Test Validity and reliability of Data*

The instrument used in this study is a questionnaire, so testing the validity of which is used in the form of content validity. Validity test is done to see the value of Pearson product moment correlation. An instrument is declared invalid if the correlation coefficient is the significance level of 5%; 10%. The results of testing the validity of which is carried out on all the items on each variable questions as follows:

Table 1. Test of Validity and Reliability

No.	Variable	*Person Correlation***
1	Law Accountability	0,677-0,806
2	Honesty Accountability	0,293-0,809
3	Process Accountability	0,482-0,885
4	Program Accountability	0,510-0,755
5	Policy Accountability	0,770-0,929
6	Financial Accountability	0,524-0,743
7	Resulting Accountability	0,734-0,887
8	Forum *Musrembang*	0,495-0,805
9	Mechanism Accountability	0,751-0,878

** Correlation is significant at the 0.01 level

Based on the validity of the test results, it can be seen that all the items above statement has a 0.40 correlation except on honesty accountability of 0,293. It is mean that there is a match in which how well an instrument that is made to measure a certain concept to measure.

3.3.2. *Reliability Test*

Reliability test is intended to determine the extent to which the measurement results remain consistent, if the measurements were taken twice or more the same symptoms using the same gauge. Reliability test in this research is to test the internal consistency. Internal consistency of a measuring tool shows the item-item homogeneity in measurement concepts. Reliability testing is most often used as a reference is the Cronbach's alpha coefficient at an acceptable level is above 0.70 despite above 0.50 is acceptable (Hair et.al, 1998) in Feldman and Moore (2001). Table 4.4 shows the reliability test results for those items in the statement of this study and Cronbach's alpha for each variable.

Table 2. Test of Reliability

No.	Variabel	Cronbach's alpha
1	Law Accountability	0,776
2	Honesty Accountability	0,354
3	Process Accountability	0,902
4	Program Accountability	0,788
5	Policy Accountability	0,861
6	Financial Accountability	0,581
7	Resulting Accountability	0,510
8	Forum *Musrembang*	0,889
9	Mechanism Accountability	0,932

Based on the reliability test results, it can be seen that the three variables used in this study had a Cronbach's alpha above 0.50 except for the variable of 0.354 Honesty Accountability means that these variables showed the stability and consistency of which can assess how consistent a measuring instrument to measure a particular concept which is measured and thus can be used in further analysis.

3.4 Feasibility Testing Model Public accountability

3.4.1. *Test Determinant of Correlation Matrix*

The ccorrelation of matrix between variables are interrelated determinants valuable when approaching a value of 0. The calculations show that the Determinant of Correlation Matrix value are nearly 0, expect for accoutability honesty.

Table 3. Determinant of Correlation Matrix

No.	Variable	Determinant of Correlation Matrix
1	Law Accountability	0,183
2	Honesty Accountability	0,940
3	Process Accountability	0,000
4	Program Accountability	0,056
5	Policy Accountability	0,100

6	Financial Accountability	0,155
7	Resulting Accountability	0,008
8	Forum *Musrembang*	0,000
9	Mechanism Accountability	0,000

The test results Determinant of Correlation Matrix shows that the variable Accountability law, process, program, policy, finance, results, forums musrembang, accountability mechanisms show the correlation matrix between indicators on each interrelated variables, except for accountability honesty.

3.4.2. *Test Kaiser Meyer Olkin Measure of Sampling (KMO)*

Kaiser Meyer Olkin Measure of Sampling (KMO) is the ratio of the distance between the index with a correlation coefficient of partial correlation coefficients. If the sum of the squares of partial correlation coefficient between all pairs of variables is small when compared with the sum of squared correlation coefficient, yields a value close to 1. Value KMO KMO is considered sufficient if more than 0.5.

Table 4. Kaiser Meyer Olkin Test

No.	Variable	Nilai KMO	Approx. Chi-Square	Sig.
1	Law Accountability	0,744	36,516	0,000
2	Honesty Accountability	0,462	1,374	0,712
3	Process Accountability	0,746	169,453	0,000
4	Program Accountability	0,680	60,243	0,000
5	Policy Accountability	0,765	50,340	0,000

6	Financial Accountability	0,639	39,523	0,001
7	Resulting Accountability	0,643	101,059	0,000
8	Forum *Musrembang*	0,500	291,097	0,000
9	Mechanism Accountability	0,620	176,907	0,000

3.4.3. *Measures of Sampling Adequacy (MSA)*

MSA testing requirements of each variable (dimension) described accountability.

a) Accountability Law

MSA value in the above table shows rows Anti Image Correlation with an "a", with a value of MSA> 0.5 so qualify MSA. The test results of the Total Variance Explained show factor is one factor that is formed with the matrix component as follows:

Table 5. MSA of Accoutability Law

	Component
	1
X15	0,837
X11	0,803
X12	0,760
X13	0,706
X14	0,607

b) Accountability Honesty

MSA value in the above table shows rows Anti Image Correlation with an "a", the MSA value <0.5 so it does not qualify MSA. The test results of the Total Variance Explained and rotated component matrix shows the factor that is formed is one factor in the transformation matrix component as follows:

Table 6. MSA of Accoutability Honesty

Component	1	2
1	0,992	0,126
2	-0,126	0,992

c) Accountability Process

MSA value in the above table shows rows Anti Image Correlation with an "a", with a value of MSA> 0.5 so qualify MSA. The test results of the Total Variance Explained and rotated

component matrix shows the factor that forms are 3 factors:

Table 7. MSA of Accoutability Process

	Component		
	1	2	3
X31	0,737	0,126	-0,384
X32	0,070	0,875	0,185
X33	0,405	0,827	0,141
X34	0,152	0,856	0,224
X35	0,385	0,310	0,695
X36	0,874	0,206	0,278
X37	0,888	0,223	0,225
X38	0,759	0,424	0,245
X39	0,789	0,029	0,385
X310	0,118	0,271	0,827

Each of these factors are as follows: Factor 1 (x31, x36, x37, X38, x39); factor 2 (x32, x33, x34); factor 3 (x35, x310).

d) Accountability Program

MSA value in the above table shows rows Anti Image Correlation with an "a", with a value of MSA> 0.5 so qualify MSA. The test results of the Total Variance Explained and rotated component matrix shows the factor formed are two factors. Each of these factors are as follows: Factor 1 (X41, x42, x43, x44); factor 2 (X45, x47), with the transformation matrix component as follows:

Table 8. MSA of Accoutability Program

Component	1	2
1	0,709	0,705
2	0,707	0,709

e) Accountability Policy

MSA value in the above table shows rows Anti Image Correlation with an "a", with a value

of MSA> 0.5 so qualify MSA. The test results of the Total Variance Explained show factor is one factor that is formed with the matrix component as follows:

Table 9. MSA of Accoutability Policy

	Component 1
X51	0,777
X52	0,740
X53	0,917
X54	0,920

f. Financial Accountability

MSA value in the above table shows rows Anti Image Correlation with an "a", with a value of MSA> 0.5 so qualify MSA. The test results of the Total Variance Explained and rotated component matrix shows the factor formed is two factors:

Table 10. MSA of Accountability Honesty

	Component 1	Component 2
X61	0,623	0,383
X62	0,856	0,187
X63	0,202	0,801
X64	0,817	0,323
X65	-0,610	0,275
X66	0,041	0,790

Each of these factors are as follows: Factor 1 (x61, x62, x64); factor 2 (X63, X65, x66), with the transformation matrix component as follows:

Table 11. Transformation Matrix of Accountability Honesty

Component	1	2
1	0,833	0,554
2	-0,554	0,883

g) Accountability Results

MSA value in the above table shows rows Anti Image Correlation with an "a", with a value of MSA> 0.5 so qualify MSA requirements. The test results of the Total Variance Explained and rotated component matrix shows the factor formed is two factors:

Table 12. MSA of Accountability Results

Component	1	2
X71	-0,370	0,804
X72	-0.018	0,878
X73	0.847	-0,360
X74	0,859	-0,298
X75	0,960	-0,113
X76	0,787	-0,020

Each factor applicable, as follows: Factor 1 (X73, x74, X75, x76); factor 2 (x71, X72), with the transformation matrix component as follows:

Table 13. Transformation Matrix of Accountability Result

Component	1	2
1	0,893	-0,449
2	0,449	0,893

h) Forum Musrembang

MSA value in the above table shows rows Anti Image Correlation with an "a", with a value of MSA> 0.5 so qualify MSA. The test results of the Total Variance Explained and rotated component matrix shows the factor that forms are 5 factors:

Table 14. MSA of Forum Musrenbang

Component	1	2	3	4	5
X81	0,262	0,709	0,259	0,288	-0,405
X82	0,095	0,115	0,168	0,796	0,343
X83	-0,064	0,841	0,199	0,108	0,176
X84	0,241	0,826	0,113	0,075	-0,140
X85	0,519	0,317	0,070	0,659	0,152

X86	0,011	0,209	0,775	0,243	0,014
X87	0,388	0,580	0,452	0,178	0,177
X88	0,868	0,116	0,151	0,346	0,025
X89	0,879	0,117	0,006	-	-0,021
X810	0,775	0,071	0,371	0,098	0,082
X811	0,565	0,500	0.244	0,190	0,187
X812	0,313	0,071	0,734	-	0,210
X813	0,089	0,471	0,027	0,020	0,581
X814	0,097	-0,070	0,103	0,048	0,904
X815	0,023	0,049	0,282	0,530	-0,310
X816	0,0154	0,260	0,816	0,039	-0,081
				0,806	
				0,130	

Each factor applicable, as follows: Factor 1 (X85, x88, x89, x810, x811); factor 2 (X83, X84, x87), factor 3 (x86, x812, x816), factor 4 (x82, X85, x815), factor 5 (x813, x814) with the component transformation matrix as follows:

Table 15. Transformation Matrix of Forum *Musrenbang*

Component	1	2	3	4	5
1	0,541	0,539	0,470	0,422	0,132
2	0,612	-0,516	-0,210	-0,067	0,557
3	-0,548	-0,060	0,028	0,554	0,623
4	-0,057	0,642	-0,363	-0,488	0,462
5	-0,169	-0,163	0,776	-0,552	0,265

i) Mechanisms for Accountability

MSA value in the above table shows rows Anti Image Correlation with an "a", with a value of MSA> 0.5 so it can be qualified MSA. The test results of the Total Variance Explained show factor is one factor that is formed with the matrix component as follows:

Table 11. Transformation Matrix of Financial Accoutability

Component	1
X91	0,724
X92	0,779
X93	0,822
X94	0,891
X95	0,811
X96	0,845
X97	0,880

X98	0,872

4 Conclusion

According data analisys,the model of Public accountability has been formulated based on the results of data analysis of the content of the core themes of the meaning of the results of previous studies (see the Figure 1). Public accountability model has six mains dimensions, namely Low Accountability, honesty accountability, accountability, managerial, program Accountability, policy accountability, financial accountability, accountability results, *Musrenbang* forum and accountability mechanisms. The validity and reliability of the sixth dimension is currently being tested by sending stakeholder. The Model of public accountability of the suggested

could be tested further by using a quantitative approach to development model and indicator.

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