

**THE EFFECT OF LEADERSHIP STYLE, ORGANIZATIONAL COMMITMENT,
AND UNDERSTANDING OF GOOD GOVERNANCE ON GOVERNMENT
AUDITOR PERFORMANCE IN BPKP CENTRAL SULAWESI
REPRESENTATIVE**

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ABSTRACT

This study aimed to determine and analyze the influence of leadership style, organizational commitment, and understanding of good governance on auditor performance. This study used a purposive sampling method by giving criteria for sampling. Data collection was carried out by distributing questionnaires to BPKP auditors. Primary data were obtained from the responses of respondents through the distribution of questionnaires, observations and interviews. Data were analyzed using Multiple Linear Regression with the help of IBM SPSS Statistics 25. The results showed that leadership style, organizational commitment, and understanding of good governance simultaneously had a significant effect on auditor performance. Partially, leadership style had a significant effect on auditor performance, organizational commitment had a significant effect on auditor performance, and understanding of good governance had a significant effect on auditor performance.

Keywords: Leadership Style, Organizational Commitment, Understanding Good Governance, Auditor Performance.

1. Introduction

Economic The last few years, Indonesia experiences legal problems especially related to corruption, such as abuse of authority, bribery, illegal levies, and the use of state money for personal gain. Public demands for governance without corruption require the implementation of a good oversight and internal control system. The task of a government internal supervision apparatus (APIP) is to oversee the implementation of government and the management of

state finances to ensure that the implementation of activities is in accordance with established policies.

In accordance with Government Regulation No. 60 of 2008 concerning the government's internal control system, the implementation of internal control carried out by the Government Internal Supervisory Apparatus (GISA), namely the Finance and Development Supervisory Agency (BPKP); Inspectorate General; Provincial Inspectorate; and City Inspectorate. BPKP as one of the executors of the government's internal control tasks has a responsibility to supervise the implementation of finance and development in accordance with applicable laws and regulations. In carrying out its activities, BPKP can be divided into four groups, namely audit; consultation, assistance and evaluation; fighting corruption; supervision education and training. In carrying out the audit function, BPKP conducts external audits including examining projects financed by the State Budget (APBN) which are allocated for the implementation of deconcentration, co-administration, and decentralization; special inspection (investigation audit) to reveal indications of criminal acts of corruption (TPK) and other irregularities. Therefore, BPKP needs to be supported by auditors who have good performance in carrying out their functions as supervisors in the government environment.

In carrying out his audit duties, an auditor needs to pay attention to the code of ethics and auditing standards. The code of ethics is intended for auditors to maintain their behavior in carrying out their duties, comply with the principles of behavior and comply with the rules in the ethics of their profession. The auditing standards must also be applied by auditors to provide quality audit results. The code of ethics and auditing standards are guidelines for an auditor to be published to the public or to users of financial statements so that the auditor's role will be more leverage in carrying out his audit duties.

BPKP representatives of Central Sulawesi Province as the government's internal auditor have an important role in encouraging efforts to eradicate corruption in Central Sulawesi. In carrying out audits, BPKP is carried out by BPKP internal auditors themselves. The BPKP auditor is an important element of the government management in the context of good governance.

Auditor performance is an act or implementation of audit tasks that have been completed by the auditor within a certain period of time. Performance (work performance) can be measured through certain measurements (standards), where quality is related to the quality of work produced, while quantity is the amount of work produced in a certain period of time,

and timeliness is the suitability of the planned time (Trisnaningsih, 2007). However, in terms of their performance, the BPKP auditors are currently in the spotlight, because there are still many phenomena that occur related to their performance which is still questionable. It is suspected that they have protected corrupt officials who have allegedly saved billions of rupiah worth of funds. In addition, in carrying out their audit tasks, there are frequently found deviations in the travel budget that are not in accordance with the provisions, so that the officials only return funds that have been used. It happened because the results of the inspection conducted by BPKP and BPK were not followed up by legal proceedings.

The above phenomenon has illustrated how auditors have violated the basic principles and professional ethics. It will affect the auditor's performance. As a result, the credibility of the BPKP auditor as the government's internal audit agency is then questionable. Many phenomena involving BPKP require auditors to further improve not only the quality of audits produced, but also improve the performance of auditors during their audit duties

2. Theoretical view

An auditor must improve the quality and quantity of human resources (HR) that can improve performance. Being an auditor is required to be able to work optimally and professionally. A professional auditor can be seen from his performance in carrying out his duties. Human resources in an organization become a determinant in the effectiveness of performance in an organization. The performance of auditors at this time has received much attention from the public because people want a financial organization that is clean and free from corruption. The level of success and performance of a person in his field of work is also determined by the leadership style, organizational commitment and understanding of *good governance* in a particular field.

A good auditor can be judged by his performance in carrying out his duties. Auditor performance is the implementation of audit tasks that have been completed within a certain period of time. Performance appraisal is useful for improving auditor performance in the future, providing *feedback* about the quality of work, then studying the desired improvement in performance.

Leadership plays a very important role in organizational management. Leadership is needed by humans because of certain limitations in human beings. It arises the need to lead

and be led. Success and failure in achieving goals are always associated with leadership that is central to the management of the organization because the leader is the driving force in the organization. Leadership is defined into individual traits, habits, ways of influencing others, interactions, positions in the organization, and perceptions of legitimate influence. Leadership is the process of influencing or setting an example to his followers through a communication process as an effort to achieve the organizational goals (Rivai, 2014: 2).

Leadership style is one factor that can affect auditor performance. It is a way of the leader to influence other people or their subordinates in such a way that they are willing to do the will of the leader to achieve organizational goals even though they personally might not like it. Theoretically, leadership can have a positive effect on auditor performance.

In accordance with the Government Regulation No. 60 of 2008 concerning the government's internal control system, the implementation of internal control carried out by the government internal supervision apparatus (APIP), namely the Finance and Development Supervisory Agency (BPKP); Inspectorate General; Provincial Inspectorate; and City Inspectorate. BPKP as one of the executors of the government's internal control tasks has a responsibility for supervising the implementation and development of finance in accordance with applicable laws and regulations. In carrying out its activities, BPKP can be divided into four groups, namely audit: consultation, assistance and evaluation; fighting corruption; supervision education and training. In carrying out the audit function, BPKP conducts external audits including examining projects financed by the State Budget (APBN) which are allocated for the implementation of deconcentration, co-administration, and decentralization; special inspection (investigation audit) to reveal indications of criminal acts of corruption (TPK) and other irregularities. Therefore, BPKP needs to be supported by auditors who have a good performance in carrying out their functions as supervisors in the government environment.

H1: Leadership style has a positive effect on the performance of government auditors.

An auditor who has a high organizational commitment in the place where he works will have a sense of belonging to the organization, in which he feels happy at work and he works as well as possible for the organization so that the performance will improve. Besides using

organizational commitment to improve the performance of KAP as it has been mentioned above, the auditor's job satisfaction is required.

A proper understanding of organizational commitment will be realized in its understanding, formulation and scope, formulation of stakeholders, and social responsibility. To achieve the goals set, an organization must formulate a commitment because that is what acts as a guide for top management actions in the future.

H2: The Effect of Organizational Commitment has a positive effect on the performance of government auditors.

The concept of *good governance* can be interpreted as a reference for the process and structure of good political and socio-economic relations. Human interest is the strongest factor that currently influences both the good and the bad and whether or not a country is reached as well as good governance. It has become an inseparable part of life that every human being has an interest; the interests of individuals, groups, and/or national and even international communities. In the context of realizing each of these interests, conflicts always occur. Likewise, in realizing the "*good governance*", the conflict of interests is always the main opponent. Interest creates distance and boundaries between individuals and groups that make it difficult to reach the word "agreement".

Assistance for the implementation of *good corporate governance* is listed in one of the activities carried out by BPKP. "Good governance affects the performance of auditors. By having a good governance, a leader can influence other people or subordinates in such a way that they are willing to do the will of the leader to achieve the goals even though they personally might not like it" (Luthans, 2002: 575). *Good governance* is good governance in a business based on professional ethics in the work. One of the benefits that can be achieved by implementing a *good governance* is to improve organizational performance through the creation of better decision making processes.

Badjuri and Trihapsari (2004) pointed out that a good governance is characterized by three main pillars including basic elements that are interrelated. Those three basic elements are participation, transparency and accountability. A good government must open the door as wide as possible so that all parties involved in the government can participate actively. The

course of the government must be held transparently and the implementation of the government must be accountable.

According to Masykur Hakim (2003), a trustworthy government is characterized by the ability of a leader in (1) responding to the needs / aspirations of the community; (2) having good and soothing words; (3) having intelligence in solving problems; (4) having honesty (only words and deeds); (5) loving and holding on to the truth; (6) acting fairly and glorifying the community; (7) being firm and consistent with ideals; (8) not doing wrong to the people; (9) focusing on solving problems faced by its people (Heru Rochmansjah, 2010: 5).

H3: Understanding of *good governance* has a positive effect on the performance of government auditors.

Thus, it is very important for an agency, especially BPKP as an internal audit institution to maintain and even improve its performance in carrying out the audit tasks given. In order to improve the performance of government auditors, independence, leadership style, organizational commitment, and understanding of *good governance* of a government auditor are needed along with a time budget that often creates pressure in completing work expected to produce higher quality audits. In the end, this quality audit is aimed at increasing the performance of BPKP's internal auditors while increasing public confidence in the duties and functions of BPKP as a government audit agency.

3. Research Methods

This study utilized a *purposive sampling method* by giving criteria for sampling. Data collection was carried out by distributing questionnaires to BPKP auditors. Primary data were obtained from the responses of respondents through the distribution of questionnaires, observations and interviews. Data were analyzed using Multiple Linear Regression with the help of *IBM SPSS Statistics 25*.

4. Results

Based on ANOVA (*Analysis of Variant*) or *F test results*, the F_{count} value of 41.236 > F_{table} was 2.026 and the significance level was smaller than the level of distrust (0,000 < 0.05). It could be concluded that the leadership style (X1), organizational commitment (X2), and understanding of good governance (X3) simultaneously had a significant effect on auditor performance (Y), so that the first hypothesis proposed could be accepted.

Based on the results of the t test statistics calculation of the three independent variables intended in the regression model, it could be seen that:

- The leadership style variable showed the t_{count} of 2.337 < t_{table} of 2.431 with a significance value that was smaller than the 0.05 confidence level of 0.023. It proved that partially the leadership style had a significant effect on the direction of the negative coefficient on the independence of the auditor's performance. Based on the results of this test, the hypothesis which stated that the leadership style had a significant effect on the independence of auditor performance was accepted.
- The results of this study were supported by the opinion of Sedarmayanti (2017) which pointed out that leadership style is the norm of behavior used by a manager when he influences the behavior of his subordinates. A person who carried out management functions was obliged to influence the employees he subordinated to so that they continued to carry out their duties properly, had dedication to the organization and still felt obliged to achieve organizational goals.
- Organizational commitment variable showed the t-value of 2,415 < t_{table} value of 2.431 with a significance value that was smaller than the level of confidence of 0.05 that was equal to 0.021. It proved that partially organizational commitment had a significant effect on the direction of the negative coefficient on auditor performance. Based on the results of this test, the hypothesis stating that organizational commitment had a significant effect on auditor performance was declared acceptable.
- The results of this study were in line with a research conducted by Rahma Yulianti et al., (2016) on the Effect of Organizational Commitment, Independence on Auditors of the State Audit Agency and the Development of the City of Banda Aceh. The results of the study stated that organizational commitment partially had a positive and significant effect on Auditor Performance at the BPKP Banda Aceh City Office.

➤ Partial test (t test) on the variable understanding of *good governance* on the auditor's performance showed that the tcountwas3.961 >ttablewas2.431 and the significant value was0 <0.05 (significant rate = 5%). The resulting effect waspositive which indicated that partial understanding ofgood governancehad an influence on auditor performance. Based on these results, the hypothesis of understanding *good governance* partially had an influence on auditor performance.

The results of this study werein line with a research conducted by RistinaSitio et al (2014) on the Effects of Understanding of *Good Governance*, Leadership Style, Organizational Culture and Audit Structure on Auditor Performance, where the results stated that understanding of *good governance* partially had a positive effect on auditor performance.

5. Conclusions and research implications

- The leader or the head of certain company or organizationmust have a good leadership style in coordinating subordinates so that a subordinate can increase commitment in the organization. This kind of commitment might have been held since he first worked, but by having the leadership style of a good leader, the commitment will be better again. Good leadership in establishing relationships with subordinates is able to form a professional closeness. Good leadership style possessed by a boss to subordinates will strengthen their relationship. It will then increase a subordinate's focus in achieving goals and results to improve their performance.
- An auditor who is committed to his organization will be able to work professionally because when someone has a commitment to his organization he will do something in accordance with the direction and objectives of the organization. With the organizational commitment of the auditor, the auditor will carry out the tasks according to the direction and objectives of the organization because they feel that they are part of the organization.
- An understanding of good governance possessed by auditors at BPKP can improve their performance. By having the understanding of good governance,an auditor should examine the performance of the public sector so that it is based on the concept of *value for money*. Good governance ischaracterized by three main pillars which are the basic elements that are interrelated. Those three basic elements are participation, transparency and accountability. A good government must open the door as wide as possible to make it possible for all parties involved in the government toparticipate actively. The course of

government must be held transparently and the implementation of the government must be accountable. There are a number of limitations in this study as well as observations and knowledge obtained by researchers at the time of the study. The implications of this study are as follows:

1. Increasingly harmonious relationship between auditors at the *BPKP* will further increase commitment and can cause emotional attachment because it has joined the *BPKP* environment.
2. The boss always instills a commitment in every employee that they are part of the *BPKP* organization.
3. An Auditor who works as an auditor should be fair in terms of the division of tasks among fellow work colleagues.
4. The performance of auditors who have quite a long experience in their fields is getting better and professional

Further research is expected to be able to take research objects with different variables and placedifferent research.

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