

The Effect Of Environmental Uncertainty, Accountability, External Pressure, Internal Control, and Management Commitment On The Implementation Of Transparency Of Financial Reports

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Abstract. *The Effect of Environmental Uncertainty, Accountability, External Pressure, Internal Control, and Management Commitment to the Implementation of Financial Report Transparency. The purpose of this study was to determine the effect of environmental uncertainty, accountability, external pressure, internal control, and management commitment to the implementation of financial reporting transparency in regional (sub-district) organizations in Bekasi Regency.*

This study uses a purposive sampling method with the sample criteria in this study is the Regional Apparatus Organization in the form of a sub-district office with a total of 10 districts. The type of data used in this study is primary data. The results show that environmental uncertainty, accountability, external pressure, internal control, and management commitment have a positive effect on the implementation of financial reporting transparency.

From the results of research conducted, researchers have suggestions for future research, it is expected to use the interview method, use a wider population, and add new variables such as management professionalism, financial statement criteria, etc..

Keywords: *Environmental Uncertainty; Accountability; External Pressure; Internal Control; Management Commitment.*

1. INTRODUCTION

West Java Province is one of the provinces in Indonesia where there are 27 regencies/cities. In carrying out its activities, the government prepares the budget every year, so that at the end of each year the provincial government/municipal government makes a financial report regarding budget realization, APBD, etc. When the financial reports have been completed, the government must publish their financial reports so that the public knows the performance of the government. However, in fact, of the 27 regencies/cities in West Java, six of them have not published their financial reports on the results of an audit conducted by the West Java Representative Office of the Supreme Audit Agency (BPK) (MediaIndonesia.com, 2021). One of the six regencies/cities that have not published their audited financial reports is Bekasi Regency. The cause of the publication has not been carried out because there are still a number of notes that must be followed up by the Bekasi Regency Government.

Law Number 32 of 2004 defines regional autonomy as the right, obligation and authority to administer and self-manage the government, as well as the interests of the people in the regions in accordance with the established statutory regulations. The main objective of regional autonomy is to achieve good governance. One of the efforts to realize good government governance is by increasing the transparency and accountability of state financial management (Putra, 2016) in (Setyowati & Yaya, 2017).

Government financial reports are a form of government accountability which is carried out in a transparent manner to achieve good governance in (Rahmayanti, 2020). In 2020, Indonesia's Corruption Perception Index (CPI) obtained a score of 37/100 and

was ranked 102 out of 180 countries surveyed. Whereas in 2019 Indonesia got a score of 40/100, this result is the highest achievement for 25 years in obtaining Indonesia's CPI score (Suyatmiko, 2020). In (Fathmaningrum & Mukti, 2019) when the CPI score obtained is low, it is said that the country has a high level of corruption. Therefore the Ministry of Home Affairs (Kemendagri) has issued Minister of Home Affairs Instruction No. 1. 188.52/1797/SJ/2012 concerning Transparency in Regional Budget Management (TAPD). The law states that the government must make transparent and community-based public information a part of the service process in order to be able to access information quickly, efficiently, easily and affordably. , one of which is periodic information on financial reports. (Setyowati & Yaya, 2017).

The research carried out is a combination of research from Purba (2020) and Fathmaningrum & Mukti (2019) using independent variables, namely environmental uncertainty, accountability, external pressure, internal control, and management commitment. The reason for conducting this research is to find out what factors influence the implementation of financial report transparency in the Regional Government Organizations (OPD) of Bekasi Regency. The difference between previous research and this research is using the latest data, adding sample criteria and the Bekasi Regency Regional Apparatus Organization (OPD) as the population in this study.

2. LITERATURE REVIEW

1.1 Institutional Theory

Asworth et al (2009) in (Pradita et al., 2019) Institutional theory explains that the success of an organization is the achievement of legitimacy. In its journey, the organization must be able to provide a sense of confidence to the community that the organization has gained legitimacy and deserves to be supported (Setyowati & Yaya, 2017). In the act of decision making this theory is used by public organizations. Institutional theory argues that organizations must be able to adjust to external or internal expectations so that organizations must prioritize legitimacy.

2.2 Institutional Isomorphism Theory

DiMaggio and Powell (1983) in (Purba, 2020) state that isomorphism is a process in which an organization has a desire to resemble the organization of a population in facing the same environment. Organizational institutional theory predicts that organizations will become more similar due to institutional pressures, both due to coercive, normative, and mimetic (Ridha and Basuki, 2012) in (Setyowati & Yaya, 2017).

2.3 Implementation of Financial Report Transparency

Kreitner and Kinicki (2005) in (Purba, 2020) explain transparency is giving access to the public to obtain information about finance, thereby creating openness between organizations to the public by seeing that the community has the right to know openly and in depth about the government's responsibilities in managing natural resources. regional power. Transparency is a means to build administrative accountability to the public (Setyowati & Yaya, 2017). The final output form of the accounting process is financial reports, which are reports prepared based on PSAK which contain financial performance and transactions carried out by a reporting entity (Purba, 2020).

2.4 Environmental Uncertainty

Environmental uncertainty is defined in (Purba, 2020) as environmental factors faced by an organization that can disrupt its operations if it cannot adapt properly to the pace of change and its dynamics, including factors such as the rate of change in regulations, the rate of change in information technology, the rate of evolution and Market competition. The environmental uncertainty that will be faced forces agencies to work in accordance with applicable regulations, where previously agencies did not work in accordance with existing regulations. Environmental uncertainty in the form of checking whether agencies

have implemented financial report transparency. From research conducted by Karina Dwi et al. (2019) and Budiartini & Putra (2021), state that environmental uncertainty has a positive effect on the transparency of financial reporting.

2.5 Accountability

Accountability is a form of accountability carried out by a person or individual for what he has done. With the legitimacy that has been given to OPD, this organization feels a sense of responsibility for what it has assigned. Amelia (2015) in (Fathmaningrum & Mukti, 2019) states that the government has an obligation to the community for the activities that have been carried out, especially regarding the implementation of transparent financial reporting.

2.6 External Pressure

The issue of transparency in local government financial management is a complex issue that needs to be addressed because government-managed institutions are complex and difficult to monitor (Purba, 2020). The lack of transparency in financial reporting within the government environment is due to the high asymmetry of information. The lack of transparency in the management of various aspects within the organization creates conditions for the emergence of external pressures, especially to implement transparency in the management of state finances. Based on the research disclosed by Noprizal (2017) and Fathmaningrum & Mukti (2019) shows that external pressure has a positive effect on the implementation of financial report transparency.

2.7 Internal control

In government, internal control is carried out on the performance of the central government and also on regional governments. Internal control as procedures and guidelines that must be complied with by holders of trust (regional heads, agencies/services, and all personnel) which are structured based on objectives consisting of accountable financial reports, compliance with regulations and the creation of organizational effectiveness and efficiency. (Amelia, 2015) in (Purba, 2020).

The more the internal control system is well implemented in government, the more transparent the disclosure of the financial reporting transparency process will be. The results of the research revealed by Yuliani (2017) and Budiartini & Putra (2021) state that internal control has a positive effect on the implementation of financial report transparency.

3. RESEARCH METHODS/METHODOLOGY

In this study, the population was all employees of the Regional Apparatus Organization (OPD), which consisted of 23 sub-district offices in Bekasi Regency. The sampling technique uses purposive sampling, this is done so that the data obtained is in accordance with the research objectives and can be relatively compared with the results of previous studies.

The data source used is primary data taken in 2022. In this study the primary data is in the form of respondents' perceptions of various questions in the questionnaire regarding related variables. Data collection was carried out using a questionnaire method, which included distributing statements (questionnaires) to respondents to fill in or respond to. The questionnaire consists of two parts. The first section has some frequently asked questions. The second part includes a number of statements regarding environmental uncertainty, responsibility, external pressure, internal control, and management commitment. The third part contains a number of reports related to the implementation of financial information transparency. Questionnaires were given directly to the respondents.

4. RESULTS AND DISCUSSION

Environmental uncertainty variables positive significant effect on the transparency of financial statements. Factors exist environmental uncertainty such as regulatory change rate, rate of change information technology, the level of evolution and market competition. Uncertainty environment that will be faced makes agencies have to work in accordance with applicable regulations, where previously the agency worked not in accordance with existing regulations. Environmental uncertainty in the form of an inspection whether the agency has implemented the transparency of financial reports. At OPD (District) Bekasi Regency the higher the environmental uncertainty will be improve the application of financial reporting transparency.

Influential accountability positive significant effect on the transparency of financial reports accountability in this matter a form of accountability carried out by individuals or organizations for what he had done. Like doing transparency regarding financial reports so that other parties can see the performance of the organization. The OPD (District) of Bekasi Regency is getting higher Accountability will increase the application of financial reporting transparency.

External pressure effect positive significant effect on the transparency of financial statements. internal external pressure this is related to pressure coming from outside the OPD such as regulations, executive, society and so on. In the OPD (District) of Bekasi Regency the higher the external pressure will increase the implementation of transparency financial statements.

Influential internal control positive significant effect on the transparency of financial reports internal internal control within this is the control and evaluation of the existing internal control system at the sub-district office for the implementation of financial reporting transparency. That's fine internal control is applied it will improve the performance of the OPDs. The OPD (District Office) of Bekasi Regency is getting higher internal control will increase the implementation of report transparency finance.

Influential management commitment positive significant effect on the transparency of financial statements. management commitment in this case the stronger management commitment to implement the rules and procedures in the organization, the stronger it will be to push transparency in financial reporting. In the OPD (District) of Bekasi Regency the higher the Management Commitment will increase the implementation of transparency financial statements.

5. CONCLUSION

Based on the tests and analyzes that have been carried out, it can be concluded from this study that Environmental Uncertainty has a significant positive effect on the application of transparency of local government (District) government financial reports in Bekasi Regency. Accountability has a significant positive effect on the application of transparency in the financial statements of the local government (District) in Bekasi Regency. External pressure has a significant positive effect on the application of transparency in the financial statements of the local government (District) in Bekasi Regency. Internal control has a significant positive effect on the application of transparency in the financial reports of the local government (District) in Bekasi Regency. Management Commitment has a significant positive effect on the application of transparency in the financial statements of the local government (District) in Bekasi Regency.

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