

Factors Affecting The Effectiveness of Performance Accountability System for Government Institutions: The Moderating Role of Incentives

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Abstract: The purpose of this paper is to examine the association between the leadership commitment and organizational culture with the effectiveness of Performance Accountability System for Government Institutions (well known as SAKIP) implementation. This study also aims to investigate the moderating role of incentives on the relationship between the leadership commitment and organizational culture with the effectiveness of SAKIP implementation. This study uses quantitative method with questionnaire technique and deductive approach. The sampling technique used purposive sampling. The respondents are the officials that are involved and responsible in strategic planning and performance reporting of Government Agencies in Madura Region. Data analysis used in this research is moderated multiple regression. The results indicate a significant relationship between the leadership commitment and organizational culture with the effectiveness of SAKIP implementation. In addition, this research also finds that incentives positively moderates the relationship between leadership commitment and organizational culture with the effectiveness of SAKIP implementation.

Keywords: performance accountability system of government institution, effectiveness of SAKIP implementation, leadership commitment, organizational culture, incentives.

Introduction

Indonesia's Government relies to enhance performance accountability aims to improve the quality of services for the public, as well as increase the capacity and accountability of bureaucratic performance. Strengthening accountability is implemented through the implementation of a performance management system known as the performance accountability system for government institutions (Budiarso, 2014).

The performance accountability system for government institutions (well known as SAKIP) refers to the principle of a Performance Management System (Budiarso, 2014) and Performance Measurement System (Akbar, et al., 2012). This system allows institutions to plan strategies in achieving desired organization's goals, to measure their activities in using resources, and to evaluate their performance for better decisions and policies (Baird, et. al 2012). SAKIP is more expected to be a reliable system to improve decision-making processes starting from strategic planning and policy, annual planning, performance agreement, performance measurement, performance reports, evaluation and feed back based on continue improvements of performance (Nusantoro, 2009).

Many studies have proved the significant role of the PMS to deliver good performance for institutions, but in Indonesia, implementation of PMS for local government has demonstrated poor results and has not yet reached the full aim of improving performance and accountability (Jurnali, et. al, 2015) . According to the results of the appraisal of State Apparatus and Bureaucracy Reform Ministry, after two

decades since Indonesia launched SAKIP in 1999, there are only 10 districts/cities from 506 districts/cities that have received "A" with satisfactory category, less than 2%, while 98% still get the predicate below it (see table 1).

Solikin (2006) and Budiarmo (2014) argued that SAKIP implementation had been focused on the accountability reporting process rather than on a performance improvement strategy. (Afriyanti, et. al, 2015) also stated that SAKIP is still understood by government agencies only to the reporting of budget use through the preparation of financial statements. As a result, the entity considers that the obligation to account for activities adequately is only limited to reporting the use of funds, without evaluating the benefits of these activities towards improving community welfare.

Table 1. Result of SAKIP Evaluation OF District/City

Predicate	Category	/alue	2017	2018	2019
Very Satisfactory	AA	0-100	0	0	0
Satisfactory	A	30-90	2	9	10
Very Good	BB	70-80	30	45	54
Good	B	30-70	139	182	220
Very Sufficient	CC	50-60	174	153	130
Sufficient	C	30-50	135	99	87
Bad	D	0-30	3	1	5

Source: State Apparatus and Bureaucracy Reform Ministry Report

There is a number of study gives evidence that a successful performance management system or SAKIP can deliver to improve institutional performance (Wahyuni, 2012). The literature also identifies the main factors of a successful performance management system (PMS) that the most cited by previous authors (Keathley & Aken, 2013) as being:

- leadership commitment (Cavalluzzo, et. al, 2004; Nurkhamid, 2008; Nusantara, 2009; Biron, et. al, 2011; Mansor, et. al, 2012; Akbar, et al., 2012; Pardede, 2017); and
- organizational culture (Bititci, 2006; Baird, et. al 2012; Wahyuni, 2012).

Another factor of a successful performance management system in public sector that also cited in previous studies is incentives program (Baird, et. al 2012; Lawler, 2003) . Hence, no study has examined and analyzed all three factors above together, this research is designed to fill this gap by investigating the association between three factors above with the effectiveness of SAKIP within local agencies at Madura region. Although the factors used in this study did not show all the list of influential organizational factors in previous studies, these factors were chosen for two reasons. First, all are factors that are often cited by previous researchers (Keathley & Aken, 2013). Second, these factors have been identified as contingency factors that most influencing the successful of SAKIP implementation.

In addition, given the importance of Performance Management System (Baird, et. al 2012), the objective of this study is to investigate the factors associated to the effectiveness of SAKIP implementation. Specifically, the study attempts to align the leadership commitment and organizational culture will contribute positively to improve the effectiveness of SAKIP implementation, by examining the moderating role of incentives on the association between leadership commitment and organizational culture with the effectiveness of SAKIP implementation.

Literature Reviews

Performance Accountability System for Government Institutions

The decentralization is allowed the local government to manage their activities, resources and policies throughout autonomy principles for accelerating the public services delivery. In Indonesia, there are two kinds of local governments under the central government who have authority, namely province and district or city. The central government gives greater authority to the province levels as a coordinating agent for a number of districts or cities. The district and city have responsible to manage public fund in providing public service for their local residents in accordance with good governance principles.

The performance accountability system (SAKIP) consists of six steps. First, local government institutions required to identify their own vision and mission for strategic planning to increase the performance accountability. Second, performance agreement contains assignments of top leaders and staff to implement programs and activities accompanied by key performance indicators (KPIs). Third, performance measurement is used to measure their activities which are success or failure according to their KPIs. Fourth, the useful of performance information to ensure the performance data is well managed to determine achievements from year to year. Fifth, the performance reporting to ensure performance achievement is reported to the public honestly. Finally, performance information can describe what organization need to achieve the goals and can be used to continuously improve performance.

SAKIP was inspired by the concept of a Performance Management System of US government such as the Government Performance and Result Act (GPRA) (Wahyuni, 2012). The GPRA and SAKIP have similar objective for managers of public agencies to complete their activities (i.e. projects or programs), to identify organization's strategic objectives and goals, and to measure their KPIs including indicators of outputs and outcomes for each activity in order to evaluate performance toward organization goals (Cavalluzzo, et. al, 2004). Cavalluzzo, et. al (2004) also said that accountability of government institution represents the duty of public managers to report their execution of their activities in managing public funds and to answer their campaigns for citizens and their elected by allocating resources, providing recognition or rewards, or imposing sanctions based on the managers' results to assess their performance.

Effectiveness of SAKIP Implementation

Effectiveness is a measurement of achieving goals or objectives (Kloot, 1999). An effectiveness of PMS or SAKIP, which is described as a system to enhance performance in achieving the organizations's objectives, is being for a task (Tung, et. al, 2011). SAKIP can be used to communicate employees' performance with organizational strategies and goals. (Tung, et. al, 2011) argued that managers enable to use information of an effective PMS to track organization performance in achieving the goals and to evaluate their staff's performance effectively and efficiently.

Implementation of SAKIP is a component of management reform that has important role to manage organization for public sector in an efficient and effective manner as an effort towards achieving the goals (Meier, et al., 2006). A successful of SAKIP implementation will occur a better performance substantively when provide accountability, enhanced quality of public service delivery, and efficiency in achieving expected results (Akbar, et al., 2012)..

Leadership Commitment

Leadership commitment or top management commitment is the most important thing in the process of designing, implementing, and using a performance measurement system (Cavalluzzo, et. al, 2004). When management commitment and leadership are weak in implementing a PMS, other members of the organization will not make the performance measurement system a priority for improving outcome-based performance.

Cavalluzzo, et. al (2004) argued that employees who perceive strong support for the system by top management are more likely to view the change favorably. Leadership commitment is expected to allow employee to extent their performace and feel comfortable become results oriented, and to evaluate their performace for decision-making and continuesly improvement.

Previous study has highlighted leadership commitment as an important role in affecting various management accounting practices (Tung, et. al, 2011). The effect of leadership commitment on the effectiveness of PMS has been explored by many studies (Cavalluzzo, et. al, 2004; Mansor, et. al, 2012; Kloot, 1999). Mansor, et. al (2012) investigated factors influencing implementation of performance management system and showed that top management commitment is one of the main factors in supporting a successful of PMS. (Kloot, 1999) also founded that top management support and leadership commitment are key factors in increasing the effectiveness of a PMS.

Akbar, et al. (2012), Nusantara (2009), Nurkhamid (2008), and Pardede (2017) refer to a number of researchs identifying the positive relationship between top management commitment or leadership commitment with the effectiveness of SAKIP implementation. Hence, hypothesis 1 is stated as follows:

H1. Leadership commitment will have a positive affect on the effectiveness of SAKIP implementation

Organizational Culture

Generally, organizational culture is identified as a set of practices, assumptions, belief, and shared values that build members' attitudes and behavior in organizations (Baird, et. al 2012). Organizational culture in public sector is generally more dominant in terms of control values because of the many rules that form the basis of the implementation of government agencies' duties and the obligation to comply with them (Wahyuni, 2012). The desired bureaucratic culture is an increase in public services, transparency, participation, accountability and obey the rule of law. In previous studies, organizational culture has been idetified as a contingency factor that generally supporting organization performance management (Baird, et. al 2012). In addition, this study examines organizational culture as a variable that may affect the effectiveness of a SAKIP. Five organizational cultural dimentions were identified for their influence on SAKIP effectiveness: rule oriented, outcome oriented, innovation, responsive to policy changes, and teamwork (Baird, et. al 2012).

Empirical research on the relationship of organizational culture with the effectiveness of SAKIP implementation provides evidence that a culture of results oriented can lead to the implementation of SAKIP or PMS of local government running successfully (Baird, et. al 2012; Wahyuni, 2012; Mansor, et. al, 2012). . Hence, hypothesis 2 is stated as follows:

H2. Organisational Culture will have a positive affect on the effectiveness of SAKIP implementation

The moderation role of incentives

The previous studies have examined the relationship of incentive program with performance management system in order to motivate staff to enhance their performance linked to organizational objectives (Lawler, 2003) . Rewards or incentives allow the employee to have motivate to achieve their economic needs such as salary and bonus, psychological needs such as job tilte, status, insurance, and recognition (Baird, et. al 2012).

Institutions will get more benefits when they provide incentive program is linked to performance. First, managers will feel their performance are valued if their efforts are compensated by institution like valued by rewards and recognitions equally with their achienement to enhance institution goals (Rollins, 1998). According to a number of research, employees and managers with higher performance, will explore a better job if there are no sufficient rewards in their performance appraisals and will less probability leaving the Institution if sufficiently compensated (Trevor, et. al, 1997). Second, the incentive program has an important role to grow the motivation of employees (Lawler, 2003) to achieve strategic goals (Becker, et. al 2011).

Through incentive pay to better performers, local governments can achieve higher staff retention. An organization will give more challenges to their employee including the need to increase productivity, the need to provide higher quality services (Baird, et. al 2012), and achieving the objective of organization that is accustomed to incentive pay. Low performers may have less motivation to enhance their performance if there are no sufficient rewards in their performance appraisals.

The relationship between incentives or rewards system and PMS effectiveness has be examined empirically by (Baird, et. al, 2012; Lawler, 2003) . They noted that linking performance to rewards system will affect more successful performance management system in public sector. (Chan, et. al, 2004) also found positively impact in the reationship between rewards related to performance with performance measurement systems, a component of PMSs. Hence, hypothesis 3 and 4 are therefore stated as follows:

H3. Incentives will moderate the relationship between leadership commitment and the effectiveness of SAKIP implementation

H4. Incentives will moderate the relationship between organizational culture and the effectiveness of SAKIP implementation

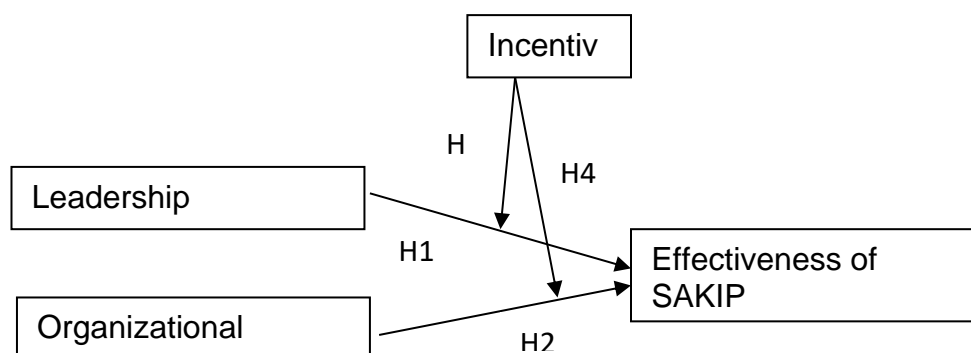


Fig. 1 Conceptual Model

Method

Respondents in this study were managers and staff of a government agency in Madura Region, East Java, Indonesia who have responsibility in strategic planning and performance reporting of a government agency. They are chosen due to their experience in implementing the SAKIP within their agencies. This study used personally administered technique that questionnaires were submitted and collected directly by researchers. Surveys were sent to 140 employees. Only employees who had worked for over 3 months within agencies were approached.

Only 102 respondents who response the surveys and fill the questionnaires completely. It means 72.9 percent for a response rate were recieved. Fifty-eight per cent was male and forty-two per cent was female. The age of respondents varied, 38% of respondents aged 41-50 years old, 30% were 31-40 years old, 26% over 50 years and only 6% of them aged 21-30 years old. Respondents varied in hierarchical position, 23% of respondents had ecelon III, 45% had ecelon IV, and 32% were staff. In educational background, 10% had a lower level of education (diploma degree). 43% had a bachelors degree and 47% had a masters degree or higher. The most of respondents had been working for their titled on organization for 5-10 years.

Measurement of variables

Leadership Commitment. Leadership commitment was measured using 10 items which are developed based on (Cavalluzzo, et. al, 2004) and (Nurkhamid, 2008) instrument. Respondents were required to fill the question "to what extent does their agency's top leadership: (1) demonstrate a strong commitment to achieving results?; (2&3) have a commitment to allocate resources used in performance measurement?; (4) assign staff to evaluate the individual performance and (5) to evaluate agency's performance?; (6) assign divisions or departments within the organization to evaluate their performance?; (7) collectan accurate and reliable data to be used in performance measurement?; (8) use the right comparison to evaluate agency's performance?; (9) have periodically benchmark for improvement and development of agency?; (10) use SAKIP information to support program (funding) decisions making process". They were required to examine variable of leadership commitment to provide resources in the implementation of SAKIP using a five-point Likert scale.

Organizational Culture. Organizational culture was measured using 14 self-developed questions which are developed based on (Baird, et. al, 2012) and (Wahyuni, 2012) organizational culture instrument. Respondents were asked to to fill the question "to what extent does their organization identify all items with anchors of "not at all" and "to a great extent" for five cultural dimentionts, including rule oriented, outcome oriented, innovation, responsive to policy changes, and teamwork. They were required to examine variable of organizational culture in association with the implementation of SAKIP using a five-point Likert scale.

Incentives. Incentives were measured using five self-developed questions based on (Baird, et. al, 2012) rewards instrument. Respondents were asked in two dimensions "to what extent is financial rewards linked to performance measurement in your agency?" and three dimensions "to what extent is non-financial rewards (such as job promotion, recognition, and other certificate) are delivered in your agency?" They were required to examine the extent of incentive has associated to performance in their

agencies using a five-point Likert scale with low level for weak and high level for stronger incentives related to performance.

The effectiveness of SAKIP implementation. The effectiveness of SAKIP implementation was measured using ten self-developed questions which are developed based on (Nusantoro, 2009; Pardede, 2017) instrument. Respondents were asked “to what extent does the implementation of SAKIP bring benefits for government agencies?” The ten indicators of SAKIP effectiveness are including (1) to provide accountability of financial reports, (2) to release performance accountability reports in website, (3) to compliance with legal rules and administrative policies, (4) to focus on result oriented based on performance agreement, (5) to produce information that is useful for decision making on a program or policy, (6) to produce data consistently, (7) organizational growth, (8) continue improvement, (9) feed back for individual performance, and (10) feed back for agency performance. They were required to examine the extent of agencies in implementing SAKIP using a five-point Likert scale.

Results

The results of statistical analysis for all variables are described in table 2. Table 2 displays means, standard deviations, result of validity test (minimum and maximum of coefisient correlations among all items), and reliabilities (Cronbach's α). Two variables have a minimum value of the correlation coefficient below the threshold ρ -spearman < 0.194 (N= 102; $p > 0.05$) i.e two items of organizational culture and one item of effectiveness of SAKIP. Thus, three items above will be eliminated. The reliability of most scales was high; only leadership commitment had moderate reliability.

Table 2. Descriptive statistics of variables, results of validity and reliability test

ables	M	SD	ρ - Spearman		Cronbach's α
			Min	Max	
lership Commitment	3.97	336	0.285	0.774	0.676
inizational Culture	3.58	337	0.080*	0.740	0.790
ntives	4.35	386	0.570	0.744	0.703
ctiveness of SAKIP	4.29	353	0.191*	0.725	0.774

: N= 102;

Table 3 shows pearson coefficient of all independent variables i.e leadership commitment, organizational culture and incentives are not more than 0.488 in associated with the effectiveness of SAKIP. It means all the correlation coefficients are lower than the threshold value 0.80 (Shannon & Davenport, 2001), therefore multicollinearity among all independent variables with effectiveness of SAKIP does not a problem.

Table 3. Correlation and Multicolinieriety results

Variables	VIF	1	2	3	4
1 Effectiveness of SAKIP	-	1			

2 Leadership Commitment	1.035	0.384**	1		
3 Organizational Culture	1.106	0.356**	.174	1	
4 Incentives	1.085	0.488**	.104	0.273	1

Note: N= 102; *p<.05; **p<.01

Hierarchical regression analysis was required to test the hypotheses, by examining mean centered variables and using pairwise deletion. In the first step the independent variables (leadership commitment and organizational culture) were entered. This step can conclude to answer hypothesis 1 and 2. In the second step we entered incentives. In the final step the interaction terms of incentives with leadership commitment and organizational culture were entered to test our hypotheses 3 and 4. Table 4 shows the results of the hierarchical regressions.

Results showed that before the interactions entered into model, leadership commitment and organizational culture were positively related to effectiveness of SAKIP implementation. It shows that the relationship between leadership commitment and organizational culture with the effectiveness of SAKIP implementation should be seen as a straight forward main effects. In addition, incentives was also positively related to effectiveness of SAKIP implementation as a main effect (step2). The model containing incentives as a moderator showed that leadership commitment has positively significant associated to the effectiveness of SAKIP implementation, but the interaction between leadership commitment and incentives showed negatively significant associated to the effectiveness of SAKIP implementation. The value of R square from step 1 to upper step showed increase. It means incentives has significantly moderating effect of the relationship between leadership commitment with effectiveness of SAKIP implementation..

Table 4. Hierarchical regressions

Variables	Step 1		Step 2		Step 3	
	b	t-value	b	t-value	b	t-value
Leadership Commitment	0.298	3.722**	0.277	3.830**	2.202	2.527*
Organizational Culture	0.197	3.343**	0.127	2.309*	-1.777	- 2.583*
Incentives			0.631	4.880**	0.066	0.034
Leadership Commitment x Incentives					-0.087	- 2.302*
Organizational Culture x Incentives					0.086	2.839*
R square	0.234**		0.384**		0.454**	

Note: N= 102; *p<.05; **p<.01

In another side, the model with incentives interaction showed that organizational culture has negatively significant main effect to the effectiveness of SAKIP implementation, but the interaction between organizational culture and incentives showed a positively significant associated to the effectiveness of SAKIP implementation. It means incentives has significantly moderating effect of the relationship between organizational culture with effectiveness of SAKIP implementation.

Table 4 showed that *Hypothesis 1* is accepted. Variabel of leadership commitment has a positive impact on the effectiveness of SAKIP implementation both before ($b=.298$, $t=3.722$, $p=.000$) and after interaction with incentives ($b=2.202$, $t=2.527$, $p=.013$). Variabel of organizational culture has a positive impact on the effectiveness of SAKIP implementation before interaction with incentives ($b=.197$, $t=3.343$, $p=.001$). Meanwhile, the model containing interaction with incentives, organizational culture has still impact on the effectiveness of SAKIP implementation ($b=-1.777$, $t= -2.583$, $p=.011$), it means *Hypothesis 2* is accepted.

The results indicate that interaction between leadership commitment and incentives has significant related to the effectiveness of SAKIP implementation ($b=-.087$, $t= -2.302$, $p=.024$). *Hypothesis 3* is accepted. Incentives has moderating affect of the relationship between leadership commitment and the effectiveness of SAKIP implementation. *Hypothesis 4* predicted that incentives would moderate the relationship between organizational culture and the effectiveness of SAKIP implementation. The results indicate that interaction between organizational culture and incentives has significant related to the effectiveness of SAKIP implementation ($b=.086$, $t= 2.839$, $p=.006$). It means *Hypothesis 4* is accepted.

To find direction of this interaction, we performed simple slopes analysis (Aiken & West, 1991). After mean-centered of all predictors, for high levels of incentives there is positive relationship between leadership commitment and the effectiveness of SAKIP implementation ($b=.279$, $t=3.634$, $p=0.000$). Otherwise, for low incentives, leadership commitment was found positively related to the effectiveness of SAKIP implementation ($b=.418$, $t=2.945$, $p=0.004$), as can be seen in Figure 2. It means incentives will significantly increase the relationship between leadership commitment and the effectiveness of SAKIP implementation both in low and high level of incentives.

As expected, we found moderation by incentives of the relationship between organizational culture and the effectiveness of SAKIP implementation. Simple slopes analysis showed that for high incentives, a positive relationship between organizational culture and the effectiveness of SAKIP was found ($b=.244$, $t=4.142$, $p=0.000$). For lower levels of incentives was no relationship between organizational culture and the effectiveness of SAKIP ($b=-.181$, $t=-1.717$, ns.), as can be seen in Figure 3. Incentives has positively moderate the relationship between organizational culture and the effectiveness of SAKIP implementation only in high level of incentives.

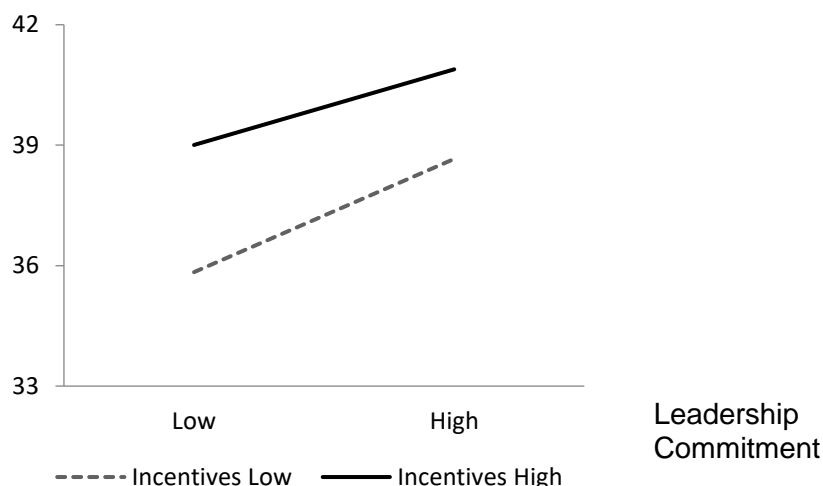


Fig. 2 The interaction between leadership commitment and effectiveness of SAKIP on incentives

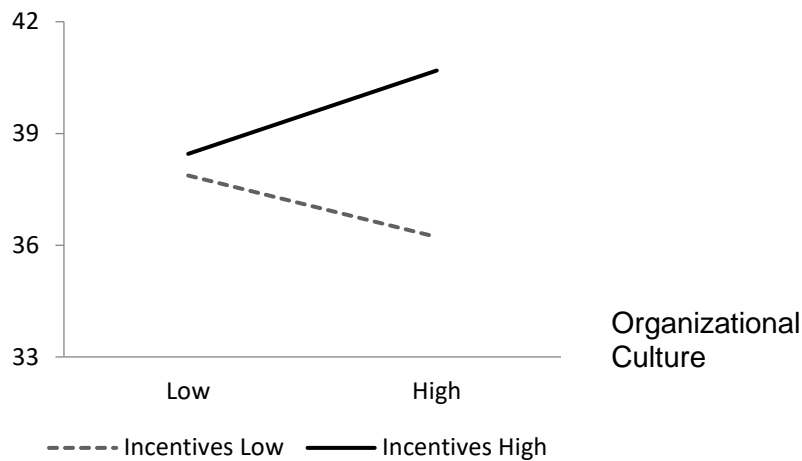


Fig. 3 The interaction between organizational culture and effectiveness of SAKIP on incentives

Discussion and Conclusion

The first aim of this study was to investigate the relationship between leadership commitment and organizational culture with the effectiveness of SAKIP implementation. The analysis revealed that leadership commitment and organizational culture have a positive influence (as main effects) to the effectiveness of SAKIP implementation before interaction with incentives. These findings consistently support the many studies (Nusantoro, 2009; Akbar, et al., 2012; Nurkhamid, 2008; Pardede, 2017) in respect to leadership commitment associated with the effectiveness of SAKIP implementation. Leadership commitment is important in designing and developing an effective performance management system or SAKIP and brings formality to the SAKIP implementation enable to influence employee commitment in achieving targets and improving performance (Mansor, et. al, 2012; Fryer, et. al, 2009).

The findings prove that the implementation of SAKIP will succeed and delivered benefits for local agencies if agency's top leader demonstrated a strong commitment to achieving the results based on strategic planning of organization and performance agreement. A well-planned planning process will allow managers to realize the goals of organization easily. Strong leadership commitment can be seen from the leadership policies in implementing SAKIP are transparent and accountable.

The findings show that implementation of SAKIP will be effective if the systems provide feedback to learn about and provide continuous improvement in strategic to achieve organizational objectives (Chan, et. al, 2004). To realize this, the leader can assign all units to evaluate the agency's performance by using a benchmark that is appropriate for evaluating to produce consistently and accurately data. Organizational leaders who have strong responsibility for the organization will be able to implement SAKIP properly (Sofyani & Akbar, 2013).

Results of this study show that organizational culture such as being rule-oriented, being outcome-oriented, being responsive to the change of policy and teamwork is required to implement SAKIP more effectively. This study also proves that organizational culture in the public sector is generally more dominant working with regulations (Wahyuni, 2012). This is indicated by the respondents' perceptions about

the effectiveness of SAKIP implementation that all respondents answered agree with the item "agency has complied with regulations and administrative policies". The finding in respect to organizational culture associated with the effectiveness of SAKIP implementation consistently support the previous studies (Wahyuni, 2012; Nurkhamid, 2008).

The second aim of the study was to investigate the moderating role of incentives on the association between leadership commitment and organizational culture with the effectiveness of SAKIP implementation. Results of the present study give evidence that leadership commitment seem to be influential both on low and high level of incentives. It indicates that respondents noted agencies with incentives program (financial and non financial rewards) linked to performance measurement allowed top management to have leadership commitment and more easier to move their staff in achieving the organizational objectives. Staff will be comfortable to work in achieving organizational objectives when the top management provide financial rewards and non-financial rewards (such as job promotion, recognition, and other certificate) are linked to employee performance. Local government managers and staff will be more responsible to perform with higher expectations by focusing on organizational objectives and developing a more results oriented culture (Baird, et. al, 2012) if they see rewards and punishment are associated to their performance.

The present study also give evidence that incentives will increase organizational culture effect to the effectiveness of SAKIP implementation only with high incentives. It indicates that respondents noted implementation of incentives program linked to performance in high level will change organizational culture in public sector to be more focused on result oriented. Employee will feel valued if their efforts are compensated equitably (Rollins, 1998). The superior performers who are sufficiently rewarded and have competencies to achieve agencies' strategic goals will automatically grow the organizational culture to be positively in applying performance management system. It is consistent with previous studies that linking incentives to performance system will develop the positive impact of organizational culture, associated to effectiveness of PMSs or SAKIP (Baird, et. al, 2012; Lawler, 2003). The incentives has proven as a moderation factor to motivate employees and management in achieving strategic goals (Becker, et. al 2011). Finally, an effective SAKIP requires managers who are understanding with the system and are able to implement as well (Chamberlain, 2011).

Limitation, implication and future research

Despite the study has limitations of the survey method including the simplification of questions, the absence of the opportunity to ask follow-up questions, and social desirability bias, this study has some practical implications as well. Results of this current study will assist policy makers and top management of agencies in local government to understand the role of incentives to engage the employee to achieve institutions' goals. This research can be used as a reference for government institutions to implement SAKIP effectively in providing services for their stakeholders. Besides that, providing incentives shall be based on the employees' actual performance.

As the success of organizational culture is effecting on the effectiveness of SAKIP mplementation, future research should seek to identify appropriate variables that institutions need to increase quality of SAKIP implementation. Researchers should advance the understanding of organizational effectiveness by developing and validating new measures of organizational culture such as innovation to response the changes and employee engagement and commitment to implement SAKIP as well.

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