



Public Trust and Financial Transparency of E-Government Implementation in Bandung City

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ABSTRACT

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Indonesia government, at the time, is now trying to implement e-government in each of the Organization. E-government is a technology and information-based system that aims to improve the function of public administration and relations with the public. With e-government, it hoped that information transparency would be created, especially financial information. A transparent system can prevent the misuse of the budget, which affects the high level of corruption. Survey results at the global level show that there are cases of fraud that cause distrust of the government. The study is intended to determine the level of trust of society towards transparency finance in e-government. The research method used is the descriptive method by distributing questionnaires to 200 people of Bandung residents. The results showed that financial transparency in e-government affected people's trust.

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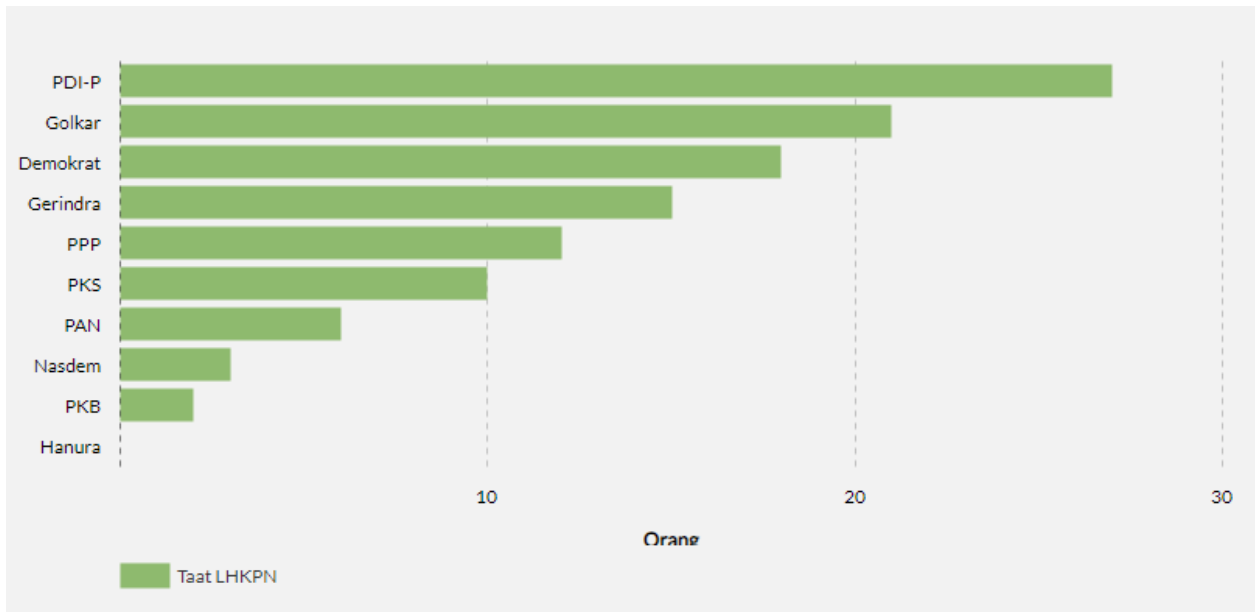
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INTRODUCTION

The World Bank states that corruption is a significant challenge to achieving two main objectives: ending poverty in 2030 and increasing the common welfare of the most deficient forty per cent of developing countries (The World Bank, 2018). According to Transparency International Indonesia (TII), corruption in Indonesia is classified as severe. Corruption Perception Index (CPI) in Indonesia, when compared to other countries, is in the position of 89 out of 180 countries. This position is equivalent to other countries such as Bosnia-Herzegovina, Sri Lanka, and Swaziland, which also have a high level of corruption. TII believes that the level of GPA is low because of the small commitment of officials. The number of civil servants who report their assets to the Corruption Eradication Commission is still low. LHKPN compliance seen in figure 1. Compliance officers at the executive, legislative and judicial officials fibre state/local enterprises in the delivery of new LHKPN reached 63.78%. Congressional officials showed the lowest commitment, for the new DPR was delivered as many as 21, 46% and DPRD as much as 28.71% (Wijaya, 2019).

Corruption mostly did by officials who are elected by the people. These officials abuse power to benefit themselves by making a budget, procuring goods and services and granting permits. Since its foundation in 2002, the KPK has been processing people's representatives who have committed corruption. The total number reached 220 people with a breakdown of 74 people representing DPR members and 146 people being DPRD members (Irawan, 2018). Corruption has hampered investment, which has resulted in low economic growth and employment. Unlike countries with high levels of corruption, countries that can deal with fraud can use their human and financial resources more efficiently, thereby attracting more investment, which results in high levels of economic growth. Besides, corruption has a disproportionate impact on income for the poor, increasing costs and reducing access to health and education services. Corruption results in deprivation of people's rights, triggering distrust of the government (The World Bank, 2018)

Figure 1. LHKPN compliance by political parties, 2018



Source: <https://lokadata.beritagar.id/chart/preview/jumlah-anggota-dpr-yang-patuh-lhkpn-berdasarkan-fraksi-di-dpr-tahun-2018-1547466115>

To reduce the level of corruption and increase public trust again, the Indonesian government continues to encourage open governance. The government has issued a regulation namely Law Number 14 of 2008 concerning Openness of Public Information. This regulation states that the central and regional governments must work transparently (Simbolon, 2019). Successful efforts to reduce corruption are often led by 'caring coalitions'. Success in overcoming corruption requires joint attention between the government, the private sector and the community. It accompanied by the use of the latest sophisticated technology, namely e-government (The World Bank, 2018). With the existence of E-government, it expected that every activity carried out by the government can be carried out transparently, especially its financial information, to prevent corrupt behaviour.

Based on the description above that the occurrence of corruption cases can reduce the level of public trust in the government, the government is trying to realize transparent governance through e-government. With transparent information, people can be more concerned with the running of the government. Community involvement is expected to reduce the level of corruption and be able to restore public confidence in the government. This study aims to determine the transparency of information through e-government and its influence on the level of public trust. This research is expected to be able to assist the government in improving e-government so that the level of public confidence in the government can increase.

LITERATURE REVIEW

Public Trust

Trust defined as a collective assessment of one group over another group that the group will act honestly, be able to fulfil its commitments and will not harm the other groups. This definition confirms that a partner will not contradict the expectations of his partners (Park and Blenkinsopp, 2011). Trust in public institutions can be increased through standards, laws and regulations relating to service and information provisions. Public institutions can increase the trust of their institutions by adopting new technologies such as government websites. With this website, it hoped that the delivery of information and public services would be more transparent and reduce the misuse of office. Trust in government or public services is

usually measured by the subjective assessment of citizens based on their experience. Citizens' trust will arise when the government or public services received by the community reflect the competent, reliable, honest, and fulfilment of their needs (Park and Blenkinsopp, 2011).

Government Corruption and Public Trust

Corruption is a behaviour that violates ethics in providing services to the public. Fraud contains three elements: legal violations, misuse of office and receipt of gifts or personal benefits. Corruption can weaken the performance of public services and cause a decrease in citizen satisfaction with the government, thereby reducing the level of public trust in the government. Public trust in the government is essential for the success of various public policies and programs that depend on the behavioural response of the public and highly dependent on cooperation and compliance of citizens. Besides, public trust can also increase confidence in investors and consumers so that it will encourage activities leading economies (OECD, 2019).

Public trust in the government can increase by implementing e-government. Implementation of e-government refers to information transparency. Without information transparency, there will be information asymmetry between the government and the public as users of information. It is this asymmetry of knowledge that enables the government to commit criminal acts of corruption because the government can exploit the power that is in itself.

E-government

E-government is the provision of public services by the government online. E-government is the use of information technology to provide electronic services for citizens, businesses and other government agencies. With the existence of e-government, it is expected to be able to improve the efficiency and effectiveness of government institutions. The principle underlying e-government is a practical institutional framework so that it can improve the internal performance of the public sector by reducing transaction costs and time. E-government can better integrate workflows and processes so that they can use resources effectively. E-government can meet the demands of the public for transparent information so that citizens have a

high level of trust in the government (United Nations, 2019).

Financial transparency

Financial transparency in the field of government is mostly concerned with providing open information, meaning that every citizen can easily access financial information he needs, can monitor government performance and participate in government decision making. The level of information transparency of economically determined by the quantity and quality of information between government and citizens of communities, and increase information dissemination system. With clarity, it expected that the exchange of obese information could eliminate obstacles in information asymmetry, so there is no more extended information that hidden.

According to Grimmelikhuijsen and Welch (2012), government transparency means that the public can know what processes and activities the government is doing. There are three components related to the clarity of financial information, namely transparency in the decision-making process related to the budget, transparency of policy contained in the use of budget and transparency of the results of the use of budget based on the system. Transparency in decision making describes a Refresh step by step how a decision is taken, why the decision made, and how accountability to the decision. Policy transparency refers to how the implementation of a policy in solving citizens' problems. Transparency of policy outcomes is primarily related to the effects of implementing procedures that implemented.

Financial Transparency in E-Government and Its Effect on Community Trust

Transparency in the field of government is fundamentally concerned with providing open information, meaning that every citizen can easily access the information he needs, can monitor government performance and participate in government decision making.

Research conducted by Tolbert and Mossberger (2006) shows that e-government can increase process-based trust by increasing government interaction with citizens, while citizens can conduct evaluations of government. They used the Pew Internet and American Life Project with a sample

of 815 people who used government websites. Countries with low levels of corruption show a high correlation between the level of e-government and the level of government trust.

Research from Moon (2003) shows that public trust continues to weaken due to wastefulness, ineffectiveness and a lack of policy understanding. Moon (2003) argues that to help restore public trust is the transparency of information so that citizens can be involved in decision making and overseeing the government. With the clarity of information, it expected that cost efficiency achieved and the understanding of citizens towards government policies make. From the description above, it concluded that E-government provides solutions to increase trust through transparency of information. Information transparency can improve communication between citizens and the government so that the community can be directly involved in decision making and monitoring government activities.

METHOD

This study aims to determine the effect of information transparency on the e-government implementation of Bandung city. Indicators of financial transparency based on research from Grimmelikhuijsen and Welch (2012) include: transparency of policies related to the budget, transparency in the budget decision-making process and clarity of the results of budget use. Whereas the indicator for public trust in government based on the theory from Park and Blenkinsopp (2011). Indicators of community trust include:

- a. Government performance is carried out by competent officers
- b. Government performance is reliable
- c. Government performance produced through an honest process
- d. Government performance can meet the needs of the community

This study uses a quantitative approach to determine how strong the influence of financial transparency on the level of public confidence data obtained by distributing questionnaires, both offline and online distributing surveys conducted in May-March 2019.

The research population is the citizens of the city of Bandung. In this study, the sample is limited because there is still a lack of understanding of the people of the city of Bandung on e-government.

The sample includes 200 citizens of the town of Bandung who understand the implementation of e-government. The example consists of citizens who have used e-government to get government services.

RESULT AND DISCUSSION

The results of this descriptive statistics are based on answers to questionnaires that tested for validity and reliability. Of the 200 questionnaires

distributed, only 187 respondents gave complete solutions. Descriptive Statistics of Transparency of Financial Information are presented in Table 1. The results of the questionnaire answers indicate that the average score is above 3, so it can be concluded that the government has been transparent in providing financial information based on community perceptions.

Table 1. Descriptive Statistics of Financial Information Transparency

Statement	Respondents feedback (%)					Average score
	Strongly disagree	Disagree	Doubt full	Agree	Strongly agree	
transparency of policies related to the budget						
e-government provides transparency in terms of government regulations relating to the budget	2.4	7.1	14.3	48.8	27.4	3.9
e-government provides transparency in terms of policies on the use of resources in government	5.9	8.2	29.4	36.5	20	3.6
e-government provides policy transparency regarding government accountability	4.8	10.7	16.7	40.5	27.4	3.8
e-government provides information on government work program policies and their oversight	3.9	11.7	18.2	40.3	26	3.7
Transparency in the budget decision-making process						
e-government provides transparency in the process of preparing the government budget	4.7	4.7	23.5	41.2	25.9	3.8
e-government provides transparency in terms of government revenue budgets	3.5	4.9	20	45.9	21.2	3.6
e-government provides transparency in terms of government spending	5.9	8.2	29.4	36.5	20	3.6
transparency of the results of budget use						
e-government provides transparency regarding the results of government performance audits	6,3	8,9	24.1	35.4	25.3	3.6
e-government provides transparency about the performance of government in a credible manner	3,7	13.4	18.3	42.7	22	3.6
e-government provide transparency regarding the performance of government risk timely	6	7.2	20.5	45,8	20.5	3.7

Descriptive statistics of the level of community trust are presented in table 2. The results of the questionnaire answers indicate that the average score is above 3, so it can be concluded

that the level of community trust in the government is high.

Table 2. Descriptive Statistics of the Level of Public Trust

Statement	Respondents feedback (%)					Average score
	Strongly disagree	Disagree	Doubt full	Agree	Strongly agree	
The government has competent employees.	3.7	13,4	18,3	42.7	22	3.6
The government has high work productivity.	1,3	2.6	5.5	36.4	53.2	4.34
There were no flaws in the management of assets owned by the government.	4.7	8.2	28.2	40	18.8	3.6
The government provides quality public services to meet the needs of the community.	3.5	8.2	14.1	45.9	28.2	3.8

There is an influence of financial transparency in e-government on the level of public trust; multiple regression analysis is performed. Based on the results of the F test it can be concluded that there is an influence of financial transparency in e-government level of public trust, the effect is equal to the value of R Square that is equal to 74%. The F test results are presented in Table 3, and the results of the calculation of R Square are shown in table 4.

If it is reviewed based on the component of financial transparency, it turns out there is one component, namely transparency regarding policies related to the budget that does not affect public trust. Test results to determine the effect of each element of financial transparency on the level of public trust are presented in Table 5.

Table 3. Test Results F

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	69.857	3	23.286	73.886	.000 ^b
Residual	24.582	78	.315		
Total	94.439	81			

a. Dependent Variable: Y

b. Predictors: (Constant), X3, X2, X1

Table 4. Calculation of R Square

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.860 ^a	.740	.730	.561

a. Predictors: (Constant), X3, X2, X1

Table 5. Test results to determine the effect of each component of financial transparency on the level of public trust

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-.124	.280		-.445	.658
X1	-.082	.047	-.252	1.729	.088
X2	.170	.036	.467	4.744	.000
X3	.289	.045	.723	6.359	.000

a. Dependent Variable: Y

Based on the analysis of descriptive data shows that e-government city of Bandung has been able to provide information that is transparent in terms of government policy in the field of financial problem, the preparation and use of the budget.

Bandung's e-government can found on the bandung.go.id page. The page shows budget management transparency which is a translation of the Regional Budget and Revenue (APBD). There are policies relating to APBD, how the budgeting process and the results of the use of the budget. The descriptive analysis also shows a high level of trust in the government.

Transparency in budget management creates public confidence in the government. Transparency relating to the budgeting process and the use of the budget gives confidence to the public that the government can manage its assets efficiently and there are no deviations from what planned because supported by competent and productive employees. The community also believes that with efficient asset management, the community's needs met. The results of this study support the results of previous studies conducted by Moon (2003), Tolbert and Mossberger (2006).

Transparency regarding budgeting policy does not affect the level of public confidence in the government. This result shows that people do not pay much attention to the existing systems in government, whether or not the policies do not affect people's trust in the government. Community trust arises from honest and reliable government performance results, so that community needs to be met. The citizen concerned with the results of government work by taking into account the deviation between the budget and its realization.

CONCLUSION

The number of corruption cases committed by government officials elected by the people has reduced the level of public confidence in the government. To overcome this, the government built a system based on information technology called e-government. The purpose of e-government development is to provide transparent information so that people can know the activities carried out by the government, so that corruption can be eliminated which will ultimately have an impact on increasing public confidence. This study aims to determine whether financial transparency in e-government affects the level of public trust. The results of the study show that financial transparency starting from policy, budgeting and budgeting implementation influences public trust; only the community does not pay much attention to budget policies. The presence or absence of systems does

not affect the level of public trust. People pay more attention to the work of the government rather than its policies.

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