Analysis of the Impact of the Application of Good Corporate Governance on the Performance of Employees at the Health Office in Banda Aceh City

Irham Fahmi*, Jalaluddin Jalaluddin, Amri Amri  
Faculty of Economics and Business  
Universitas Syiah Kuala  
Banda Aceh, Indonesia  
*irhamfahmi@yahoo.com, jalaluddin_abubakar@yahoo.com, za_am@yahoo.co.id

Abstract—This study aims to analyze the impact of the application of Good Corporate Governance as stated in the principles of transparency, accountability, responsibility, independence and justice on the performance of employees of the Banda Aceh City Health Office. This research will be conducted at the Banda Aceh City Health Office. The population in this study was all employees at the Banda Aceh City Health Office, which amounted to 182 people. The sampling technique used in this study is the census method, which is a survey research in which researchers take the entire population as respondents. Methods of collecting data are questionnaire, observation and literature. Data processing techniques will be carried out by (1) checking data, (2) coding (coding), (3) tabulation, and (4) statistical analysis. The results of the research show that the application of Good Corporate Governance has an impact on the principles of transparency, accountability, responsibility, independence and fairness in the performance of employees of the Banda Aceh City Health Office. As well as the impact of the application of Good Corporate Governance has had a positive and significant impact on the Performance of the Banda Aceh City Health Office.

Keywords—good corporate governance; employee performance; and agency performance

I. INTRODUCTION

The application of the concept of the application of Good Governance is not well implemented due to the low performance produced and the lack of transparency, and the lack of accountability including implications for the emergence of corruption, collusion and nepotism.

Understanding and understanding the application of the principles of Good Corporate Governance (GCG) is not only understood to be limited to short-term concepts but has long-term implications and not only for private companies but also for government institutions.

Sedarmayanti emphasized "one of the strategies in finding solutions that are currently being actual, namely empowering corporations, both state-owned and private-owned companies, through the implementation of real Good Corporate Governance, not just rhetoric" [1].

And more explicitly Arifani said, the implementation of Good Corporate Governance (GCG) at this time was no longer just an obligation, but had become a necessity for every company and organization [2].

On the other hand, Djajendra argues, Good Corporate Governance means that businesses and organizations run with anti-corruption mindset and behavior, anti-financial statement engineering, anti-covering information to stakeholders, anti-speculation, anti-not measuring risk, anti-not following change, and anti-work without integrity [3].

The positive implications of good and serious implementation of the principle of Good Corporate Governance will have an effect on creating fair conditions that are evenly shared by internal and external parties, in other words, corporate stakeholders feel comfortable in collaborating with these institutions.

In this study the Banda Aceh City Health Office implemented the principles of Good Corporate Governance in its entirety, although there were still shortcomings, so that the study will later attempt to explain how the application of the influence of Good Corporate Governance is carried out on the management of the institution.

That the researcher has conducted a preliminary study which illustrated that in October 2018 explained that the application of the principles of Good Corporate Governance in six sides obtained a percentage, namely (1) transparency 50% of respondents answered moderately, (2) accountability 50% of respondents answered Poorly, (3) responsibility 50% of respondents answered poorly, (4) independence 45% of respondents answered Moderately and 45% of respondents answered poorly, and (5) justice 55% of respondents answered poorly, and (6) organizational performance 50% answered moderately and 40% answered poorly.

A. Problem Formulation

- What is the influence of the principles of Transparency, Accountability, Responsibility, Independence and Justice on the Performance of Employees of the Banda Aceh City Health Office
B. Research Purpose

- To analyze how much the principle of Transparency, Accountability, Responsibility, Independence and Justice influences the performance of employees of the Banda Aceh City Health Office
- To analyze how much influence the Employee Performance has on the Banda Aceh City Health Office
- To analyze how much the indirect influence of the principles of Transparency, Accountability, Responsibility, Independence and Justice have on the Banda Aceh City Health Service
- To analyze how much influence the Employee Performance on the Banda Aceh City Health Service
- To analyze how much the indirect influence of the principles of Transparency, Accountability, Responsibility, Independence and Justice on the Banda Aceh City Health Service

C. Benefit of Research

- For Authors, to add insight and knowledge between theory and practice in research in the field
- For Advanced Researchers, it can be used as a deepening of problems related to human resources and Good Corporate Governance efforts in other agencies.

II. LITERATURE REVIEW

A. Performance

Uno is related to the likes or dislikes of pleasant judgments and reactions or not to objects, people, situations, and perhaps other aspects of the world, including abstract ideas and social wisdom [4]. Employee performance is the result of individual work in an organization [5].

B. Organizational Performance

Pasalong explains the notion of organizational performance as the overall effectiveness of the organization for the defined needs of each group relating to systematic efforts and increasing the ability of the organization to achieve their needs continuously effectively [5].

C. Performance Measurement

The objectives of the performance measurement system according to Mardiasmo are as follows [6]: (1) Communicate the strategy better by using the top down and bottom up methods, (2) Measuring financial and nonfinancial performance in a balanced manner so that developments in strategy achievement can be traced (3) Accommodate understanding of the interests of middle and lower level managers and motivate to achieve goal congruence, (4) As a tool to achieve satisfaction based on individual approaches and rational collective abilities.

D. Performance Indicators

Holloway in Pasalong, states that performance indicators are in the form of accountability, efficiency, effectiveness and fairness (equity) [5]. Whereas in the context of the performance of government institutional bureaucracies in Indonesia, the government, through the Minister of Administrative Reform and Bureaucratic Reform (Menpan & RB) Number 81 of 1995, has provided references to simplicity, clarity, certainty, security, openness, efficiency, economics and weakness

E. Government and Governance

World Bank in Sedarmayanti, Governance is defined as "the way that is exercised in management of a country's social and economic resources for development" [1].

F. Good Governance

The Good Governance Principle according to the National Policy Development Team for Good Governance, National Development Planning Agency in Sedarmayanti, namely: visionary insight, openness and transparency, public participation, accountability, rule of law, democracy, professionalism and competence, responsiveness, efficiency and effectiveness, decentralization, partnerships with the business / private sector and society, commitment to reducing inequality, commitment to the environment, and commitment to a fair market [1].

G. Good Corporate Governance

Based on the Decree of the Minister of State-Owned Enterprises (BUMN) Number: Kep-117 / M-MBU / 2002 in Sedarmayanti regarding the application of Good Corporate Governance practices to BUMNs, it was determined that Corporate Governance is a process and structure used by BUMN organs to increase business success and corporate accountability in order to realize shareholder value in the long term while taking into account the interests of other stakeholders [1].

H. Transparency

Krina, transparency is the principle that guarantees access or freedom for everyone to obtain information about the administration of government, namely information about policies, the process of making and implementing them, and the results achieved [7].

I. Accountability

Krina, accountability is one of the instruments needed to achieve good public management [7].
J. Responsibility

According to the bpkp.go.id agency, there are several indicators to measure responsibility, namely: (a) Clarity of responsibility, (b) Commitment to responsibility, (c) HR management, (d) Financial management, (e) Management infrastructure, (f) Policy regarding work methods.

K. Independence

Bahara in Fatimah, Independence means the thing or condition of a person who can stand alone without relying on others [8].

L. Hypothesis

Ha1: There is a positive and significant influence between Transparency on Employee Performance
Ha2: There is a positive and significant influence between Accountability on Employee Performance
Ha3: There is a positive and significant influence between responsibility for employee performance
Ha4: There is a positive and significant influence between Independence on Employee Performance
Ha5: There is a positive and significant influence between Justice and Employee Performance
Ha6: There is a positive and significant influence between Transparency on Organizational Performance
Ha7: There is a positive and significant influence between Accountability to Organizational Performance
Ha8: There is a positive and significant influence between Responsibility for Organizational Performance
Ha9: There is a positive and significant influence between Independence on Organizational Performance
Ha10: There is a positive and significant influence between Justice and Organizational Performance
Ha11: There is a positive and significant influence between Employee Performance on Organizational Performance

III. RESEARCH METHOD

A. Location and Object of Research

This research will be conducted at the Banda Aceh City Health Office. The object of the research is the Analysis of the Impact of the Application of Good Corporate Governance on the Performance of Employees at the Banda Aceh City Health Office.

B. Population and Sample Withdrawal

The population in this study were all employees at the Banda Aceh City Health Office, which amounted to 182 people, consisting of 123 people who were Civil Servants and 56 Honorary Employees. The sample is part of the number and characteristics of the population.

C. Method of Collecting Data

- Questionnaire, aimed at research respondents to see the effect of the implementation of Good Corporate Governance on Employee Performance and its impact on the Performance of the Banda Aceh City Health Service.
- Observation, carried out directly at the Banda Aceh City Health Office by looking at, taking notes, taking into consideration then conducting research on a multilevel scale.
- Literature is sourced from the Banda Aceh City Health Office and also sourced from books, scientific works, and journals related to research.

D. Measurement Scale

This study uses a questionnaire / questionnaire model that is used by using a multicotomic questionnaire (many choices) where the subject has five alternative responses using the interval scale.

E. Variable Operationalization

The operation of each variable from Transparency, Accountability, Responsibility, Independence, Justice, Employee Performance and Organizational Performance of the Banda Aceh City Health Office.

F. Data Processing

- Examination of Data, namely the examination of the completeness of the answers that have been given to respondents on unfavorable item scores, to ensure that the data is ready for further processing.
- Encoding (coding) which is a way to give a number on a questionnaire that shows the respondent's number.
- Tabulations, namely sorting respondents' answers in the form of a master table according to the sequence number of the respondents.
- Statistical Analysis, which is processing data with SPSS statistical software.
G. Research Instrument

The number of instruments depends on the number of variables. Each instrument will have a scale, while the scale used in this study is using the Likert scale.

H. Test Validity and Reliability Test

1) Validity test: Testing the validity of each item is used item, which correlates the score of each item with the total score which is the number of each item score (corrected item total correlation) that is done using the SPSS 18.0 program.

2) Reliability test: Reliability test is the level of ability of a research instrument to be able to measure a variable repeatedly and is able to produce information or data that is the same or very little varied.

I. Classic Assumption Test

This Classical Assumption Test is conducted to obtain valid (valid) regression analysis results.

1) Normality test: The normality test aims to test whether in a regression model, the independent variables both have a normal distribution or not.

2) Multicollinearity test: Multicollinearity test was conducted to test whether the regression model found a correlation between independent variables.

3) Heteroscedasticity test: Heteroscedasticity test is conducted to test whether in a regression model there is an inequality of variance from residuals from one observation to another.

J. Multiple Linear Regression Analysis Equipment

The multiple regression equation model in this study is divided into 3 parts. All of them to measure the direct relationship between the independent

Equation model 1: \[ Z = \rho z_1 x_1 + \rho z_2 x_2 + \rho z_3 x_3 + \rho z_4 x_4 + \rho z_5 x_5 + \rho e_1 \] ........................ (1)

Equation model 2: \[ Y = \rho y_1 x_1 + \rho y_2 x_2 + \rho y_3 x_3 + \rho y_4 x_4 + \rho y_5 x_5 + \rho e_1 \] ........................ (2)

Equation model 3: \[ Y = \rho YZ + \rho e_3 \] ........................ (3)

information:
\[ Z \] = Organization Performance
\[ Y \] = Employers Performance
\[ X_1 \] = Transparency
\[ X_2 \] = Accountability
\[ X_3 \] = Responsibility
\[ X_4 \] = Independency
\[ X_5 \] = Justice
\[ \varepsilon \] = error term

IV. RESEARCH RESULT AND DISCUSSION

A. Characteristics of Respondents

Based on the results of data processing from 123 respondents, the respondents’ social demographic characteristics were obtained.

B. Direct Variable Effects of Good Corporate Governance and Employee Performance on Organizational Performance

Regression Coefficient: Transparency Regression Coefficient (X1) is 0.116 with a significant level> 0.05, meaning that every 100% change / improvement in the transparency variable, it will not significantly improve the performance of the Banda Aceh City Health Office, thus increasing transparency, it will not further improve the performance of the Banda Aceh City Health Office. The description above shows that there is a positive but insignificant influence between transparencies on employee performance is accepted.

Furthermore, the multiple regression coefficient of the accountability variable is 0.030 with a significance level of 0.147 or greater than 0.05. This shows that there is no linear relationship between accountability and organizational performance.

The Correlation Coefficient (R) is 0.898 indicating that there is a linear relationship between Independence, Transparency, Accountability, and Responsibility for Employee Performance at the Banda Aceh City Health Office, amounting to 89.8%.

The coefficient of determination (R2) or R-squared in the variable Employee Performance is 0.842 which means that 84.2% changes in Organizational Performance can be explained or influenced by Transparency, Accountability, and Responsibility for Employee Performance at the Banda Aceh City Health Service. The remaining 15.8% is influenced by other variables not included in this study. Other variables that affect are productivity, and service quality.

C. Simultaneous Testing of Hypotheses (Test-F) and Partial (T-Test)

Based on the analysis calculation shows that the significance level of the F Test is 0.000 or Fcount (109,021)> Ftable (2.29), meaning that there is a significant influence between the variables of Independence, Transparency, Accountability, and Responsibility, Justice and Employee Performance on Organizational Performance.

The results of the study on the Transparency variable were tcount for 1.459 while the table was 1.976, the results of this calculation showed that tcount < t table with a significance of 0.147 or probability above 5%. Thus it indicates that the Transparency variable does not partially and significantly influence the Performance of the Banda Aceh City Health Service.

The results of the study on Accountability variables obtained by tcount of 0.299 while t table of 1.976, the results of
this calculation indicate that \( t_{\text{count}} < t_{\text{table}} \) with a significance of 0.765 or the probability above is negligible = 5%. Thus the results of a statistically significant calculation show that partially the Accountability variable does not significantly influence the Performance of the Banda Aceh City Health Service.

The results of the study on the responsibility variable obtained by \( t_{\text{count}} = 2.445 \) while the \( t_{\text{table}} = 1.976 \), the results of this calculation indicate that \( t_{\text{count}} > t_{\text{table}} \) with a significance of 0.016 or probability below negligible = 5%. Thus the results of a statistically significant calculation show that partially the responsibility variable has a positive and significant effect on the performance of the Banda Aceh City Health Office.

The results of the study on the independence variable obtained \( t_{\text{count}} = 3.059 \) while the \( t_{\text{table}} = 1.976 \), the results of this calculation indicate that \( t_{\text{count}} > t_{\text{table}} \) with a significance of 0.000 or the probability below is negligible = 5%. Thus the results of statistically significant calculations show that partially independent variables significantly influence the performance of the Banda Aceh City Health Office.

The results of the study on the Justice variable obtained \( t_{\text{count}} = 0.715 \) while the \( t_{\text{table}} = 1.976 \), the results of this calculation indicate that \( t_{\text{count}} < t_{\text{table}} \) with a significance of 0.476 or the probability above is negligible = 5%. Thus the results of statistical calculations show that the independence variable partially does not significantly influence the performance of the Banda Aceh City Health Office.

D. The Effect of Employee Performance as a Mediation Variable on the Relationship between Sub-Variables of Transparency and Organizational Performance

That the transparency variable has a significant effect on employee performance (\( \beta_1 = 0.210, p < 0.05 \)). Then, the transparency variable does not have a significant relationship to the Organizational Performance variable (\( \beta_2 = 0.116, p > 0.05 \)), and when the relationship between transparency and organizational performance is mediated by "employee performance", it shows a significant relationship (\( \beta_3 = 0.337, p < 0.05 \)).

The description above also provides information about changes in R2 because the second equation (without mediating variables) around R2 = 0.689 for the third equation (with mediating variables) becomes R2 = 0.799. The change in R2 is significant (\( F = \text{change} 67.145, p < 0.05 \)). Furthermore, the relationship between variable employee performance and organizational performance is also significant (\( \beta_4 = 0.326, p < 0.05 \)).

Based on the above explanation, it is related to the method of Baron and Kenny (1986), which is (\( \beta_1 = 0.210, p < 0.05 \)); (\( \beta_2 = 0.116, p > 0.05 \)); (\( \beta_3 = 0.337, p < 0.05 \)), and (\( \beta_4 = 0.326, p < 0.05 \)). This means that the variable "employee performance" has a fully mediated role between the independent variable "transparency" and the dependent variable "organizational performance".

The above description concludes that Hypothesis (H11) which explains there is an indirect effect of transparency in a positive and significant way towards organizational performance mediated by employee performance is acceptable (cannot be rejected).

E. Effect of Employee Performance as a Mediation Variable on the Relationship between Sub-Variables of Accountability and Organizational Performance

That accountability variables have a significant effect on employee performance (\( \beta_1 = 0.280, p < 0.05 \)). Then, the accountability variable does not have a significant relationship to organizational performance variables (\( \beta_2 = 0.030, p > 0.05 \)), and when the relationship between transparency and organizational performance is mediated by "employee performance", it shows a significant relationship (\( \beta_3 = 0.392, p < 0.05 \)).

If connected with the method of Baron and Kenny (1986) is (\( \beta_1 = 0.280, p < 0.05 \)); (\( \beta_2 = 0.030, p > 0.05 \)); (\( \beta_3 = 0.392, p < 0.05 \)), and (\( \beta_4 = 0.326, p < 0.05 \)). This means that the variable "employee performance" has a role as fully mediated (Full mediation) between the independent variable "accountability" and the dependent variable "organizational performance".

F. Effect of Employee Performance as a Mediation Variable on the Relationship between Sub-Variables of Responsibility and Organizational Performance

The results of the regression analysis show there is no positive and significant relationship between responsibility variables and employee performance, which is described by \( \beta_1 = 0.089 *, p > 0.05 \). Furthermore, there is a significant relationship between responsibility variables and organizational performance. This is evidenced by \( \beta_2 = 0.224 \) and \( p < 0.05 \). Because the relationship between responsibility variables and employee performance is not significant, and when associated with the methods of Baron and Kenny (1986), the mediation effects of variable employee performance cannot be identified.

G. Effect of Employee Performance as a Mediation Variable on the Relationship between Sub-Variables of Independence and Organizational Performance

Showing that the independence variable has a significant effect on employee performance (\( \beta_1 = 0.423, p < 0.05 \)). Then, the independence variable also has a significant relationship to organizational performance variables (\( \beta_2 = 0.256, p < 0.05 \)), and when the relationship between independence and organizational performance is mediated by "employee performance", it shows a better significant relationship (\( \beta_3 = 0.456, p < 0.05 \)). Effect of Employee Performance as a Mediation Variable on the Relationship between Sub-Variables of Justice and Organizational Performance.

The results of the regression analysis show that there is no positive and significant relationship between the variables of justice and employee performance, which is described by \( \beta_1 = -0.058 *, p > 0.05 \). Furthermore, there is also no significant relationship between equity variables and organizational performance. This is evidenced by \( \beta_2 = 0.041 \) and \( p > 0.05 \).
H. Role of Variables Good Corporate Governance

Based on the results of the regression analysis, the variable Good Corporate Governance consists of transparency, accountability and independence proven to have a relationship / positive and significant influence on Employee Performance. This condition means that the better good corporate governance (transparency, accountability, and independence) will affect the increasing performance of employees at the Banda Aceh City Health Office. On the other hand, the other Good Corporate Governance variables consist of Responsibility and Justice does not significantly influence Employee Performance at the Banda Aceh City Health Service.

Furthermore, if it is associated with Organizational Performance, the results of the analysis also show that there is a positive and significant relationship between the variables of Good Corporate Governance consisting of Responsibility and Independence and Employee Performance variables with the Performance of Banda Aceh City Health Service. This means that increasing the variable Responsibility and Independence and Employee Performance will have a positive and significant impact on improving the performance of the Banda Aceh City Health Office.

Based on the description above, it can be interpreted that there is a role for the Good Corporate Governance variable in this research model in terms of improving employee performance and the performance of the Banda Aceh City Health Office.

I. Role of Employee Performance Variables

The results of multiple linear regression analysis explain that employee performance variables are proven to have a positive and significant relationship with organizational performance (HA11). This condition illustrates that the better performance of employees will affect the increasing performance of the Banda Aceh City Health Office.

Furthermore, as explained above that there is a positive and significant relationship between the variables of Good Corporate Governance and employee performance, then there is an indirect effect of the relationship between the variables of Good Corporate Governance and organizational performance mediated by employee performance.

From the results of the analysis of the proof of indirect relationships it was found that there was a full mediation of the relationship between the variables of transparency, accountability and organizational performance mediated by employee performance. This means that there is a role for Employee Performance variables in this research model in terms of improving organizational performance.

In addition, there is a role for the Employee Performance variable as the Partially Mediator between the relationship between the independence variable and organizational performance. That is, the influence of the independence variable on organizational performance will be better if there is an increase in employee performance at the Banda Aceh City Health Office.

J. Role of Organizational Performance Variables

Based on the results of multiple linear regression, it illustrates that the dependent variable of organizational performance can be influenced by three independent variables, namely responsibility, independence and employee performance. That is, if responsibility, independence and employee performance are increased, it will have an impact on improving organizational performance. Therefore, the role of organizational performance variables in this research model is the final outcome (outcome) which depends on Good Corporate Governance and Employee Performance at the Banda Aceh City Health Office.

K. Interpretation Based on Path Analysis Approach

If the assumption of the path analysis approach (path analysis) is applied in this research model, the direct and indirect effects of one variable on the other variables will be explained. By using this analysis, the number of external contributions to internal factors can be identified, and can also be compared to the effects of each variable. The result is the most dominant or important variable in the model can be found.

Furthermore, if an indirect relationship is analyzed where the Employee Performance variable acts as a mediating variable, the total regression coefficient value is obtained. Based on the description in the table above, it is known that the most dominant total relationship in this research model is the relationship between Independent Variables and Organizational Performance mediated by Employee Performance variables. Thus, the most dominant variable in this research model is Employee Performance.

V. CONCLUSIONS AND SUGGESTIONS

A. Conclusion

- There are influences on the principle of Transparency, Accountability, and Independence on the Performance of Employees of the Banda Aceh City Health Office.
- The Principles of Responsibility and Independence have a positive and significant effect on the Performance of the Banda Aceh City Health Office.
- Employee Performance variables have a positive and significant effect on the Performance of the Banda Aceh City Health Service.
- The principle of Transparency, Accountability and Independence has an indirect effect on the Performance of the Banda Aceh City Health Service. Which is mediated by Employee Performance.

B. Suggestion

- To be able to create high employee performance, the Banda Aceh City Health Service must be able to improve the principles of Transparency, Accountability and Independence of its employees by providing more training on Good Corporate Governance.
It is expected that the Banda Aceh City Health Office will apply the principle of Reputation and Independence and the performance of its employees, because it is proven to improve Organizational Performance.

Employee Performance is a factor that needs to be given better attention because it is the key to the success of the Banda Aceh City Health Office.

Employee Performance Factors are the most dominant factors affecting Organizational Performance, therefore the Banda Aceh City Health Service should emphasize this factor as a strategy to be able to improve Organizational Performance so that people get more value / benefits by producing internal and external services (public) in accordance with the principles of Good Corporate Governance.

REFERENCES