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The Effect of Good Governance on Financial Performance: An Empirical Study on the *Siri* Culture*

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Abstract

This study analyzes and assesses the effect of good governance consisting of accountability, transparency, and participation on the financial performance of Pare-Pare City local government moderated by the basic values of *Siri* culture in the form of *Lempu* (honesty), *Amaccangeng* (intelligence), and *Awaraningeng* (courage). The population of this research is 200 local government employees (respondents). The results of data analysis showed that accountability and participation variables had no significant effect on the financial performance of the Pare-Pare City local government. However, the transparency variable has an influence on local government financial performance. It is hoped that all these 3 variables (accountability, transparency, and participation) will have a significant effect on local government financial performance. To achieve this, it is necessary to apply cultural values that exist in society so that cultural values can provide greater guidance in the management of regional finances. The results provide a better understanding of the importance of *Siri*'s cultural value in the implementation of public services to the community. With *Siri*'s cultural values in the form of *Lempu*, *Amaccangeng*, and *Awaraningeng* embedded in their behavior, government employees can improve performance and avoid deviant behavior or corruption. The novelty of this research is a form of analysis by using local cultural values (the basic values of *Siri* culture) as the moderating variable.

Keywords: Good Governance, *Siri* Culture, Financial Performance

JEL Classification Code: A23, G18, G23, O24

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1. Introduction

World financing institutions such as the Organization Economic Corporation and Development (OECD), the Agency for International Development (AID), the Asian Development Bank International Monetary Fund (IMF), and other lending institutions originating from developed countries have implemented the concept of good governance during the monetary crisis in 1998 (Johnson, 2016). Corporate governance in the financial sector is the set of standards and principles used to create a system of checks and balances over the management of financial institutions. It establishes the way financial institutions are directed and controlled, ordinarily through standards set for the conduct of the board of directors and senior management. According to Parent and Hoye (2018) and Balla and Xie (2020), a wide range of governance principles or guidelines have been considered by a relatively small number of studies. There are many studies mainly from developed countries examining the issue, often using case studies as a means to explore the topic. Although the link between board structure and organizational performance has been empirically found, the

link between other governance principles and organisational performance remains lacking.

The creation of good governance is carried out in the context of realizing and creating a public order in general and a state management system, in particular, that is better and does not re-apply systems that tend to be corrupt, collusive, and nepotistic. To be financially capable is imperative because it governs the impacts of financial attitude and financial knowledge on financial satisfaction. Moreover, findings show that culture matters in explaining differences between countries. Hence, individualistic societies, compared to collectivistic ones, reflect a stronger relationship between financial attitude and financial satisfaction. Additionally, countries showing a high propensity in avoiding uncertainty reflect a negative association between risk tolerance and financial satisfaction, while those lacking such preference manifest a positive relationship (Çera et al., 2020). Good governance is ensuring respect for human rights and the rule of law, strengthening democracy, promoting transparency and capacity in public administration. Good governance has 8 major characteristics. It is participatory, consensus-oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive, and follows the rule of law. In international development, good governance is a way of measuring how public institutions conduct public affairs and manage public resources in a preferred way. Governance is the process of decision-making and the process by which decisions are implemented (Vian, 2020).

Until now the principles of good governance have not been maximally applied or implemented in Indonesia. By the focus of this study on the application of the concept of good governance in measuring local government performance in the form of financial analysis, the concept of the principles of good governance which is used as research variables is adjusted to the existing concepts in regulations concerning state finances, namely the principles of accountability, transparency and participation. To achieve a good performance of local governments, accountability, transparency, and internal audit functions are needed. If these factors are implemented well, the performance of the local government will be excellent and satisfactory. To achieve them, the existence of mechanisms for accountability and good performance management is required. Implementation of the existing rule and legislation relating to the application of the concepts of accountability and transparency in the financial management area is expected to create good local government management and improve the performance of local government (Jitmau et al., 2017). Beshi and Kaur (2020) stated that when the government decides to implement good governance principles into practice, they can address not only the needs of the people but also increase public trust towards the government. To be specific, as a basis of good governance, transparency, accountability, and responsiveness in public

administrations are a prerequisite to strengthening public trust. Sound governance is considered as an alternative to the term good governance. Sound governance is, therefore, inclusive and promotes participation and interaction in an increasingly complex, diverse, and dynamic national and international environment.

The concept of accountability, transparency, and participation is also used as one of the objectives of the implementation of the local governance system in the City of Pare-Pare, South Sulawesi, Indonesia, which is the place for research. This can be seen from the various development project activities carried out, where the policy direction to be achieved is the implementation of good governance to create equitable public services, including improving the quality of the management of the procurement of goods and services in a transparent and accountable manner and improving regional financial management. Harrison and Sayogo (2014) explored relationships between socio-cultural, political, economic, and government conditions and concepts critical to open government, defined as (a) budget transparency (b) participation in budget processes, and (c) accountability information. They found that democracy, human capital, and budget document disclosures are consistently related to transparency, accountability, and the involvement of the supreme audit authority with the public. E-participation and commitment to the open government partnership are each related to particular measures of transparency and accountability. Reggi and Dawes (2016) stated that the rhetoric of open government data (OGD) promises that data transparency will lead to multiple public benefits: economic and social innovation, civic participation, public-private collaboration, and public accountability.

Regional financial management has a very large influence on the development of a region. According to Mahmudi (2007), local governments are responsible for publishing financial reports to stakeholders, in this case, the community, because financial reports have a role to provide relevant information regarding finance and transactions during one reporting period. Financial efficiency promotes economic growth only when it reaches a certain level (financial threshold). It increases the capacity for the accumulation and allocation of financial resources where it exceeds the threshold. Rapid financial development can provide a superior financial environment and improved conditions for economic growth to promote the continuous improvement of an economy (Hu et al., 2019). Local government financial reports also serve as the basis for decision-making, so consistency is needed. Agustin and Arza (2020) found an anomaly between accountability and public transparency related to financial management and local budgets. This implies that public accountability has improved, however, public transparency did not increase significantly.

The problems that occur with government financial performance are more dominantly influenced by the attitudes or behavior of public officials in policy management, especially in financial management. National culture affects financial literacy and that it is important to account for cultural dimensions in future international financial literacy research (De Beckker et al., 2020; Zainuddin et al., 2020). According to Kwok and Tadesse (2006), national culture plays an important role. Social ethics needs to be restored according to the regional culture, where the people of Pare-Pare City follow the *Siri* cultural ethics, which the basis for public officials in managing policies. The *Siri* value concerning shame can be a control tool for a financial manager not to commit fraudulent practices such as manipulating financial statements by not disclosing the true events. If this is done, it means that a financial manager loses self-respect and dignity as a human being.

The role of *Siri* culture is indispensable in financial management activities, so this study analyzes how the basic values of *Siri* can moderate the effect of accountability, transparency, and participation on local government financial management in the City of Pare-Pare, South Sulawesi, Indonesia. This study shows the implementation of *Siri* culture in various activities (including managing finance) within the scope of the local government of the City of Pare-Pare to avoid corruption and improve financial performance. The effectiveness of financial planning, budget execution control, transparency, and accountability of financial reporting can affect public services through financial performance (Sumtaky et al., 2018; Schönborn et al., 2019).

2. Literature Review

2.1. Definition of Good Governance

The development of a good governance system as expected by the World Bank and the United Nations Development Program (UNDP) is in line with the definition of good governance outlined by the Indonesian State Administration Institute and the Financial and Development Supervisory Agency (LAN) which states that good governance means that processes and institutions produce results that meet the needs of society while making the best use of resources at their disposal. Good governance is the manner in which power is exercised in the management of a country's economic and social resources for development. Good governance assures that corruption is minimized, the views of minorities are taken into account, and that the voices of the most vulnerable in society are heard in decision-making. Thus the development of a good governance system has several meanings, among others (1) A value that follows the will of the people (2) A value that has the

meaning of increasing the people's ability to achieve goals, independence, implementation of sustainable development, and social justice (Gordon, 2000).

Governance is critical to all institutions including public, private and not-for-profit - for ensuring legitimacy and sustainable growth. It is also critical for men and women, citizens and communities, the poor and marginalized in particular - to ensure their voice is heard and decision-makers are held accountable. Good governance strengthens accountability, improves government performance and organizational capacity. Good governance has 8 major characteristics. It is participatory, consensus-oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive, and follows the rule of law (Khandakar, 2009). Participation by both men and women is a key cornerstone of good governance. Participation could be either direct or through legitimate intermediate institutions or representatives. The meaning of good governance is the administration of power and state administration to achieve the expected goals, especially in the political, legal, economic, and social fields which of course must involve three elements, namely government, private sector, and society as well as building trust in the implementation of development. Trust in the government in carrying out its functions is needed so that it is fair and effective (Jung & Sung, 2012).

According to the World Bank, good governance entails sound public sector management (efficiency, effectiveness, and economy), accountability, exchange and free flow of information (transparency), and a legal framework for development (justice, respect for human rights, and liberties. UNDP assists governments in strengthening their public institutions, helping countries fight corruption, and support inclusive participation to ensure that no one is left behind. UNDP states 9 major characteristics of good governance: participation, rule of law, transparency, responsiveness, consensus orientation, equity, effectiveness and efficiency, accountability, and strategic vision (Parker et al., 2008). In the local government of the City of Pare-Pare, if implementing governance based on these characteristics/principles, the planned objectives can be achieved, namely improving the financial performance of the local government and avoid irregularities in the use of the budget.

Accountability is a term applied to measure whether public funds have been used appropriately and not used illegally. These efforts are trying to find whether there are irregularities or inefficiency and there are procedures that are not needed. There needs to be a continuous system of checks and balances to ensure that no one branch of government becomes more powerful than the other two, or steps into jurisdictions that it should not get into. Even with the most developed democracies, there is a need for a system of checks and balances, and in parallel, a system for ensuring that accountability tools are enabled by one

branch of government over¹¹ other, by the media, and by civil society organizations. Strong accountability matters – and when it works, it benefits everyone. It enables people to know how the government is doing, and how to gain redress when things go wrong. It ensures that ministers and civil servants are acting in the interests of the people that they serve. Accountability is a part of good governance and can increase the trustworthiness and legitimacy²⁵ of the state in the eyes of the public (Edward, 2003). Good governance aims towards the betterment of people, and this cannot take place without the government being accountable to the people. Governmental institutions, private sectors, and civil society organizations should be held accountable to the public and institutional stakeholders.

Accountability is an activity in providing accountability or²⁰ gaining the performance of a person who is legally or the leader of an organization who has the right or authority to request information or accountability for an activity.

Another indicator in this study is transparency. According²⁰ Mardiasmo (2009), transparency is a form of government openness in providing information related to public resource management activities to parties who need information. Kral⁷ and Mertens (2020) and Sofyani et al. (2020) stated that transparency means that citizens understand and have access to the means and manner in which decisions are made, especially if they are directly affected by such decisions. This information must be provided in an understandable and accessible format, typically translated through the media. There is a strong positive relationship between financial openness and transparency¹⁰ in local government. Iek and Blesia (2019) stated that continuous development initiatives followed up with adequate supervision, greater transparency and law enforcement from government bureaucrats and legislatures are recommended to reduce inequality. Transparency is a principle that guarantees access or freedom for everyone to obtain information about government administration, and this information is available and⁷ relevant and easy to understand.

Participation requires that all groups, particularly those most vulnerable, have direct or representative access to the systems of government. This manifests as a strong civil society and citizens with the freedom of association and expression. The meaning of participation is that everyone has the right to be involved in decision-making in every government running activity. Involvement in decision-making can be done directly or indirectly (Krina, 2003). According to Tilaar (2009) and Chong and Chong (2002), participation as a principle of good governance⁵ implies the active and equal participation of civil society at the local level in the work of its community. Through the participation of civil society in decision-making, an agreement is reached on mutual understanding of the most important challenges which local community faces. The quality and effectiveness

of a policy depend on the involvement of all stakeholders in decision-making (from their creation to implementation). This will result in greater confidence in the end result and in institutions that make political decisions. The participation of civil society is achieved through prior observance of the principle of transparency and accountability. Thus community involvement in the form of participation in various forms can encourage increased productivity and the sustainability of various development activities.

2.2. Regional Finance

Analysis of the financial performance of a region, which is done by assessing previous performance, is carried out to be able to obtain information about the financial position of an entity that represents the reality and potential of ongoing performance. One of the tools to analyze the performance of local governments in managing local finance is to conduct a financial ratio analysis of the budget¹⁰ has been defined and implemented (Mardiasmo, 2009). Measurement of the financial performance of the local government is done to meet three objectives and those are to improve government performance, help allocate resources, and decision-making and realize the public accountability of local governments in general²⁶ a better public service. According to Sijabat (2014), financial management is all activities that include planning, implementation, administration, reporting, accountability, and supervision of regional finances. According to Kim (2020), financial performance analysis is an attempt to identify financial characteristics based on available financial reports. Financial statement analysis is intended to help how to understand financial reports, how to interpret the numbers in financial reports, how to evaluate financial reports and how to use financial information for decision making. Financial and budget information is very useful for decision making and financial reports provide important information that must be used to help guide decisions (Carragher & Van Auken, 2013; Huynh & Nguyen, 2019).

Measurement of regional financial performance consists of (a) Revenue analysis, namely analysis of the ability of local governments to explore potential revenue sources (b) Expenditure analysis, namely analysis of the costs of public services and the factors that cause these costs to increase, (c). Budget analysis, which is the analysis of the relationship between income and expenditure and projected trends for the future. Thus, regional financial management is a part or tool that becomes the basis for conducting regional financial analysis in measuring regional financial performance. Regional financial performance is one measure that can be used to ensure the ability of the region to implement the rules of financial implementation properly and correctly to maintain the desired service.

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2.3. *Siri* as Local Culture

The term local culture is commonly used to characterize the experience of everyday life in specific, identifiable localities. It reflects ordinary people's feelings of appropriateness, comfort, and correctness—attributes that define personal preferences and changing tastes. Culture can be seen as consisting of ideas, rules, and material dimensions. Ideas include such things as the values, knowledge, and experience held by a culture. Values are shared ideas and beliefs about what is morally right or wrong, or what is culturally desirable (Agus, 2015). Local culture also presents unique options for locally based economic and other development. Local understandings and interpretations of a community's history reflect past events that feed into and are partially driven by the demands, sentiments, and interests of those in the present. This makes it crucial for community development practitioners to consider the importance of culture in efforts to improve local well-being. By paying attention to, and incorporating unique cultural values, traditions, and related factors, more efficient and effective development efforts can be achieved (Robinson, 2020). One solution is to create national policies that uphold cultural values and personal rights which in turn reinforce these values in society.

Local culture provides a sense of identity for communities. This identity facilitates common understandings, traditions, and values, all central to the identification of plans of action to improve well-being. Culture contributes to building a sense of local identity and solidarity. The local *Siri* culture still prevails in the community and this is important to create a governance structure. The relationship between the government, businessmen, and the community becomes an inseparable unity if you want to achieve a good governance structure. *Siri* is a cultural demand for every individual in Pare-Pare City to maintain their holiness so that security, order, and well-being are guaranteed. People who do not have *Siri* are people who can be said to have no religion or have no morals to fellow humans and can be called uncultured people. *Siri* according to its essential meaning, namely self-esteem, is a fundamental thing and is still very much maintained and upheld by most people in Pare-Pare City today. *Siri*, apart from these meanings, implies the basic values that a person must have.

According to Mashadi (2016), a person has 3 attitudes from the *Siri* value, namely; (a) *Lempu* (honesty), *Lempu* or honesty is a straightforward, simple attitude, which is not mixed with lies. Sometimes it is also interpreted as an attitude that is sincere, kind, clean, and fair. In everyday language, *Lempu* or honesty is often translated as an open attitude, that is, there is nothing that needs to be kept secret or covered up because honesty is a basic foundation in building relationships with others and is one of the most basic factors

in human life (b) *Amaccangeng* (intelligence/intellectual/cleverness), provides an understanding of the ability to think positively, act wisely, be polite in speaking, taking into account the cause and effect of the actions it carries out. Chiu and Lin (2019) showed that knowledge innovation has a positive effect on economic development. So people who have knowledge in culture are called smart people or scholars, while people who have thoughts are called thinking people who can be translated as scholars. (c) *Awaraningeng* (courage), is an attitude that describes self-readiness, emotional stability, and patriotism. The three attitudes of *Siri* are used as a reference in dealing with a situation for all sides of life both in social life and in the context of governance.

3. Methodology

This research uses a descriptive research approach as well as a confirmatory research approach. The term descriptive research then refers to research questions, definition of the study, and data analysis conducted on that topic. Descriptive research is a quantitative research method that attempts to collect quantifiable information for statistical analysis of the population sample (Sugiyono, 2019). In confirmatory research, the researcher has a pretty specific idea about the relationship between the variables under investigation. In this approach, the researcher is trying to see if a theory, specified as hypotheses, is supported by data (Hair et al., 2014). The data used was obtained from various regional organizations in the City of Pare-Pare. From the existing population, the sample is determined using the following formula:

$$N = \frac{N}{Nd^2 + 1} \quad (1)$$

The number of samples (respondents – echelon level officials) who were given a questionnaire as material for processing data in this study is 200. Apart from primary data, there is secondary data in the form of documentation. The documentation in question is a budget realization report as the basis for calculating financial performance.

The data analysis technique used in the study is Structural Equation Modeling (SEM) approach with an alternative method using Partial Least Square (PLS).

3.1. Reflective Indicator Model

$$x = \Lambda x \xi + \delta \quad (2)$$

$$y = \Lambda y \eta + \varepsilon \quad (3)$$

Where x and y are indicators for exogenous latent variables (ξ) and endogenous (η). Meanwhile, Λx and Λy is the loading matrix.

3.2. Formative Indicator Model

$$\xi = \Pi\zeta X_i + \delta \tag{4}$$

$$\eta = \Pi\eta Y_i + \varepsilon \tag{5}$$

Where $\Pi\zeta$ and $\Pi\eta$ are the regression coefficients of the latent variable against indicators, meanwhile δ and ε are the residuals of the regression.

3.3. Moderation Variables

A moderating variable refers to a variable that can strengthen, diminish, negate, or otherwise alter the association between independent and dependent variables (Saleh et al., 2020). *Siri* culture is a variable that is expected to weaken or strengthen the association between independent variables (accountability, transparency, and participation) and the dependent variable (local government financial management performance). Indicators for *Siri* culture can take various forms; it depends on an overview of the *Siri* culture that can be examined. The indicators of *Siri* culture in this study are *Lempu* (honesty), *Amaccanggeng* (intelligence), and *Awaraniang* (courage). Meanwhile, indicators that can be used are related to local government financial performance problems, among others; (1) Be wise in making decisions, (2) Able to maintain an attitude that is believed to be an obligation for the sake of human dignity, (3) Do not back down from duties and responsibilities, and (4) Able to consider how work is done in a planned manner.

4. Results

The results of the distribution of questionnaires in 54 regional organizations showed that after the analysis of the questionnaires received (200), it meets the requirements for

data processing. Respondent data by career path is shown in Figure 1.

Figure 1 shows that 74.5% of the respondents are those who occupy Echelon IV, or equivalent to the head of a subdivision. Based on the results of sample calculation, it also shows the extent of involvement of echelon IV officials in planning, preparation, decision-making, and budget management processes at the organizational level of regional apparatus.

Before analyzing the influence of culture on financial performance, financial ratio analysis must be done. Based on the research data, we calculate the ratio of the degree of fiscal decentralization, the ratio of regional financial dependence, and the ratio of regional independence. The calculation results of each of these analyzes can be seen in Table 1:

The fiscal decentralization ratio for Pare-Pare City is measured to compare the Regional Original Income with the total income, where for Pare-Pare City for the 2015–2019 fiscal year it can be said that the level of fiscal decentralization still needs to be increased because it is still below the standard value set at 60.00%, and this condition is evenly distributed in almost all districts/cities in Indonesia. *T* ratio of regional independence is measured by comparing the original regional income with the number of transfers received by the local government. The ratio of independence for local governments in implementing budget utilization ranges from 16.00% to 14.40%. This percentage is still lacking and needs to be increased because the standard set by the government is 30%. Zhang et al. (2020) investigated the causal relationship between public and private external debt and economic growth in developing countries. The results showed first the existence of causality in the short-run and long-run between external debt and economic growth and the second, bi-directional causality that runs from external debt to economic growth and economic growth to external debt.

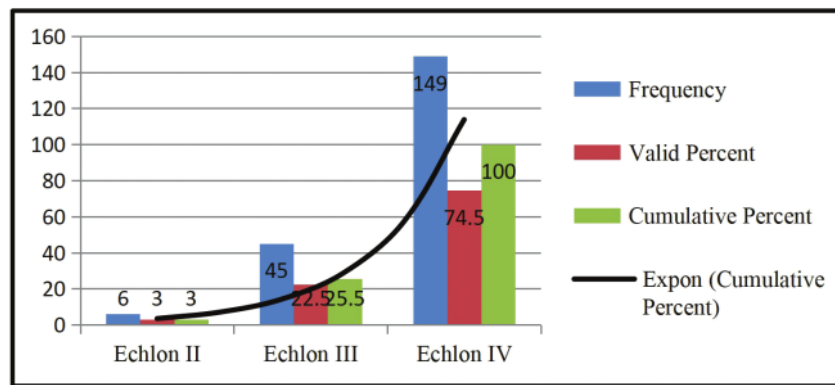


Figure 1: Characteristics Respondent

Structural Equation Modeling (SEM) is used to show the causal relationships between variables. The relationships shown in SEM represent the hypotheses of the researchers. Hypothesis testing is whereby an analyst tests an assumption regarding a population parameter. The PLS-SEM is a method of structural equation modeling that allows estimating complex cause-effect relationship models with latent variables. PLS-SEM test whether the relationship between latent variables, namely exogenous and endogenous constructs can provide answers to questions about the relationship between latent variables that have been hypothesized previously.

Path models are typically represented in the form of path diagrams, but can also be modeled as a set of regression equations. A path model can include any number of independent (or exogenous) variables, any number of dependent (endogenous) variables, and any number of intermediate variables, which are both dependent on some variables and predictive of others. In a path diagram, each

variable is represented. The hypothesized links among variables are shown by arrows, representing predictive or correlational relations. When the path model has been established, the next step is to estimate the path coefficients. A path coefficient indicates the direct effect of a variable assumed to be a cause on another variable assumed to be an effect. Figure 2 shows the path diagram and the results of the path coefficient analysis.

The level of statistical significance is often expressed as a *p*-value between 0 and 1. The smaller the *p*-value, the stronger the evidence that you should reject the null hypothesis. A *p*-value less than 0.05 (typically ≤ 0.05) is statistically significant. It indicates strong evidence against the null hypothesis, as there is less than a 5% probability the null is correct (and the results are random). Therefore, we reject the null hypothesis and accept the alternative hypothesis.

Table 2 results show that accountability has an effect on the financial performance of the Pare-Pare City local

Table 1: Analysis of Regional Independence Ratio

No	Description	Fiscal Year				
		2015	2016	2017	2018	2019
1.	Fiscal Decentralization Ratio	13.79%	14.85%	15.76%	16.31%	14.27%
2.	Regional Independence Ratio	16.00%	17.44%	18.71%	19.43%	16.64%
3.	Regional Financial Dependency Ratio	86.21%	85.15%	84.24%	83.69%	85.73%

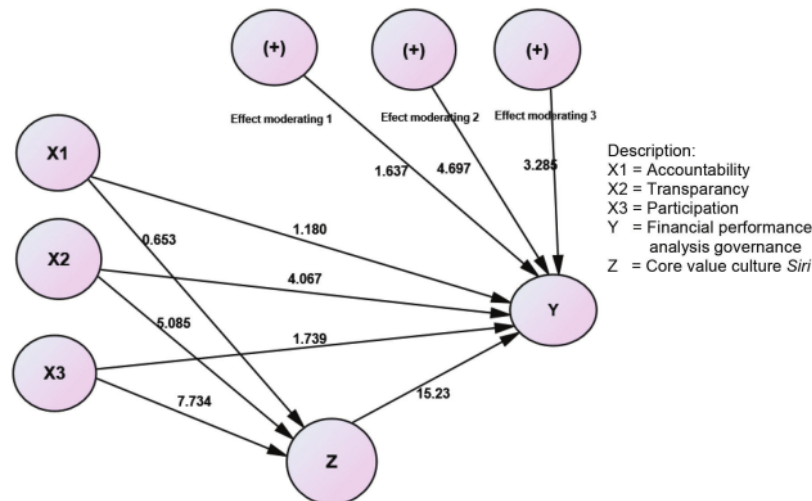


Figure 2: Model of Path Coefficient Analysis Results

Table 2: Conclusion Analysis of Estimate for Path Coefficients

Variable	T Statistics	T Table	P-Values	$\alpha = 5\%$	Conclusion
Moderation Effect $X_1 > Z > Y$	1.637	1.96	0.102	0.005	Has insignificant effect and has an indirect relationship
Moderation Effect $X_2 > Z > Y$	4.694	1.96	0.000	0.005	Has a significant influence and has a direct relationship
Moderation Effect $X_3 > Z > Y$	3.285	1.96	0.001	0.005	Has a significant influence and has a direct relationship
$X_1 > Y$	1.180	1.96	0.239	0.005	Has insignificant effect and has an indirect relationship
$X_2 > Y$	4.067	1.96	0.000	0.005	Has a significant influence and has a direct relationship
$X_3 > Y$	1.739	1.96	0.083	0.005	Has insignificant effect and has an indirect relationship

government. Based on the p -value for this hypothesis ($0.239 > 0.05$) which is greater than the significance value $\alpha = 5\%$, the conclusion that can be drawn is that accountability has an insignificant effect on the financial performance of the Pare-Pare City local government. The results from Table 2 show that transparency has a relationship with the financial performance of the Pare-Pare City local government. Based on the p -value for this hypothesis ($0.000 < 0.05$) which is smaller than the significance value $\alpha = 5\%$, the conclusion can be drawn that transparency has a significant impact on the financial performance of the local government of Pare-Pare City. Table 2 results show that participation has an effect on the financial performance of the Pare-Pare City local government. Based on the p -value for this hypothesis ($0.083 > 0.05$) which is greater than the significance value $\alpha = 5\%$, the conclusion that can be drawn is that participation has an insignificant effect on the financial performance of the Pare-Pare City local government.

The moderating variable Siri culture has an insignificant effect on the relationship between accountability and financial performance of the local government of Pare-Pare City as shown by p -value 0.102. 0.05, which is greater than the value of $\alpha = 5\%$ or 0.05. Siri culture values do not have much influence as a moderating variable. Hence, the imbibing of Siri culture values in people (here officials/respondents) must be seriously considered so that it can have a big influence on the implementation of accountability in regional financial management. The local cultural values in the form *Lempu*, *Ammacangeng*, and *Awaraniang* must be implemented properly. The moderating variable Siri culture has a significant effect on the relationship between transparency and financial performance of the local government of Pare-Pare City as shown by p -value $0.000 < 0.005$, which is lesser than the value of $\alpha = 5\%$ or 0.0. Thus, it can be concluded that transparency has a significant

effect on the financial performance of the Pare-Pare City government through the moderation of Siri cultural values. The moderating variable Siri culture has a significant effect on the relationship between participation and financial performance of the local government of Pare-Pare City as shown by p -value $0.001 < 0.005$, which is lesser than the value of $\alpha = 5\%$ or 0.0. Thus, it can be concluded that participation has a significant effect on the financial performance of the Pare-Pare City government through the moderating of Siri cultural values.

5. Discussion

In the financial management carried out by local governments, the role of accountability is very important because accountability is related to budget utilization activities and is reported to be known by the public (James, 1995). The information presented in the financial statements of local governments in Indonesia has a predictive value as such it is relevant for use in making decisions (Winarna et al., 2017).

Comparing these explanations, it can be concluded that accountability can directly affect the quality of a financial report, but as per the results of our analysis, it does not have a significant relationship with the financial performance of the local government. By the results of the hypothesis in this study, it can be explained that accountability has an indirect influence and relationship on the financial performance of the local government. The effect referred to in this case is the effect on the quality of financial reports, which is used as an instrument in calculating the ratio analysis of regional financial performance. In carrying out accountability reporting activities, various rules and cultures exist in society.

The basic values of Siri culture, if it is directly related to the issue of accountability, can certainly strengthen the

performance of a financial report, with the support of *Lempu* (honesty), *Amaccangeng* (intelligence), and *Awaraniang* (courage), as it is expected to create an accountable report. However, the results obtained in this study indicate that the basic values of *Siri* culture, namely *Lempu* (honesty), *Amaccangeng* (intelligence), and *Awaraniang* (courage) have an insignificant effect. It is more due to the relationship of these variables, where the implementation of the three elements that exist in the basic values of *Siri* culture cannot be used as a whole. In carrying out the analysis to measure financial performance, the dominant thing needed is the intellectual quality of the actors, that is, the *Amaccangeng* element (intelligence), in deciphering the numbers (Figures) in the calculation.

The analysis of local government financial performance is more oriented towards efforts to increase the capacity of the regions to reduce the level of dependence on the budget from the central government. One of the steps that can be taken in the problem of the level of dependence is that the local government must be able to increase regional income so that it indirectly affects the amount of managed revenue and budget expenditure. According to the results of the analysis, it is clear that the government's transparency will encourage the trust of the public so that it will have an impact on the local government's financial performance. Public trust in government is one of the key factors that determine the government's competitiveness. Broadly speaking, public trust in government is important as it speaks to the quality of the relationship that exists between citizens and their government.

This result is in line with the theory put forward by Ingrams (2020) who stated that there is a need for government transparency in providing information about resource management activities to parties who are concerned about information; in this case, the community and stakeholders who have an interest. Grimmelikhuijsen and Feeney (2017) and Ginanjar et al. (2020) affirmed transparency has a significant positive effect on the performance of public service organizations, where transparency can run well because it can implement open public communication by the government and the public's right to access information.

Analysis of local government financial performance is the basis for knowing the development of the autonomy condition of a region. This can only be obtained if there is an attitude of transparency from all elements, especially local governments in providing data following the budget realization report. The basic values of the *Siri* culture have a direct influence and are even able to strengthen the relationship between transparency and the local government financial performance, because *Lempu*, *Amaccangeng*, and *Awaraniang* can be a pillar or reference for everyone in providing support in terms of increasing the desired achievement to increase regional independence.

This increase in trust can certainly have an impact on the desire to provide support to the government in all sectors.

The measure of participation in this research is the role or participation of policyholders and implementers within the scope of local government both in planning, composing, and implementing. The results of the data processing showed that participation had no significant relationship with the financial performance of the local government of Pare-Pare City. Maximum participation is needed in a government so that it can lead to prosperity. The explanation regarding the role of community participation, in this case, the executor of financial activities, has a big influence if it is carried out following existing regulations and is supported by competent human resources so that what is the goal of a government, namely in the form of welfare can be achieved.

A good government certainly has an impact on the prosperity of its people, and this can increase the independence of a region. If the direct relationship between participation and financial performance analysis can be said to have no significant influence, then with the presence of the basic values of *Siri* culture, of course, this can synergize between all parties, starting from the highest leaders, officials who are under him and also the community, which can support the welfare of an area. According to He (2018), culture is one of the determining factors to encourage economic growth. With the presence of a local culture that is guarded by people who have noble values, it can have an influence in the process of implementing development. According to Bong and Premaratne (2019), the government should work to eradicate corruption and stabilize macroeconomics to enhance financial integration and economic growth.

The novelty of the research can be seen from the discussion. Research that uses the variables of accountability, transparency, participation, and analysis of local government financial performance has been carried out in many previous research activities. Things that can be compared to these studies specifically do not compare directly between the variables of accountability, transparency, and participation in the analysis of local government financial performance, but what is compared is more dominant on the problems of government financial reporting. Another thing that can be said of a new form of analysis is the use of local values, in this case, the values used as moderating variables are the basic values of *Siri* culture, namely *Lempu*, *Amaccangeng*, and *Awaraniang*. These three basic values are an inseparable unit and of course, can have an impact on the other variables being analyzed.

6. Conclusion

The implementation of Good Governance from the local government of Pare-Pare City, especially in financial

management, is largely determined by the application of the concepts of accountability, transparency, and participation. However, in this study, not all of them have a significant effect, such as the accountability and participation variables. However, the transparency variable has an influence on local government financial performance. It is hoped that all these 3 variables (accountability, transparency, and participation) will have a significant effect on local government financial performance. To achieve this, it is necessary to apply cultural values that exist in society so that cultural values can provide greater guidance in the management of regional finances. Siri culture has a great value or meaning in the implementation of financial management. The values that resonate in the Siri culture are openness, honesty, and active participation of all government administrators. It can be stated that the Siri culture can strengthen all activities in the implementation of government activities, especially in financial management. The basic values of the Siri culture, which depend on 3 elements, namely *Lempu*, *Amaccangen*, and *Awaraniang*, can further strengthen the value of accountability, transparency, and participation in measuring the local government financial performance because with the support of these three elements it will be able to produce a good governance structure so that it can increase public trust in government.

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