

Financial Information Transparency of E-Government in Bandung City and its Effect on Public Trust

¹Dini Arwati, ²Dini Verdania Latif

***Abstract**---E-government is a system based on technology and information that aims to improve the function of public administration and relations with the public. With e government, it is hoped that information transparency will be created, especially financial information. A non-transparent system can result in budget misuse, resulting in high levels of corruption. Survey results at the global level show that there are cases of corruption that cause distrust of the government. This study aims to determine the effect of information transparency on public trust. The research method used is a survey method with a quantitative approach. The survey was conducted by distributing questionnaires to 200 residents of Bandung. The results of the study show that transparency regarding the transparency of the budget and implementation policies has no effect on public trust. While transparency of information regarding the process of preparing and implementing a budget influences on public trust. It can be concluded that the public pays more attention to the results of government real work. The public should also pay attention to policies, because the key to preparing and implementing the budget starts with the policy.*

***Keywords**---Public trust, Financial information, Transparency, E government, Bandung City*

I. INTRODUCTION

In Indonesia, especially in the province of West Java, information transparency is not in line with public expectations. The lack of transparency has the potential to lead to allegations of budget misuse resulting in budget inefficiency and budget misallocation. According to Nandang Suherman, the National Council of the Indonesian Forum for Budget Transparency (FITRA), of the 27 districts / cities in West Java, only Bandung alone provided the presence of an official government portal (e government) related to information disclosure in the preparation of APBD documents and documents that are easily accessible, while district governments and other city governments have not. But Bandung's e-government still has weaknesses. Public participation is only in the budget planning process. There has not been found any public groups that are active enough or involved to discuss in detail about the budget.

The lack of transparency results in frequent budget deviations that can be detrimental to the country's finances. Jajang Nurjaman, Investigation Coordinator of the Center for Budget Analysis (CBA), explained that frequent budget irregularities were related to official travel costs. Mark-up is often found in accommodation costs. Corruption also occurred at the Secretariat of the Bandung Regency Regional House of Representatives in the form of vehicle rental fees for trips outside the region. The travel budget reaches Rp 120.5 billion.

¹Widyatama University , Bandung, Indonesia

Idini.arwaty @widyatama.ac.id

²Widyatama University , Bandung, Indonesia

dini.verdania@widyatama.ac.id

This official travel budget increases every year, even though the official travel budget is categorized as unproductive spending. For this reason, there needs to be special rules related to budgeting official travel expenses, so that official travel costs can be controlled properly. Governments in the regions, both executive and legislative, do not arbitrarily allocate large-scale official travel expenditures.

The World Bank states that corruption is a major challenge to achieving two main objectives: ending poverty in 2030 and increasing the common welfare of the poorest forty percent of developing countries (The World Bank, 2018). According to Transparency International Indonesia (TII), corruption in Indonesia is classified as high. Corruption Perception Index (CPI) in Indonesia when compared to other countries is in the position of 89 out of 180 countries.

Corruption is mostly done by officials who are elected by the people, such as members of the House of Representatives (DPR), the Regional House of Representatives (DPRD) and the regional head. These officials abuse the power to benefit themselves by making a budget, procuring goods and services and granting permits [2]. Since its foundation in 2002, the KPK has been processing people's representatives who have committed corruption. The total number reached 220 people with the breakdown of 74 people who were DPR members and 146 people were DPRD members (Irawan, 2018).

Corruption has hampered investment, which has resulted in low economic growth and employment (Saudi, 2018). In contrast to countries with high levels of corruption, countries that are able to deal with corruption can use their human and financial resources more efficiently, thereby attracting more investment, which results in high levels of economic growth. In addition, corruption has a disproportionate impact on income, increasing costs and reducing access to health and education services. Corruption results in deprivation of people's rights, triggering the emergence of distrust of the government (The World Bank, 2018).

In order 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, accompanied by the use of the latest sophisticated technology, namely e government (The World Bank, 2018). With the existence of E government, it is expected that every activity carried out by the government can be carried out transparently, especially its financial information, so as to prevent corrupt behavior. 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, the community can be more concerned with the running of 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 trust in the government can be increased.

II. LITERATURE REVIEW

II.I. Public Trust

II.I.I. Definition of Public Trust

Trust is defined as a collective assessment of one group over another group that the group will act honestly, be able to fulfill its commitments and will not harm the other groups. This definition confirms that a partner will not harm and 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 is hoped that the delivery of information and public services will be more transparent and reduce misuse of office. Trust in government is usually measured based on subjective

assessments based on their experience. Public trust will be arise when the government or public services that are received by the public reflect the competent, reliable, honest, and fulfillment of their needs (Park and Blenkinsopp, 2011).

II.I.II. Corruption in Government and Public Trust

Corruption is a behavior that violates ethics in providing services to the public. Corruption 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 reduction in public satisfaction with the government, thereby reducing the level of public trust in the government

Public trust in the government is very important for the success of various public policies and programs that depend on the behavioral response of the public and are highly dependent on the cooperation and compliance of the public of the country. In addition, public trust can also increase trust in investors and consumers, so that it will encourage major economic activities (OECD, 2019).

Public trust in government can be increased 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. Asymmetry of information allows the government to commit criminal acts of corruption, because the government can exploit the power that is in itself.

II.II. E Government

E-government is the provision of public services by the government online. E government is the use of information technology with the aim of providing electronic services to the public, business, 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 an effective 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 utilize resources effectively. E-government can meet the demands of the public public for transparent information, so that the public public has a high level of trust in the government (United Nations, 2019).

II.III. Financial Transparency

Financial transparency in the field of government is essentially concerned with providing open information, meaning that every state public can easily access financial information he needs, can monitor government performance and participate in government decision making. The level of transparency of financial information is determined by the quantity and quality of information between the government and the public, and the improvement of information dissemination systems. With transparency, it is expected that the exchange of obese information can eliminate obstacles in information asymmetry, so there is no longer information that can be hidden.

According to Grimmelikhuijsen and Welch (2012), government transparency means the public can know what processes and activities the government is doing. There are 3 components related to the transparency of financial information, namely transparency in the decision making process relating to the budget, transparency of policy content in the use of budget and transparency of the results of the use of budget based on the policy. Transparency in decision making illustrates the steps how a decision is taken, why the decision was taken and how accountable for the decision. Policy transparency refers to how the implementation of a policy in solving public problems. Transparency of policy outcomes is primarily related to the effects of implementing policies that have been implemented.

II.IV. Financial Transparency in E-Government and Its Effect on Public Trust

Transparency in the field of government is essentially about providing open information. The public can easily access the information they need, 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 the public , besides that the public can evaluate government. They

conducted research 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 transparency of e-government and the level of government trust.

The results of research from Moon (2003) show that trust in the public must be weakened because of wastefulness, ineffectiveness and a lack of understanding of policy. Moon argues that to help restore public trust is the transparency of information so that the public can be involved in decision making and overseeing the government. With the transparency of information, it is expected that cost efficiency will be achieved, the objectives being programmed and the public's understanding of government policies will be achieved.

From the description above it can be concluded that E-government provides solutions to increase trust through transparency of information. With the transparency of information, it can improve public communication with the government so that the public can be directly involved in making decisions and supervising government activities

III. RESEARCH METHODS

III.I. Research Models

This study aims to determine the effect of the transparency of financial information on e government -city of Bandung on public trust in the government. Indicators of financial transparency based on research from Grimmelikhuisen and Welch (2012) include:

- transparency of policies related to the budget
- transparency in the budget decision-making process
- transparency of the results of the use of the budget

While indicators for public trust in government are based on the theory of Park and Blenkinsopp (2011) include:

- Government performance is carried out by competent officers
- Reliable government performance
- Government performance is produced through an honest process
- Government performance is able to meet public needs

The research model is shown in Figure 1. Transparency in budget information and its effect on public trust

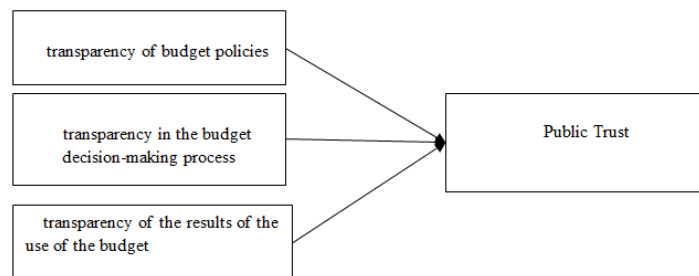


Figure 1: *Transparency in budget information and its effect on public trustfigure 1 research model.*

III.II. Research Approach

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 questionnaires was conducted in May-March 2019.

III.III. Samples

The research population is Bandung city public. In this study the sample is limited because there is still a lack of public understanding of the city of Bandung to e government. The sample includes 200 Bandung city publics who understand the implementation of e government. The sample includes the public who have used e-government to get government services.

III.IV. Research Instruments

The research instrument was using a questionnaire. For the questionnaire regarding financial transparency e government includes 10 statements. Each statement is given a score of 1 up to 5.

Score criteria:

- Score 1 = if the respondent strongly disagrees with the statement
- Score 2 = if the respondent disagrees with the statement
- Score 3 = if the respondent is neutral with the statement
- Score 4 = if the respondent agrees with the statement
- Score 5 = if the respondent strongly agrees with the statement

For the questionnaire regarding the level of public confidence includes 5 statements. Each statement is given a score of 1 up to 5. Score criteria:

- Score 1 = if the respondent really does not believe the statement
- Score 2 = if the respondent does not believe the statement
- Score 3 = if the respondent is neutral with the statement
- Score 4 = if the respondent believes in the statement
- Score 5 = if the respondent strongly believes in the statement

Questionnaires are presented in report 1. The questionnaire that will be distributed is first tested for its validity and reliability.

III.V. Data Analysis Methods

In this study data analysis uses multiple regression with the equation:

$$Y = a + bX1 + cX2 + dX3 + e$$

Y = Level of public trust in the government

X1 = Transparency of policies related to the budget

X2 = Transparency in the budget decision-making process

X3 = Transparency of results of budget use

Because the data is ordinal data, the data must first be converted into interval data using the successive interval method. Changing the scale of the data into intervals is intended to be analyzed using multiple cell regression. Multiple regression also requires the assumptions of linearity, heteroscedasticity, and multicollinearity.

IV. RESULTS AND DISCUSSION

IV.I. Descriptive Statistics

The results of this descriptive statistics are based on answers to questionnaires that have been tested for validity and reliability. Of the 200 questionnaires distributed, only 187 respondents gave complete answers

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 public perceptions of the public.

Table 1: Descriptive Statistics of Financial Information Transparency

Statement	Respondent Answer (%)					Average Score
	SD	D	N	A	SA	
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 budget use						
e government provides transparency regarding 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 provides transparency about the performance of government in a credible manner	6	7.2	20.5	45,8	20.5	3.7

SD = Strongly Disagree
 D = Disagree
 N = Neutral
 S = Agree
 SA = Strongly agree

Descriptive statistics of the level of public trust are presented in table 2. The results of the questionnaire 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	Respondent Answer (%)					Average Score
	SD	D	N	S	SA	
The government has competent employees	3.7	13,4	18,3	42.7	22	3.6
The government has high productivity	1,3	2.6	5.5	36.4	53.2	4.34
No fraud was found 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 public needs	3.5	8.2	14.1	45.9	28.2	3.8

SD = Strongly Disagree
 D = Disagree
 N = Neutral
 S = Agree
 SA = Strongly agree

IV.II. Results of Data Analysis

To find out whether 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 levels of public trust, the effect is equal to the value of R Square that is equal to 74%. F test results are presented in table 3 and the results of the calculation of R Square are presented in table 4 (Abdul Hadi et al., 2019).

The results showed that in the financial transparency component, it turns out that there is one component, namely transparency regarding policies related to the budget that does not affect public trust. The results of the effect of each component of financial transparency on the level of public trust are presented in table 5

Table 3: *F Test Results*

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	69.857	3	23.286	73.886	.000 ^b
	Residual	24.582	78	0.315		
	Total	94.439	81			

a. Dependent Variable: Y

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

Table 4: *Calculation of R Square*

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

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

Table 5: *The results of the effect of each component of financial transparency on the level of public trust*

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	Std. Error			
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

V. DISCUSSION

Based on descriptive data analysis shows that Bandung's e government has been able to provide transparent information in terms of government policies in the fields of finance, budget preparation and use. Bandung's e-government can be found on the bandung.go.id page. The page shows budget management transparency which is a translation of the Regional Budget and Revenue (APBD). In that section there are also policies relating to the APBD, how the budgeting process and the results of the use of the budget. Descriptive analysis also shows a high level of trust in the government.

Transparency in budget management creates public trust in the government. Transparency related 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 has been planned, because it is supported by competent and productive employees. The public also believes that with efficient asset management, public needs will be met. The results of this study support the results of previous studies conducted by Moon (2003), Tolbert and Mossberger (2006).

Transparency regarding budgeting policy has no effect on the level of public confidence in the government. This shows that the public does not pay much attention to the policies that exist in government, whether or not the policy does not affect public confidence in the government. Public trust arises from the results of honest and reliable government performance so that public needs are met. The public pays more attention to the results of government work by taking into account the deviation between budget and its realization.

VI. CONCLUSION

The large number of corruption cases committed by government officials elected by the people has reduced the level of public trust 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 the public can know the activities carried out by the government, so that corruption can be eliminated which will ultimately have an impact on increasing public trust. 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 related to budgeting and budget execution affects public trust. The public does not pay much attention to budget policies. The presence or absence of policies does not affect the level of public trust. The public pays more attention to the work of government rather than its policies.

REFERENCES

- [1] Abdul Hadi, A.R., Zainudin, Z., Hussain, H.I. & Rehan, R., (2019) Interaction of Short-Term and Long-Term Interest Rates in Malaysian Debt Markets – Application of Error Correction Model and Wavelet Analysis. *Asian Academy of Management Journal*, 24 (Supp. 1), 19 – 31.
- [2] Grimmelikhuijsen, S. G., & Welch, E. W., 2012. Developing and testing a theoretical framework for computer-mediated transparency of local governments. *Public Administration Review*, 72(4), 562- 571.
- [3] Irawan Dhani , 2018, Sejak KPK Berdiri, Ada 220 Wakil Rakyat Korup Dijerat, Detik News <https://news.detik.com/berita/d-4216860/sejak-kpk-berdiri-ada-220-wakil-rakyat-korup-dijerat>
- [4] Moon, M.J. Can IT help government to restore public trust? Declining public trust and potential prospects of IT in the public sector, 2003 . In Proceedings of the 36th Annual Hawaii International Conference on System Sciences, Hawaii, HI, USA, 6–9 January 2003.
- [5] OECD, 2019. Trust in Government. <https://www.oecd.org/gov/trust-in-government.htm>
- [6] Perdana Rizky ,2019. Minim Transparansi Perjalanan Dinas Timbulkan Dugaan Penyalahgunaan Anggaran
- [7] <http://prfmnews.com/berita.php?detail=minim-transparansi-perjalanan-dinas-timbulkan-dugaan-penyalahgunaan-anggaran>
- [8] Park, H. and Blenkinsopp, J., 2011 'The roles of transparency and trust in the relationship between corruption and citizen satisfaction', *International Review of Administrative Sciences*, 77 (2), pp.254-274.
- [9] Saudi, M.H.M., Sinaga, O. & Rospinoedji, D., The role of tax education in supply chain management: A case of Indonesian supply chain companies, *Polish Journal of Management Studies* 18(2):304-319, December 2018.
- [10] Simbolon ,Christian Dior, 2019,Transparansi Menekan Korupsi. Media Indonesia .com.
- [11] <https://mediaindonesia.com/read/detail/136554-transparansi-menekan-korupsi>
- [12] The World Bank, 2018. Combating Corruption
- [13] <https://www.worldbank.org/en/topic/governance/brief/anti-corruption>
- [14] Tolbert, C.J.; Mossberger, K, 2006. The effects of e-government on trust and confidence in government. *Public Adm. Rev*, 66, 354–369.
- [15] United Nation, 2019. E Governemnt.
- [16] <https://publicadministration.un.org/egovkb/en-us/About/UNeGovDD-Framework>
- [17] Wir, 2019. Anggaran Perjalanan Dinas Sering Ditemukan Penyimpangan <https://www.soreangonline.com/2019/01/anggaran-perjalanan-dinas-sering-ditemukan-penyimpangan/>
- [18] Al-Fatlawi, A.A.Y. Anti-proliferative and pro-apoptotic activity of carvacrol on human cancer cells(2018) *International Journal of Pharmaceutical Research*, 10 (2), pp. 235-240. <https://www.scopus.com/inward/record.uri?eid=2-s2.0-85048542205&partnerID=40&md5=a79bf887c229178d49b1a692107630fe>
- [19] Hewageegana h. G. S. P, arawwawala l. D. A. M. , ariyawansa h. A. S, tissera m. H. A, dammaratana i. (2016) a review of skin diseases depicted in sanskrit original texts with special reference to ksudra kushtha. *Journal of Critical Reviews*, 3 (3), 68-73.
- [20] Firas Hassan, Salam Abd AlQadeem Mohammed, Anil Philip, Ayah Abdul Hameed, Emad Yousif. "Gold (III) Complexes as Breast Cancer Drug." *Systematic Reviews in Pharmacy* 8.1 (2017), 76-79. Print. doi:10.5530/srp.2017.1.13

Appendix 1. Research Questionnaire

Part A. Financial Transparency

Give your opinion regarding the statement below, by giving an X in the appropriate column

Statement	Respondent Answer (%)				
	SD	D	N	A	SA
transparency of policies related to the budget					
e government provides transparency in terms of government regulations relating to the budget					
e government provides transparency in terms of policies on the use of resources in government					
e government provides policy transparency regarding government accountability					
e government provides information on government work program policies and their oversight					
Transparency in the budget decision-making process					
e government provides transparency in the process of preparing the government budget					
e government provides transparency in terms of government revenue budgets					
e government provides transparency in terms of government spending					
transparency of budget use					
e government provides transparency regarding government performance audits					
e government provides transparency about the performance of government in a credible manner					
e government provides transparency about the performance of government in a credible manner					

SD = Strongly Disagree
 D = Disagree
 N = Neutral
 S = Agree
 SS = Strongly agree

Part B. Level of Public Trust

Give your opinion regarding the statement below, by giving an X in the appropriate column

Statement	Respondent Answer (%)				
	SD	D	N	S	SA
The government has competent employees					
The government has high productivity					
No fraud was found in the management of assets owned by the government					
The government provides quality public services to meet public needs					

SD = Strongly Disagree
 D = Disagree
 N = Neutral
 S = Agree
 SA = Strongly agree