

## Conference Paper

# The Role of Good Government Governance on the Influence of E-Government Implementation Toward Local Government Performance

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## Abstract

The purpose of this research is to examine the role of good government governance on the influence of e-government implementation toward local government performance. This research is designed as quantitative method and uses path analysis with SPSS 21 version to test hypothesis. By applying the quota method, this research collects data using a closed questionnaire distributed to 59 Local Government Agencies (Organisasi Perangkat Daerah) of Surabaya City. Variables were measured by using 1–5 Likert scale. The statistical testing shows that good government governance mediates the influence of e-government implementation toward local government performance with  $p$ -value less than 5%. This result is supported by the significant influence of e-government implementation on good government governance and also the significant influence of good government governance on local government performance. Sobel test shows that  $z$ -value of 4.025, that is bigger than 1.96 with a significance level of 5%. It implies that hypothesis is supported.

**Keywords:** e-government implementation, good government governance, local government performance

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## 1. Introduction

E-government has been widely adopted by the government worldwide as reform of government organizations. The implementation of e-government is closely related to government performance improvement. According to Sivarajah, Irani, and Weerakkody (2015) that e-government implementation will provide decision-making on public administration easier and satisfy community services. Welch, Hinnant, and Moon (2005) conclude that transactions, transparency, and inter-activity as determinant factors that directly influence e-government satisfaction and indirectly influence trust. Based on case studies conducted in several countries, the implementation of e-government aims to improve community service, tax administration, transparency and anti-corruption, and

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empowerment through information (Ndou, 2004). This is in line with (Bertot, Jaeger, & Grimes, 2010) that e-government can increase flexibility that can reduce corruption. Survey results, related to the implementation of e-government conducted in the United States with information chief officers as respondents, conclude: a) as many as 86% felt an improvement in service delivery; b) 83% stated that the government was more efficient; and c) 63% felt a cost reduction (M. Gupta & Jana, 2003).

The implementation of e-government in several developing countries has failed, 35% were total failures, 50% were partial failures, and only 15% of which were successful (Heeks, 2003). This failure was caused by a gap between designed system and its reality, according to Dada (2006). This experience shows that local governments not only simply adopt and implement e-government but also need to expand it to good government governance (Löffler & Bovaird, 2004). The implication of this expansion is that e-government is not just using websites and the internet but also intended to support and simplify governance for all parties, including government, society and business (Basu, 2004). E-government is no longer an option but it is a must to improve good government governance (M. Gupta & Jana, 2003). Good government governance leads better government performance (Munir & Amin, 2015).

Based on inconsistent research results on the effect of e-government implementation toward government performance, this research is still interested to be done by including intervening variables, namely good government governance. This study uses the City Government of Surabaya as the research subject considering that Surabaya has adopted and implemented e-government since 2002. City Government of Surabaya has also received various regional, national and international awards regarding e-government implementation (Surabaya City Government, 2018).

## 2. Literature Review

E-government is related to the interests of many parties as stakeholders, namely the government, community and business. Robey and Zmud (1992) state that theory used must be in accordance with the research problem. Stakeholder theory consists of three elements that are interrelated and mutually supportive, including: a) normative aspects, that is managers must morally pay more attention to all stakeholders than shareholders; b) descriptive aspects, that is identifying stakeholders and understanding their interests and relationships; and c) instrumental elements, that is investigating the relationship between stakeholder management and organizational outcomes (Donaldson & Preston, 1995).

Stakeholder theory shows that e-government must be able to meet the interests of stakeholders. Implications of stakeholder theory on e-government as explained by Rose, Flak, and Sæbø (2018) are: a) normative aspects consist of the value, goals, and objectives of e-government are considered beneficial and support the interests of stakeholders; b) descriptive aspects, that is describing e-government stakeholders, their interests, and prominent stakeholders; and c) instrument aspects, which describes the involvement of stakeholders who have different interests that affecting the outcome of e-government.

### 3. Hypothesis Development

Specifically, there is no single definition for e-government (Yildiz, 2007). According to Tambouris, Gorilas, and Boukis (2001), e-government is stated as an application of Information and Communication Technology (ICT). The implementation of e-government has been proven to improve government performance, such as improvements in public services, efficiency, cost reduction, and increased accountability (B. Gupta, Dasgupta, & Gupta, 2008; M. Gupta & Jana, 2003).

E-government implementation leads in improvements (Zhang, 2006) and simplification (Basu, 2004) of governance. This is consistent with the research result which shows there is a positive influence of e-government on good government governance (Alaaraj & Ibrahim, 2014; Heryana & Dewi, 2013).

The existence of good government governance in the government will improve government performance (Munir & Amin, 2015). The influence of good governance toward the performance of government or public organizations shows positive results (Azlina & Amelia, 2014; Nofianti & Suseno, 2014). Based on the results of the research above can be formulated the following hypothesis:

H1: There is a role of good government governance on the influence of e-government implementation toward government performance.

### 4. Research Methodology

This study applies a quantitative approach, in which hypothesis testing uses *t*-test, path analysis test, and sobel test utilizing SPSS 21.0 version. The data is collected through 5 points Likert scale questionnaires distributed to 59 working unit (Organisasi Perangkat Daerah/OPD) of Surabaya City Government. Respondents are the OPD heads

of Surabaya City Government due to they can be considered as representative of it. The variables used are e-government as an independent variable, government performance as the dependent variable, and good government governance as a mediating variable.

#### 4.1. Operational definitions

Operational definitions of variables used in this research are as follows

##### 1. E-government Implementation

The implementation of e-government is viewed from the existence of ICT components needed to apply e-government in the local government (Susanto, 2008). There are six ICT components including hardware, software, brainware, procedures, databases, and information network technology.

##### 2. Government Performance

Performance reveals the achievement level of activities in realizing the vision and mission of a government according to its strategic plan. Indicators that are often used in research that measures the performance of local governments are derived from Van De Ven and Ferry (1980), which presents performance measurement through: (1) Achievement of the target performance of the program's activities, (2) Accuracy and suitability of results, (3) Level of achievement of the program, (4) Impact of the activities on community, (5) Suitability of budget realization in accordance with the budget, (6) Achievement of operational efficiency, and (7) Moral behavior of employees.

##### 3. Good Government Governance

Good government governance is the implementation of governance organizations that meet the principles of good governance. The principles of good governance include transparency, effectiveness and efficiency, accountability, and participation (Heryana & Dewi, 2013).

## 5. Result and Discussion

This study used path analysis and continued with mediation testing. Mediation testing uses the sobel test. The path analysis results are presented in Tables 1 and 2.

Sobel test is used to determine whether the relationship through a mediating variable is significantly capable of being a mediator in the relationship (Baron & Kenny, 1986).

TABLE 1: Linear Simple Regression Test Result.

Variable	Coefficient	t-value	p-value
Constanta	1.124		0.045
E-Gov. implementation	0.711	5.758	0.000

Source: Processed statistics, 2017.

TABLE 2: Multiple Regression Test Result.

Variable	Regression	T-value	p-value
Constanta	0.196		0.662
E-Gov. implementation	0.329	2.676	0.010
GGG	0.600	5.623	0.000

Source: Processed statistics, 2017.

Based on the results of the calculation of the manual test using the formula, the z value is obtained as 4.025, in which the z value is greater than 1.96 with a significance level of 5%, thus proving that good government governance is able to mediate the influence of e-government implementation toward government performance. This manual result is compared with result by using sobel online calculator. The results of the sobel tests are presented in Figure 1.

Input:		Test statistic:	Std. Error:	p-value:
a	0.711	Sobel test: 4.02485967	0.10599127	0.00005701
b	0.600	Aroian test: 3.99418561	0.10680525	0.00006492
$s_a$	0.123	Goodman test: 4.05625147	0.10517099	0.00004987
$s_b$	0.107	Reset all	Calculate	

Figure 1: Sobel Online Calculator Test Results.

The direct influence of E-Government Implementation on Government Performance is 0.01. While the influence of E-Government Implementation on Government Performance through mediation of Good Government Governance is 0.00057 or less than the significance of direct influence. This indicates there is a partial mediation of Good Government Governance between the influence of E-Government Implementation toward Government Performance.

The first test states that E-Government Implementation has a significant effect on Government Performance. Based on the calculation, it is obtained the value of the significance level of 0.01 with the effect of 0.282 which is less than 0.05 or 5%, it can be concluded that E-Government Implementation has a significant effect on Government Performance.

The second test is obtained that significance level of 0.00 for E-Government Implementation variables with magnitude amount of 0.617. Because of the significance of  $t$ -test is less than 0.05 or 5%, it is concluded that E-Government Implementation has a significant effect on Good Government Governance.

The third test states that Good Government Governance has a significant effect on Government Performance. Based on the calculation is obtained a significance level of 0,000 E-Government Implementation variables with an effect of 0.592. Because of the significance is less than 0.05 or 5%, it can be concluded E-Government Implementation has a significant effect on Good Government Governance.

The fourth test states that E-Government Implementation has a significant effect on Government Performance indirectly through Good Government Governance as an intervening between them. Based on the above results where the E-Government Implementation has a significant effect on Good Government Governance, E-Government Implementation and Good Government Governance has a significant effect on Government Performance. It can be concluded that E-Government Implementation has a significant direct effect on Government Performance and has a significant influence indirectly through good government governance. The indirect effect is obtained from the multiplication of the effect of second and third tests that is equal to 0.365. By using sobel test, it can be seen that Good Government Governance is able to mediate the influence of E-Government Implementation toward Government Performance.

The results of the study prove that the implementation of e-government has a significant positive effect on the performance of the OPD in the Surabaya City Government. This reveals that the better the implementation of e-government, the OPD will have better government performance. The results of this hypothesis test support stakeholder theory, in which e-government has proven beneficial its stakeholder either government or community. E-Government Implementation can minimize fraud because of supervision improvement that leads better community services as the research result conducted by Kurniasih, Fidowaty, and Sukaesih (2013). Their result concludes there is a significant influence between the implementation of e-government policy on the performance of government officials in Cimahi City.

In Surabaya City Government the better E-Government Implementation leads Good Government Governance. This result supports stakeholder theory. The implementation of e-government is a manifestation of the government's efforts to be more transparent and accountable as part of good government governance principles. Good government governance improvement as the desire of government stakeholders such as society. The results of this study are in accordance with other research results in which state that

the implementation of e-government affects good government governance (Alaaraj & Ibrahim, 2014; Heryana & Dewi, 2013).

By applying the principles of good government governance into e-government implementation, this will improve good government governance in the organization. Improved good government governance will increase government performance as explained by stakeholder theory. The results of this study are in accordance with the researches that conclude good government governance or good governance affect the performance of the government (Azlina & Amelia, 2014; Nofianti & Suseno, 2014). Government performance cannot automatically be directly influenced by the E-Government Implementation, but can be through good government governance. The results of this study are in accordance with stakeholder theory. The implementation of e-government which has included the principles of good government governance will increase performance so that the control of society as principal on the government as an agent will be better.

## 6. Conclusion

The study is conducted in Surabaya City Government shows that the better implementation of e-government will improve OPD performance. Good government governance is proven to have a role in the influence of e-government implementation toward OPD performance.

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