

The Influence of Capacity Development on the Values of Good Governance

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Abstract

This study aims to understand the influence of human resource capacity development by using variable dimension of individual, organizational, and system development on the values of good governance at Local Government Unit/LGU (ID: Satuan Kerja Perangkat Dinas/SKPD) across Makassar City. Research data is obtained from questionnaire, literature-based study, and some direct observations referred to the objectives of the study. Data analysis uses multiple linear regressions by means of hypothesis test, i.e. Simultaneous Test and Partial Test. Total sample is 27 LGUs in Makassar which are selected from 38 units by using Proportionate Stratified Random Sampling. The finding shows that capacity building simultaneously will significantly affect the values of good governance. Partially, each of variable dimension of individual development, organizational development, and system development affect positively and significantly the values of good governance. System development variable affect dominantly with t-count by 4,290. Based on this study, the obtained Adjusted R² value is 0.605; meaning that 60.5% variations of the values of good governance are explained by variations in this capacity building variable, and the remaining of 39.5% is explained by other variables out of this study.

Keywords: influence of capacity, good governance, human resources

1. Introduction

Capacity development is an approach used in community development. Capacity development refers to an initiative to the existing capacity development (Morgan, Peter, 2004; Riyadi Soeprapto, 2010). United Nation Development Program (UNDP) defines capacity development as the process experienced by individual, group, organization, institution, and community to enhance their ability in order to: 1) implement essential functions, solve problems, designate and realize their goals, and 2) understand and overcome their self-development needs in sustainable and broader environment (Edralin, 1997; Eade, 1998; CIDA, 2000).

According to Garlick, five major elements in capacity development are: 1) Build the knowledge including skill development, research and development support, and learning aid; 2) Leadership; 3) Network formation that covers an effort to work together and make alliance; 4) Appreciate communities and invite them to realize the goals together; 5) Information support that covers capacity to collect, access, and manage the useful information (Osborne & Gaebler, 1992; Osborne & Plastrik, 1997).

The effort in searching ideal character of government is stay interesting up to now. The existing government has not had the performance to meet community demand as the consequence of the lack of ability and commitment to what community needs.

Interesting ideas to correct government's agency and institution performance emerge, such as by adopting work of Ted Gaebler and David Osborne (1992) about "reinventing government", and "good governance" doctrine by World Bank, UNDP, United Nations. Clear vision, efficiency and effectiveness in working, transparency in decision-making, accountability in every deed and decision, human right respect are institution's main values which require attention to be paid soon.

Indeed, this idea ensures government performance improvement in the future, if: 1) there is commitment to improve government performance assessment standard; 2) government uses values of good governance as the main indicator in government performance assessment standard; and 3) performance assessment is focused on capacity building, i.e. ability and strategy which is built to overcome strategic sectors.

Effort on capacity development can be conducted to everyone and everywhere based on the needs. In development context, it is known as sustainability-oriented development or it is familiarly named as good governance, while the capacity development target is its good governance pillars, i.e. a) Community; b) Government; c) Other Privates and Groups (Grindle, 1997).

Capacity development becomes an important factor in improving human resource quality of government apparatus and also becomes the crucial matter in supporting performance of duties in LGU. Values of good governance in working unit demands apparatus's role in implementing the existing system, thus local government is able to give maximum service to the community.

Based on the phenomena, the researcher is interested in understanding more about the values of good governance in LGUs across Makassar City by conducting human resource development effort by means of individual, organizational, and system development.

2. Research Methodology

2.1 Research Design

This study is conducted to give an overview about the influence of individual development, organizational development, and system development on the values of good governance at LGUs across Makassar City. This study is an explanatory case study to explain the relation among variables by means of hypothesis testing. The used technique is cross sectional where the data is collected from different subjects.

2.2 Variable Operationalization

Details of variable operationalization are presented below:

Table 1. Variable operationalization

Variables	Indicators	Scale
Individual Stage Development.	▪ Course.	Ordinal
	▪ Training.	
	▪ Apprenticeship.	
	▪ Grouping of work.	
Organizational Stage Development.	▪ Rules of Organization,	Ordinal
	▪ Leadership system,	
	▪ Management system,	
	▪ Human resources development,	
System Stage Development.	▪ Organization network development,	Ordinal
	▪ Policy development,	
	▪ Rules (regulation and deregulation)	
	▪ Effective and efficient system.	
Values of Good Governance	▪ Regulation-related framework.	Ordinal
	▪ Strategic vision.	
	▪ Transparency.	
	▪ Responsive.	
	▪ Justice.	
	▪ Consensus.	
	▪ Effectiveness and efficiency.	
	▪ Accountability.	
	▪ Freedom of gathering and participating.	
	▪ Rules and law support.	
	▪ Democracy.	
	▪ Cooperation with civic organizations.	
▪ Commitment to market.		
▪ Commitment to environment.		
▪ Decentralization.		

2.3 Populations and Sampling

Target population in this study is all of LGUs across Makassar City by total number of 38 units. Analysis units are LGUs, respondents are staffs in every LGU. In order to determine sample size, it uses proportionate stratified random sampling. Sample size determination uses formula proposed by Taro Yamane as cited in Rakhmad (1998:82) as follows:

$$n = \frac{N}{N \cdot d^2 + 1} \quad (1)$$

Description:

n sample size

N population size

d² determined precision, i.e. 0.1

1 constant

Then,

$$n = \frac{38}{38 * (0.1)^2 + 1} = \frac{38}{1.38} = 27.53 (\text{made to the nearest number of 27 LGUs}) \quad (2)$$

Then, by the number of n sample size, it is allocated (disseminated) into the entire strata. This dissemination is called as sample allocation. By the formula of ((Ni: N). n)

a. Agency = 3 : 38 x 27 = 2.131 = 2 LGU

b. Office = 21 : 38 x 27 = 14.92 = 15 LGU

c. Service = 14 : 38 x 27 = 9.94 = 10 LGU

2.4 Data Analysis Method

Data analysis is conducted by using multiple linear regressions with the following equation:

$$Y = \beta_0 + \beta_1 \chi_1 + \beta_2 \chi_2 + \beta_3 \chi_3 + \varepsilon \quad (3)$$

Where

Y = Indicator of Good Governance

β_0 = Intercept (constant)

$\beta_1 \beta_2 \beta_3 \beta_4$ = regression coefficient.

X₁ = Individual development

X₂ = Organizational development

X₃ = System development

ε = Residual Value or other variables out of the observed variable

Determined fault tolerance (α) is 5% by significance percentage of 95%.

2.4.1 Validity and Reliability

Validity and reliability in this study are conducted by means of program SPSS version 1.7. Reliability test is meant to understand if data collector tool will basically shows degree of precision, accuracy, stability, or consistency in revealing certain indication from a group of individual.

2.4.2 Classical Assumption Test

In this analysis model, it uses multiple regression analysis where the assumptions should be fulfilled to make a strong model and avoid a bias model.

3. Findings and Discussion

3.1 Result of Validity Test

3.1.1 Result of Validity Test on the Individual Development Variable

Questionnaire on the individual development variable consists of 4 question items. Test result shows that all of question items have correlation value above 0.3 as the boundary value for an item of research questionnaire

meaning that it can be used (accepted) based on the criteria stated by Saifuddin (1997). Thus, this questionnaire item is valid and it can be used to measure the observed variables.

3.1.2 Result of Validity Test on the Organizational Development Variable

Questionnaire on the organizational development variable consists of 5 question items. Test result shows that all of question items have correlation value above 0.3 as the boundary value for an item of research questionnaire. It means that this value can be used (accepted) based on criteria stated by Saifuddin (1997). Thus, this questionnaire item is valid and can be used to measure the observed variables.

3.1.3 Result of Validity Test on the System Development Variables

Questionnaire on the system development variable consists of 4 question items. Test result shows that all of question items have correlation value above 0.3 as the boundary value for an item of research questionnaire meaning that it can be used (accepted) based on the criteria stated by Saifuddin (1997). So, it can be said that this questionnaire item is valid and it can be used to measure the observed variables.

3.1.4 Result of Validity Test on the Values of Good Governance Variable

Questionnaire on the values of good governance variable consists of 14 question items. Test result shows that all of question items have correlation value above 0.3 as the boundary value for an item of research questionnaire. It is categorized as usable item (accepted) based on the criteria as stated by Saifuddin (1997). Therefore, it can be said that this questionnaire item is valid and it can be used to measure the observed variables.

3.2 Result of Reliability Test

Reliability test is used to understand the expedience of the data from respondent whether it can be used in the study. Reliability test is conducted by applying Alpha reliability coefficient method. Applied criteria to declare that an instrument reliable is by considering if Cronbach Alpha (α) is higher than 0.60 (Nunnally, 1967) in Imam Gozali (2001). Numbers from Cronbach's alpha in all variables show number above 0.60 meaning that all questions indicate reliability to measure variables in the research model.

3.3 Data Transformation

Research data for X and Y variables are obtained by questionnaire distribution to some staffs who have ordinal scales of measurement. Available questionnaire to collect data related to the observed variable are individual development, organizational development, system development, and values of good governance. In order to fulfill data conditions in calculation of regression analysis, at least it should have interval scales of measurement, then, at the first step, it is transformed into interval scales of measurement by applying Method of Successive Interval (MSI).

3.4 Test Result of Classical Assumption

1) **Normality Test.** To understand if data is normally distributed or not is by observing normal graphic in the *Plot of Regression Statistic*. If the spots distribute surrounding diagonal line and follow diagonal line direction, it means that regression model have fulfilled normality assumption. Thus, an absence of normality disturbance in this study indicates that data is distributed normally.

2) **Multicollinearity test** is used to show the whereabouts of linear relation among independent variable in regression model. One of the methods to know the whereabouts of multicollinearity in regression model is by observing tolerance value and VIF (Variance Inflation Factor). If tolerance value >0.10 and $VIF < 10$, it means that there is no multicollinearity in the study. On the contrary, if tolerance value <0.10 and $VIF > 10$, there is multicollinearity in the study.

Based on the calculation, it is known that tolerance value for every independent variable is >0.10 and if it is closely seen, value of Variance Inflation Factor (VIF) of every independent variable in regression model is <10 . It can be concluded that inter-independent variables used in equation of this study is not well-correlated; it means that there is no multicollinearity in regression model of X to Y.

3) **Heteroscedasticity Test.** To detect the whereabouts of heteroscedasticity is by observing plot graphic between predicted value of dependent variable (ZPRED) and its residual value (SDRESID). If there is no explicit pattern and distributed points above and under 0 in Y-axis, heteroscedasticity is nothing.

Based on the calculation, it is known that there is no heteroscedasticity in regression model of this study due to the absence of explicit pattern in its points. Those points are also distributed above and under 0 in Y-axis where this condition refers to zero heteroscedasticity.

3.5 Regression Analysis Result and Initial Hypothesis Testing

The influence of individual development, organizational development, system development on the values of good governance partially is observed by applying Multiple Regression Analysis method. Based on the research data by using program SPSS version 19 for Windows, the obtained calculation of multiple linear regression co-efficient with the result as presented in the following Table 2.

Table 2. Result of X-Y multiple linear regression co-efficients^a

	Unstandardized Coefficients		Standardized Coefficients	
	B	Std. Error	Beta	
(Constant)	2.176	.300	.586	.562
1 Individual Development (X1)	.351	.097	.430	3.611 .001
Organizational Development (X2)	.435	.087	.594	4.143 .024
System Development (X3)	.219	.085	.387	2.116 .003

a. Dependent Variable: Values of Good Governance (Y)

Source: Output SPSS 19.0 for Windows based on research result data

Based on Table 2 above, the following is the multiple regression equation for research data used in this study:

$$Y = 2.176 + 0.351 X_1 + 0.435 X_2 + 0.219 X_3 \quad (4)$$

Based on the regression equation, it can be explained that positive regression coefficient is gained in variable of individual development (X_1), organizational development (X_2), and system development (X_3); meaning that all of independent variables affect positively on the dependent variable.

In order to know which independent variable of regression coefficient having significant effect, then regression coefficient test in individual manners (partial test) is conducted. Calculation of partially regression coefficient can be seen in the following table:

Table 3. Calculation of partially regression coefficient co-efficients^a

Model	Unstandardized Coefficients		Standardized Coefficients		T	Sig.
	B	Std. Error	Beta			
(Constant)	2.176	.300	.586	.562		
1 Individual Development (X1)	.351	.097	.430	3.611	.001	
Organizational Development (X2)	.435	.087	.594	4.143	.024	
System Development (X3)	.219	.085	.387	2.116	.003	

a. Dependent Variable: Values of Good Governance (Y)

Source: Output SPSS 19.0 for Windows based on research result data

Based on data processing result in the table above, the obtained t_{count} for every independent variable is 3.611 for individual development, 4.143 for organizational development and 2.116 for system development. Therefore, hypothesis testing in purpose to know if independent variable will partially give positive and significant effect on the dependent variable in this study is explained below:

3.5.1 Individual Development on the Values of Good Governance

Based on calculation of regression coefficient partially, the obtained t_{count} value for individual development variable is 3.611 with the obtained significant value by 0.001 where this value is smaller than Cronbach's alpha ($\alpha = 0.05$). t_{table} value with $\alpha = 0.05$ and the degree of freedom (4.32) for one-side test is **1.712**. Right-side testing criteria is:

If $t_{count} > t_{table}$, H_0 is rejected and H_1 is accepted

Therefore, if t_{count} for individual development variable coefficient (3.611) is higher than t_{tab} (**1.712**) and the fault rate by 5%, H_0 is rejected and H_1 is accepted. Hence, it is concluded that individual development has positive and significant effect on the values of good governance in LGUs across Makassar City.

3.5.2 Organizational Development on the Values of Good Governance

Based on calculation of regression coefficient partially, the obtained t_{count} value for organizational development variable is 4.143 with the obtained significant value by 0.024, where this value is smaller than Cronbach's alpha ($\alpha = 0.05$). t_{table} value with $\alpha = 0.05$ and the degree of freedom (4.32) for one-side test is **1.712**. Right-side testing criteria are:

If $t_{\text{count}} > t_{\text{table}}$, H_0 is rejected and H_1 is accepted

Therefore, if t_{count} for organizational development variable coefficient (4.143) is higher than t_{tab} (**1.712**) and the fault rate by 5 %, H_0 is rejected and H_1 is accepted. Hence, it is concluded that organizational development has positive and significant effect on the values of good governance in LGUs across Makassar City.

3.5.3 System Development on the Values of Good Governance

Based on calculation of regression coefficient partially, the obtained t_{count} value for system development variable is 4.290 with the obtained significant value by 0.015 where this value is smaller than Cronbach's alpha ($\alpha = 0.05$). t_{table} value with $\alpha = 0.05$ and the degree of freedom (4.32) for one-side test is **1.712**. Right-side testing criteria are:

If $t_{\text{count}} > t_{\text{table}}$, H_0 is rejected and H_1 is accepted

Therefore, if t_{count} for system development variable coefficient (4.290) is higher than t_{tab} (**1.712**) and the fault rate by 5 %, H_0 is rejected and H_1 is accepted. Hence, it is concluded that system development has positive and significant effect on the values of good governance in LGUs across Makassar City.

3.6 Regression Analysis Result and Second Hypothesis Testing

The influence of individual development, organizational development, system development on the values of good governance in simultaneous manner is observed by applying Multiple Regression Analysis method. Presented hypothesis is:

Table 4.

$H_0 : \beta_1 = \beta_2 = \beta_3 \leq 0$	Individual development, organizational development, system development simultaneously do not affect the values of good governance.
H_1 : contain at least one $\beta_i > 0$, where $i = 1, 2, 3$	Individual development, organizational development, system development simultaneously affect the values of good governance significantly.

Then, this statistical hypothesis is examined by using F test statistic as gained through Analysis of Variant (ANOVA) as presented in table below:

Table 5. The result of simultaneous regression coefficient test and the simultaneous test result of ANOVA^b

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	3.543	4	1.771	21.876	.000 ^a
1 Residual	3.158	19	.081		
Total	6.701	23			

a. Predictors: (Constant), System development (X3), Organizational development (X2), Individual development (X1)

b. Dependent Variable: Values of Good Governance (Y)

Source: Output SPSS 19.0 for Windows based on research result data

In order to know if those four independent variables significantly affect or not, significance test result can be seen in Table 4.3. It is seen 0.000 in column sig meaning that it has significant effect because it lies under the fault rate by 5% ($\alpha = 0.05$).

It can be concluded that by the fault rate of 5%, individual development, organizational development, and system development collectively and significantly affect quality of accountancy information in the LGUs across Makassar City.

3.7 Calculation on Coefficient of Determination

Coefficient of determination shows the percentage rate of independent variable influence (individual development, organizational development, system development) collectively which can explain the variations of dependent variables (the values of good governance).

Table 6. Coefficient of determination summary^b model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.667 ^a	.629	.605	.28457

a. Predictors: (Constant), System development (X₃), Organizational development (X₂), Individual development (X₁)

b. Dependent Variable: Values of Good Governance (Y)

Source: Output SPSS 19.0 for Windows based on research result data

Based on Table 4, coefficient of determination is known (Adjusted R Square) by 0.605, it means that there is an influence or contribution by 60.5% of independent variable (individual development, organizational development, and system development) to explain the values of good governance, while the remaining percentage 39.5% (100%-60.5%) is explained by other variables which are not being observed in this study.

The obtained effect between individual development (X₁), organizational development (X₂), and system development (X₃) with the values of good governance belong to strong categories. What it is meant is that togetherness among individual development (X₁), organizational development (X₂), and system development (X₃) along with the values of good governance emerge strong direct-current relevance (positive).

4. Discussion

4.1 The Influence of Individual, Organizational, and System Development on the Values of Good Governance Simultaneously

Hypothesis declares that individual, organizational, and system development affect collectively and significantly values of good governance as proved in the conducted hypothesis testing.

It can be summarized that significant influence is affected by individual, organizational, and system development on the values of good governance, while calculation of coefficient of determination (Adjusted R Square) reaches value of 0.605. This calculation reveals that contribution of 60.5% acquired from independent variables (individual, organizational, and system development) may explain values of good governance, while remaining percentage of 39.5% (100%-60.5%) is explained by other unobserved variables in the study.

The finding agrees with statement of Robbins (2003, p. 41) that to process information, in this case is presenting accountancy information, it shall have capability and skill to perform the job as it should be and to achieve the outcome as expected. The capability and skill may be achieved by individual, organizational, and system development.

4.2 The Influence of Individual, Organizational, and System Development on the Values of Good Governance Partially

Hypothesis testing in this first model applies t-test. Hypothesis declares that individual, organizational, and system development partially affecting positively and significantly values of good governance is proved by the executed hypothesis testing.

In order to observe the influence of development on values of good governance, calculation of regression coefficient is applied. Based on the conducted calculation of regression, value of t_{count} (3.611) for individual development variable is greater than t_{tab} (1,712). Thereby, individual development affects positively and significantly values of good governance. It means that the better individual development will develop values of good governance, while the conducted calculation of regression to organization development reaches higher t_{count} value (4.143) than t_{tab} (1.712). Then, organizational development affects positively and significantly values of good governance. It means that the better individual development will develop values of good governance.

Conducted calculation of regression to the system development variable reaches greater value of t_{count} (4.290) than t_{tab} (1.712). Thereby, system development affects positively and significantly values of good governance. It means that the better system development will develop values of good governance.

It agrees with statement of Abbas Ghozali (2000) stating that in the human capital theory, personal development

through education or training gives significant influence on personal learning capacity and productivity. Thus, it is expected that state apparatus may perform their function well in realizing values of good governance, especially staffs in LGUs.

The finding of Sutrisno R. Pardoen (1992) also states that if personal development by means of education had obtained, his cognitive skill will raise. Cognitive skill enhancement will raise his productivity capacity as a labor. It is in line with the finding that there is positive and significant relation in capacity development variable toward good governance.

5. Conclusion

Based on the background of the problem, hypothesis, and analysis and discussion on the findings, it can be concluded that:

1) There is positive and significant effect partially in the variable of individual development, organizational development, and system development on the values of good governance in the LGUs across Makassar City. It indicates that individual competence owned by apparatus have sufficient contribution in realizing the values of good governance in the LGUs across Makassar City.

2) There is simultaneous effect and significance of individual development, organizational development, and system development on the values of good governance in the LGUs across Makassar City. It indicates that apparatus competence has contributed maximally to build the good and optimum values of good governance in the LGUs across Makassar City.

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