

## GOOD GOVERNANCE GOVERNMENT AND THE EFFECT ON LOCAL GOVERNMENT PERFORMANCE (SURVEY ON GUNUNG KIDUL DISTRICT GOVERNMENT OF INDONESIA)

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**Abstract:** Private or public organizations are formed from principle of agency theory. Agency theory explains the problems that inevitably occur in organization, where there is a difference interest between agent and principal. This study purpose is to examine and demonstrate empirically the effect of principles of transparency, accountability, public participation, justice and accountability principle on local government's performance. The study problem is Gunung Kidul District is the only district in Yogyakarta who gets WDP opinion for five consecutive years, namely in 2009, 2010, 2011, 2012, and 2013. It shows that government's performance of Gunung Kidul still fairly weak. Generally, government will good if they productive and show the results with indicators of people's economic ability to increase productivity and purchasing power. This study uses explanatory method with quantitative approach. Explanatory study examines the provisional estimates (hypothetical). The study object is local government agencies at local government of Gunung Kidul, namely: the Agency and Department. Study subjects are employees of Agency and Department in Gunung Kidul. Study population is 1900 employees of Agency and Department. The samples are 95 respondents. Results showed that principles of transparency, accountability and public participation affect on local governments performance but not significant or can be said to have no effect on performance. Fairness and responsibility has a significant effect on performance of Gunung Kidul Government.

**Keywords:** Good Governance Government, Government Performance

### 1. INTRODUCTION

Private or public organizations are formed from principle of agency theory. Agency theory explains the problems that inevitably occur in organization, where there is a difference interest between agent and principal. It can cause asymmetry of information. Based on agency theory view, relationship between society and government is one example of relationship between principal and

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agent. The Government certainly wants the government to be managed well in terms of finances and management. The community wants their governments can be managed properly and free from corruption, collusion, and nepotism. To realize good governance or both interests, community and government should be consistent. Corruption proliferation was occurred in government environment, both central and local. As expressed by Wati et al., (2010), legal issues mainly related to corruption, collusion and nepotism (KKN) with all the practice as abuse of authority, bribery, giving bribes, extortion, and remuneration based on collusion and nepotism as well as the use of state funds for private interests. These become the public's attention and become prevalent in this country. To overcome the corruption cases in Indonesia, government is obliged to implement good governance. Various efforts have been properly carried out by government to achieve good government governance. Sari (2013) expressed that one application of good governance principles in financial management is through the implementation of obligations to local governments to prepare financial statements of Local Government (LKPD). It is one accountability in a transparent and accountable to all users of financial statements of local government, community, legislators, regulatory agencies, audit institution, taking part in process of donations, investments, and loan, and local government itself.

The basis to create good governance is the Law on Public Administration (AP) in TAP MPR No. XI/MPR/1999 on State Officials that clean and free of corruption and Law 28 of 1999 on State management that clean and free of corruption, collusion, and nepotism. In addition to AP Act, basis of creation of good government governance is reflecting on PP 71 of 2010 on government accounting standards (SAP). Good governance government contains five several principles. They are transparency, accountability, responsibility, independence, and justice (Pratolo, 2010). If principles are applied in a local government, then the Good Governance Government will be achieved and performance of a government would be better. As expressed Hardiwinoto (2004), good governance principles will ensure the creation of economic growth. These principles may reflect the government's performance for a given period. The local government's performance is important to be known by public. Local government performance can be measured by several indicators as Value for Money (VFM) and Government Institution Performance Accountability Report (LAKIP). In addition, good or bad performance of a local government can be seen from the opinion issued by Supreme Audit Agency (BPK) annually. BPK audit results for first half of 2014 show that among all counties and cities in Yogyakarta, only district of Gunung Kidul who always get WDP opinion. This shows that government's performance at Gunung Kidul still quite unsatisfactory.

**Table 1**  
**BPK Opinion developments at Yogyakarta Provincial Government Year 2009-2013**

LKPD	BPK OPINION				
	Year 2009	Year 2010	Year 2011	Year 2012	Year 2013
D. I. Yogyakarta	WDP	WTP-DPP	WTP-DPP	WTP	WTP
Bantul District	WDP	WDP	WDP	WTP-DPP	WTP
Gunung Kidul District	WDP	WDP	WDP	WDP	WDP
Kulon Progo District	WDP	WDP	WDP	WDP	WTP-DPP
Sleman District	WDP	WDP	WTP-DPP	WTP-DPP	WTP
Yogyakarta District	WTP-DPP	WTP-DPP	WTP-DPP	WTP-DPP	WTP

Source: IHPS BPK RI of first half year 2014

Description:

WTP: Unqualified opinion

WTP-DPP: Unqualified opinion with modified wording

WDP: Qualified opinion

This study is re-examination the study of Mulyawan (2009), Joseph (2009), and Pratolo (2010). Differences of this study with previous studies are the study object. Researchers choose study object of Gunung Kidul government by involving the Agency and Department therein. The second difference is the researchers wanted to test the effect of good government governance principles partially, because in previous studies only reveal the effect of good government governance principles simultaneously.

## 2. LITERATURE REVIEW

### Agency Theory

Agency theory describes problems that inevitably occur in organization, where there is a interest difference between principal and agent. It can cause asymmetry of information. Some previous researchers of agency theory define it differently. Jensen and Meckling in Santoso and Pambulum (2008) defines that an agency relationship as a contract where one or more (principal) hire another person (the agent) to perform some services for their benefit by delegating some decision-making authority to agents. Meanwhile, according to Rustiarini (2010), the agency relationship is a contract between the shareholder and company managers. Agency theory is based on assumptions (Jensen and Meckling in Hapsari, 2011). These assumptions can be divided into three types, namely human nature, organizational and information assumptions.

## **Good Governance Government**

Good governance is a process to emphasize on how an organization can improve its performance to create civil society. Some researchers revealed the definition of good governance differently. LAN in Garnita (2008) revealed that good governance is the process to organize the state power in carrying out the provision of goods and service for public. Good governance is efforts guided by professional ethics in business/work (Trisnaningsih, 2007). Widyandanda in Wati et al., (2010) argues that good governance is also intended as a managerial capacity to manage resources and a country affairs through open, transparent, accountable, equitable and responsive to community needs. Good governance government contains several principles. Some researchers revealed good government governance principles differently. Badjuri and Trihapsari in Wati et al., (2010) revealed that in good government is characterized by three main pillars to constitute the interrelated basic elements. They are participation, transparency and accountability. Sari (2013), reveals that good governance principles consist of transparency, openness, accountability, participation, fairness, and independence. Rahadian (2008) says that values of efficiency, equity, transparency, participation, and Accountability can be measured easily in public service.

### **Transparency**

Transparency can be defined as the information disclosure, both in decision-making process and company and relevant material. The transparency principle requires openness in decision making process and transparency to disclosure information held by company (Hapsari, 2011). Rawlins in Rida and Basuki (2012) describes the definition of transparency as an effort that intentionally provides all the information that is able to be released legally both positive and negative in an accurate, timely, balanced, and decisively in order to improve public reasoning and maintain organization's responsibility for actions, policies, and practices. Based on above definition, transparency can be interpreted as a concept or principle on an organization to promote honesty in presenting information related to performance of financial and managerial performance.

### **Accountability**

Accountability can be interpreted as a form of local government responsibility leaders on what decisions are taken. Decision-making should not be detrimental to either party, both internal and external parties such as the community. Mardiasmo in Garnita (2008) argues that public accountability is the obligation of fiduciary (agent) to provide accountability, presentation, reporting and disclose all activities in their responsibility to provider of trust (principal) who has the right and authority to hold accountable. Garnita (2008) stated that accountability is that public has a

right to know the policies taken by parties that they give confidence. According Rosjidi in Garnita (2008), accountability is divided into two types, namely internal and external accountability.

### **Public Participation**

Community participation in public organizations describes how the community took part in relation to democratic decision-making, especially to solve local government's problems. According Mulyawan (2009), community participation means that all citizens have a voice in decision-making, either directly or through legitimate representative institutions that represent their interests. Achmadi in Coryanata (2007) states that community participation is key to success of implementation of regional autonomy for participation concerning aspects of supervision and aspirations. Based on participation of some of definitions above, it can be concluded that public participation in local government affairs is needed in order to provide advice to policy issued that will not be detrimental to public.

### **Justice**

Justice can be interpreted as a form of regional government ability to meet its employee's welfare with regard to their rights and obligations. Kumorotomo in Mulyawan (2009) argued that fairness of distribution and allocation of services are organized by public service organizations. Fairness principle must be met in order to avoid social jealousy in internal environment of local government. Moreover, fairness can be applied to community in fulfilling the community needs, regardless of social status.

### **Responsibility**

Responsibility can be interpreted as local government action in providing services and respond to public complaints. Mulyawan (2009) states that responsibility is the ability of organizations to identify the community needs to sets the agenda and priorities of service and developing programs for public service in accordance with needs and aspirations of community. Pratolo (2010) revealed that responsibility is a form of government efforts to perform its obligations related to explanation of performance to public. Local governments are expected to serve the public in accordance minimum service standards so that quality of local government services becomes good. The concept of public sector and private sector service are essentially same, each wants a positive response from its customers relating to quality of services provided.

### **Regional Government Performance**

Regional government performance is individuals or groups performance within a certain time. Wati et al., (2010) revealed Performance as an overview of achievement

level of activity/program/policies in realizing the goals, objectives, mission and vision of organization as stated in strategic planning. Performance is the goal achievement of a certain activity or work to achieve the company objectives as measured by a standard (Pratolo, 2007). Performance itself is divided into two, namely the performance of individuals and groups (organizations). Organizational performance is also divided into two, namely the performance of financial and non-financial. Information used to measure the performance of non-financial is not presented in terms of money (non-financial information), with measurement unit of non-financial (Kaplan & Atkinson in Pratolo, 2007). Information used in measuring financial performance is the financial, management accounting and financial accounting information such as profit before tax, returns on investment, and so on (Pratolo, 2007).

### **Performance Indicators**

Performance indicators are qualitative and quantitative measures that describe the achievement level of goals or objectives that have been set (Garnita, 2008). Performance indicators include many things, but organization look at inputs, outputs, results, benefits, and impact of an organization's work program.

## **3. HYPOTHESIS DEVELOPMENT**

### **(a) Transparency Principle**

Transparency is one principle of good government in governance. Transparency principle requires a government or organization publicly disclose its activities program to stakeholders. Government is required to apply transparency principle, both in financial statements, program activities, services, vision and mission, and so forth to public. Through the transparency of government administration, public was given the opportunity to know what is going on in government, including policies that will be or have been taken by government, as well as the implementation. Openness in administration of public affairs would facilitate the government supervision. Supervision of public can help to prevent miss-allocation of resources as well as violations in government activities such as corruption (CUI-ITB in Martha, 2014). Transparency of government will encourage the government to work with good performance to implement government programs as well as in public decision-making (Martha, 2014). Pratolo (2010) expressed that if the information is delivered in a transparent manner to public, it will cause a high confidence to government that will lead to better government performance. This is supported by study of Martha (2014) and Pratolo (2010) who studied the effect of transparency on performance of government agencies. Results of both studies revealed that the

transparency significantly affect on government agencies. Based on description above, the hypothesis is stated below.

H1: Transparency Principle has positive effect on Local Government Performance.

### **(b) Accountability Principles**

Accountability principles always bind tightly with transparency principle. Speaking about the accountability principle also relate to presentation of performance accountability reports of government agencies at end period. The accountability principle describes how a unit must be accountable for the government programs results and policies that have been formulated to stakeholders. Widodo in Martha (2014) revealed that accountability is a fundamental requirement to prevent abuse of delegated authority and authority was directed to ensure the achievements of national goals that are widely accepted by level of efficiency, effectiveness, honesty. Public policy actor of government agency should be responsible for attitude, behavior, and exploits to public in performing their duties, functions and authority given. Low accountability principle in local government including local leaders who do not keep their promises will devastate the policy and harmful to society, particularly the poor. These are happened because people are less concerned and demand the regional leader promises. The fulfillment of promise is one form of government accountability to public. Martha (2014) provides additional explanation that accountability is an element that is most important to realize a clean government system. Accountability would certainly encourage to increase the performance of government agencies to work optimally the government programs as well as in public policy-making, because agencies government must be accountable to public. It is also supported by elaboration of Pratolo (2010) that when the accountability of public officials to public are applied properly by government to public, it will cause a high trust from the public that will lead to better government performance. This is supported by study of Garnita (2008) and Martha (2014) which shows that accountability has significant effect on performance of government agencies. Based on description above, the hypothesis is stated below.

H2: Accountability Principle has positive effect on Local Government Performance.

### **(c) Public Participation Principles**

Community is stakeholder for local governments. Local government is recommended to involve community in a solving problems. Community involvement is expected to provide suggestions to increase local government performance. Achmadi in Coryanata (2007) states that community participation is key success of regional

autonomy implementation for participation concerning aspects of supervision and aspirations.

Participation principle is key for private or public organization. Promoting stakeholder involvement in affairs of organization, problem-solving or other cases will increase the organizations performance. That means that more active communities in governance process will increase their success in local autonomy. When autonomy in a region can be achieved, it will encourage the local governments to strive for better performance. Study on effect of good governance on performance of government agencies was made by Ambarwati et al., (2013). One principles of good governance is community participation. Based on description above, the hypothesis is stated below.

H3: Public Participation Principles has positive effect on Local Government Performance.

#### **(d) Justice Principle**

Justice can be interpreted as a form of local government's ability to meet the well-being of employees with regard to their rights and obligations. Pratolo (2010) defines justice as equality to meet stakeholder rights arising under the agreement and legislation. If Justice Principle is applied properly by government, it will increase public confidence to government that will lead to better government performance. This is supported by study conducted by Pratolo (2010) which states that fairness principle affect on local governments performance. Based on description above, the hypothesis is stated below.

H4: Justice Principle has positive effect on local government performance.

#### **(e) Responsibility Principle**

Mulyawan (2009) states that responsiveness is organizations ability to identify the community needs from agenda and priorities of service and developing programs for public service in accordance with needs and aspirations of community. Regional governments should serve and meet the community needs with high quality. The quality of local government services should meet the standards to make people satisfy to local government services. The quality of local government services become the main criterion for local communities in assessing the local government's performance. Better the government service to citizens will make the public to judge the government's performance improved, and vice versa. People want good service from government, both from the infrastructure up to attitude of employees in providing services. Governments should listen to grievances and aspirations of people and then follow it up immediately. Local governments are required to be able



to provide solutions to problems faced by community. Pratolo (2010) states that if the government more responsive to problems facing society, then public confidence will be higher to increase performance government. Similar study has been done by Pratolo (2010) who states that responsibility principle affect on performance of government agencies. Based on description above, the hypothesis is stated below.

H5: Responsibility principle has positive effect on Local Government Performance.

#### 4. RESEARCH METHOD

This study is an explanatory study with quantitative approach. Explanatory study will examine the provisional estimates (hypothetical). The quantitative study studies require statistical testing (Hapsari, 2011). Study objects are Agency and Department of Gunung Kidul government,. The study subjects are employees of Agency and Department in Gunung Kidul. Number of samples is calculated by Slovin formula with leeway value ( $e^2$ ) of 10% (Sinaga, 2011).

The formula is:

$$n = \frac{N}{1 + N \cdot e^2}$$

Description:

$n$  = number of samples

$N$  = total population

$e^2$  = value leeway inaccuracy

Total population is 1900 people. Samples calculation with Slovin formula is 100 respondents. It covers employees of Agency or Department in Gunung Kidul and surrounding communities. The projected of respondents number are presented in table 2 below.

**Table 2**  
**Respondents Type**

<i>Description</i>	<i>Total</i>	<i>Percent</i>
Employees of Agency or Department	95	95%
Community	5	5%
Total Respondents	100	100%

All data in this study is reliable, because the Cronbach alpha value of each variable is larger than 0.6.

## 5. RESEARCH RESULTS

### An Overview of Study Object

Gunung Kidul is a District in Yogyakarta Special Region. Gunung Kidul has good enough government, by involving all Regional Apparatus Work Unit (RAWU) as Agency, Office, Secretariat of Regional, District, and other officials. All RAWU to run the government optimally. The aim is to increase the government's performance than the previous year. This study purpose is to find empirical evidence the effect of good government governance principles application on local government performance. Samples were employees of Agency or Department in Gunung Kidul. Respondents will be given a questionnaire containing 30 statements about the indicators of each variable and employees of Agency or Department concerned shall fill it. The Agency and related agencies are: National Unity and Politics, Regional Personnel Agency, Disaster Management Agency, Executive Agency Extension and Food Security, Agency for Community Empowerment, Women and Family Planning, Planning and Regional Development, Department of Health, Department of Revenue, Finance and Asset Management Area, Office of Food Crops and Horticulture, Animal Husbandry Department, Industry Department, Trade, Energy and Mineral Resources Department, Population and Civil Registration Department, Public Works Department, Forestry and Agriculture Department, Ministry of Youth and Sports Department, Transportation Department, Communications, and Information Technology Department, Culture and Tourism Department, Marine and Fisheries Department and Social Welfare, Manpower, and Transmigration Department.

### Hypothesis Testing

Multiple linear regression analysis was used to test the effect of more than one independent variable on dependent variable. Multiple linear regression analysis produces an equation that can be used to estimate or predict the value of a variable (the dependent variable) based on a collection of other variables (independent variables). Multiple linear regression equation in this study is below.

$$Y = \beta_0 + \beta_1 \times 1 + \beta_2 \times 2 + \beta_3 \times 3 + \beta_4 \times 4 + \beta_5 \times 5 + e$$

Description:

Y = Local Government Performance

X1 = Transparency Principle

X2 = Accountability Principle

X3 = Public Participation Principles

X4 = Justice Principle

X5 = Responsibility principle

Test results of multiple regression analysis are shown in table below.

**Table 3**  
**Regression Test Results**

<i>Variables</i>	<i>Regression Coefficient</i>	<i>t count</i>	<i>sig</i>	<i>Description</i>
Constant	4,105	2,244	0,027	
Transparency	0,022	0,203	0,840	Hypothesis is rejected
Accountability	0,063	0,410	0,683	Hypothesis is rejected
Society participation	0,017	0,185	0,854	Hypothesis is rejected
Justice	0,369	4,049	0,000	Hypothesis is accepted
Responsibility	0,363	3,051	0,003	Hypothesis is accepted
Adjusted R <sup>2</sup>	0,558			

Table 4 illustrates the results of multiple linear regression equation with SPSS 15 for Windows. It can be concluded that multiple linear regression equation in this study is below.

$$Y = 4,105 + 0,022X_1 + 0,063X_2 - 0,017X_3 + 0,369X_4 + 0,363X_5$$

This regression model can be explains below.

- Constant value is 4.105. This suggests that if the values of transparency, accountability, participation, fairness, and responsibility are assumed constant, local government's performance will increase by 4.105.
- The regression coefficient of transparency (X1) is 0.022 and positive. It means that every 1% change in transparency variable will increases the local government performance of 0.022, with assumption that other variables are constant.
- Regression coefficient of accountability (X2) is 0.063 and is positive. It means that every 1% change in variable accountability will improves local government's performance of 0.063, with assumption that other variables are constant.
- Regression coefficient of community participation (X3) is -0.017 and is negative. It means that every 1% change in variable public participation will improves local government's performance of -0.017, with assumption that other variables are constant.
- Regression coefficient of justice (X4) of 0.369 and is positive. It means that every 1% change in justice variable will improves local government's performance of 0.369, with assumption that other variables are constant.
- Regression coefficient of responsibility (X5) is 0.363 and positive. It means that every 1% change in responsibility variable will improves local governments

performance amounted of 0.363, with assumption that other variables are constant.

1. **Result of t test:** Result of  $t$  test at table 4 can be explained below.
  - (a) **First Hypothesis (H1):** Tcount of Transparency (X1) is 0.203 and a significance value of 0.840. Because tcount (0.203) <  $t$  table (1.66) and a significance value of 0.840 > alpha (0.05) then the hypothesis is rejected. Therefore, it can be said the transparency variable does not affect on local government performance.
  - (b) **Second Hypothesis (H2):** Tcount of Accountability (X2) is 0.410 and significance value of 0.683. Because tcount (0.410) <  $t$  table (1.66) and a significance value (0.683) > alpha (0.05) then the hypothesis is rejected. Therefore, accountability variables do not affect on local governments performance.
  - (c) **Third Hypothesis (H3):** Tcount of Public Participation (X3) is 0.185 and a significance value of 0.854. Because tcount (0.185) <  $t$  table (1.66) and a significance value (0.854) > alpha (0.05) then the hypothesis is rejected. Therefore, Public participation does not effect on local governments performance.
  - (d) **Fourth Hypothesis (H4):** Tcount of Justice (X4) is 4.049 and a significance value of 0.000. Because tcount (4.049) >  $t$  table (1.66) and a significance value (0.000) < 0.05 then the hypothesis is accepted. Therefore, justice significantly affects on local governments performance.
  - (e) **Fifth Hypothesis (H5):** Tcount of Responsibility (X5) is 3.051 and a significance value of 0.003. Because tcount (3.051) >  $t$  table (1.66) and a significance value (0.003) < alpha (0.05) then the hypothesis is accepted. Therefore, responsiveness significantly affect on local government performance.
2. **The Determination Coefficient (Adjusted R<sup>2</sup>):** Table 4 shows that an Adjusted R<sup>2</sup> value is 0.558. This means that principle of good government governance such as transparency, accountability, participation, fairness, and responsibility only explains 55.8% the performance variable, while the remaining 44.2% is explained by other factors outside of this study.

## 6. DISCUSSION

First Hypothesis Test results show that transparency variable have tcount of 0.203 and sig ( $p$  value) of 0.840. We can conclude that the first hypothesis is rejected because tcount (0.203) <  $t$  table (1.66) and a significance value (0.840) > alpha (0.05). That is transparency principle does not affect significantly on local governments performance. The results showed that application of transparency principle does

not increase the local government performance. When a local government optimally applies principles of transparency in government, it's not necessarily going to make people put a high confidence in government. This is caused by something that is already inherent in public's mind about the reputation of local government. For example, many corruption cases have occurred in Indonesian government. It would be difficult to change people's views about the performance of a government in which the government has bad reputation in public eyes. It is also seen from the government reluctance to publish financial statements on government websites and mass media. It was supposed that the public and other stakeholders can see and learn the local government financial statements to be used as an assessment of local government's performance. Another reason is the local government is still reluctant to publish a plan or target of work program to public. This kind of information is needed by people to supervise the work undertaken by local government program. Local governments should submit or publish a work plan that will run the local government to people, it means that government should open to public. The results are consistent with Ambarwati et al., (2013) that application of good corporate governance principles (transparency) does not affect the government agencies performance.

Second hypothesis result indicate that tcount value of accountability is 0.410 ( $p$  value) and significance value of 0.683. We can conclude the second hypothesis is rejected because tcount (0.410) <  $t$  table (1.66) and a significance value (0.683) > alpha (0.05). It means accountability principle does not affect on local governments performance. The result showed that application of accountability principle is not decisive to increase local government performance. When governments apply the accountability principle, it is not necessarily to increase high confidence in community. This is due to several reasons, including government does not fulfill the promise of regional head would work program offered to run for, policies/ regulations that do not meet the society needs, and so forth. Fulfillment and formulation of policies in favor of people is something important because it is a manifestation of accountability of a government. It is also seen from the government is still not willing to publish the Accountability Report Government Performance (LAKIP) to public, but the contents of LAKIP show the number of work plan that is targeted by government in one period and how many work programs are realized, and people in need it is in order to assess the local governments performance. The results are consistent with study conducted by Suryo (2010) which shows the effect that accountability does not affect the local government's performance, with significance value of 0.229.

Third hypothesis result shows that tcount of community participation variable is 0.185 and sig  $p$  value of 0.854. We can conclude the third hypothesis was rejected because tcount (0.185) <  $t$  table (1.66) and a significance value (0.854) > alpha (0.05). Public participation principle does not affect on local governments performance.

The results showed that application of principle of community participation in promoting the local government does not determine performance. When a government can apply the community participation principle, will not necessarily create a good performance. Local government performance is illustrated by creation of a regional autonomy, while the regional autonomy is affected by several factors. Achmadi in Coryanata (2007) states that community participation is key success of implementation of regional autonomy for participation concerning aspects of supervision and aspirations. However, autonomy is also affected by several factors in addition to participation of community, including natural resources, availability of funds, facilities and infrastructure, as well as its management. It is also seen from the government is still not agreed to involve the community in formulation of regional policies and routine meeting with local government, whereas here people have an important role to improve the local governments performance by giving advice for consideration in decision-making and formulation Policy. When autonomy is not achieved then the local governments do not have the urge to get better performance. The results are consistent with results of study of Ambarwati et al., (2013) that application of good corporate governance principles (Participation ) does not affect the performance of government agencies.

Forth hypothesis test results indicate that justice variable has tcount of 4.049 and significance value of 0,000. We can conclude the fourth hypothesis is accepted because tcount (4.049) > *t* table (1.66) and a significance value (0.000) < alpha (0,05). Justice principle significantly effects the local government's performance. The results showed that application of Justice Principle have an important role to improve the local government's performance. This suggests that optimal application of Justice Principle will increase government performance of Gunung Kidul in next period. It could be argued the application of justice principle in Gunung Kidul government environment is good. It is seen from the treatment of Gunung Kidul local governments that act firmly against employees who lack discipline or abuse their authority. When justice can be created within government, employee would not dare violate the rules that have been established in local government. It means there will be no violation within government. With little offense within government, then the public will put high trust in local government. Therefore, when local governments gain trust from the community then this indicates that performance of a government is good. The result is consistent with study of Suryo (2010) which shows that justice principle affect on local governments performance, with significance value of 0.001. Therefore, it means that significance value (0.001) < alpha (0,05).

Fifth hypothesis test results indicate that responsibility variable has tcount value of 3.051 and significance value) of 0.003. We can conclude the hypothesis V is accepted because tcount (3.051) > *t* table (1.66) and a significance value (0.003) < alpha (0,05). Responsibility principle significantly affect on the local governments

performance. The study result shows that application of responsibility principle has an important role to improve the local government's performance. This suggests that optimal application of responsibility principle increase the performance of Gunung Kidul government in next period. Responsibility principle of local government environment Gunung Kidul already applied optimally. It can be seen from the government Gunung Kidul which always provide optimal service to people who need information material about the government and provide solutions to complaints from the public. When responsibility principle carried out optimally, then the public will put high trust in local government. Local governments gain high confidence of public, it can be said that local government's performance is good. The results are consistent with study of Suryo (2010) which shows the significant effect responsibility on local government performance at 0.045. Therefore, it means that significance value  $(0,045) < \alpha (0,05)$ .

The determination coefficient ( $R^2$ ) shows a value of 0.558. Therefore, it can be concluded that independent variables can only explain 55.8% of local governments performance. While the remaining 44.2% is explained by other variables outside of this study model.

## 7. CONCLUSION

Research results show that principles of transparency, accountability and public participation have an effect on local governments performance but insignificant or have no significant effect on local government performance. Whereas fairness and responsibility has a significant effect on Gunung Kidul government performance.

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