

# Analysis of the Influence of Self-efficacy and Professional Development on the Performance of Local Government

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**Keywords:** Government Performance, Professional Development, Self-efficacy.

**Abstract:** Based on the assessment of the Ministry of Administrative and Bureaucratic Reform, the average performance grade of local governments is still low in 2016. The performance of local government is low because the managerial performance of regional financial management is relatively low. The low performance is expected because self-efficacy and professional development of local financial manager is still low. This research was conducted to test and analyze the influence of self-efficacy and professional development on the performance of local government. The research was conducted in several districts/cities in Northern Sumatra province with the population is the regional financial manager and internal auditor in local government. The results show that self-efficacy and professional development have a positive and significant effect on the performance of local government. Researcher suggests improving performance, and then the individuals involved in local financial management should be able to improve self-efficacy so that their confidence increases in carrying out the work so that their performance will also increase. In addition, local governments should conduct a sustainable in-house training to increase their professionalism in carrying out their work.

## 1 INTRODUCTION

Based on the assessment of the Ministry of Administrative and Bureaucratic Reform, the average performance grade of local governments is C which means low in 2016. Based on the evaluation of Performance Accountability of Government Institution, the average grade of district and city governments throughout Indonesia in 2016 is only 49.87. 85% of local government performance is still in the grade category of C. That number rose slightly from the previous year's average grade of 46.39. Performance Accountability of Government Institution is the grade of government performance. The highest grade of the Performance Accountability of Government Institution evaluation is AA (satisfactory), with a score of 85 - 100. Grade A (very good) with a score of 75 - 85, CC (good enough) with a score of 50 - 65, C (slightly less) with a score of 30 - 50, and grade D (less) with a score of 0 - 30.

The main causes of low levels of local government accountability are (1) the goals set are not results-oriented, (2) the measures of success are unclear and unmeasurable, (3) the defined activities are not related to the objectives, and (4) the details of the activities are inconsistent with the purpose of activities. These four problems cause the use of budget in government institutions is inefficient. If it refers to the results of the evaluation and based on the calculated data, there is a potential waste of at least 30 percent of the State Budget/Local Government Budget. One of the local governments that achieved Grade A is the Government of Banyuwangi Regency, East Java. The government of Banyuwangi Regency managed to save the budget up to 38 percent or equivalent to Rp1 trillion. The savings were not due to low budget absorption, but because of their work efficiency.

Based on the evaluation results, the savings of Rp1 trillion in public funds were achieved by integrating planning, budgeting, and performance management application systems. Through the

integration, the Government of Banyuwangi Regency managed to rearrange the focus of activities. In 2016, there were 2,299 activities, which can be summarized into 1,428 activities by 2017. The government of Banyuwangi Regency adheres to the principle of “money follows results” which is budget oriented to the benefits of the programs. The measurement of performance assessment involves human resources within the local government. Based on the main causes of the low performance of local government, they are caused by the low performance of employees. Many studies have examined the causes of low employee performance, self-efficacy and professional development. This research wants to see and analyze what factors will influence the performance of local government.

## 2 LITERATURE REVIEW

### 2.1 Performance of Local Government

The performance of local government is a description of the level of achievement of the implementation of a local government program/activity in realizing the goals, objectives, vision and mission of the region as stated in the Regional Planning Document (Erlina et al., 2017)(Erlina et al., 2017b). The performance of local government should be informed to the public and stakeholders on the level of achievement of results, linked to the vision and mission of the organization. Through this information, further steps or corrective actions that are necessary for the determination of the main activities/programs can be taken, while simultaneously being used as feedback for planning materials.

The performance level of local government is seen from what object is done and who is responsible to do it, the performance of local government can be divided into (Erlina et al., 2017):

- a. Program performance. Program performance is the responsibility of the Head of the Local Government Working Units (SKPD).
- b. Activity performance is part of the program, so a program may consist of one or more activities. Heads of Sub-Section, Head of Section and/or Head of Affairs shall be responsible for the implementation of any activity. The implementation of a number of activities shall contribute to the realization of a program. If there is an activity that is irrelevant or only gives a little contribution to the implementation of a program, it should be

replaced with other more relevant activities which contribute more to the success of the program.

There are three local government performance indicators, namely: (1) Input Indicator which is everything needed for the implementation of activities so they can run to produce output. This indicator measures the amount of resources such as the budget (fund), human resources, equipment, materials and other inputs used to carry out the activities, (2) Output Indicator which is something that is expected to be directly achieved from an activity that can be physical or non-physical The output indicator or benchmark is used to measure the output resulting from an activity. By comparing outputs, institutions can analyze whether the activities have been carried out as planned. The output indicator is used as the basis for assessing the progress of an activity if the benchmark is associated with well-defined and measurable objectives of an activity, and (3) Outcome indicator which is anything that reflects the functioning of the output of activities in the medium term (Muda et al., 2014; Muda et al., 2017 & Tririyono et al., 2018). The measurement of outcome indicator is more important than output. Outcome describes the level of achievement for higher output that may include the interests of many parties. With outcome indicator, the organization will be able to know whether the results that have been obtained in the form of output can indeed be used properly and provide great benefits for the community.

### 2.2 Self-efficacy

An auditor does not work independently in carrying out his or her work. It is important to understand how the interaction between people, duties, and the environment with the auditor will affect the auditor's performance. Bandura (Bandura, 1977) argues that an individual's behavior is the results of interaction between environment and personal factors. Although self-efficacy is a person's subjective view of his ability, it greatly influences his actions, motivations, persistence, and principal behavior (Bandura, 1991). Gist and Mitchell (Gist and Michell, 1992) suggest that self-efficacy is an important motivational construct. It affects individual choices, goals, emotional reactions, effort, coping, and persistence. Self-efficacy relates to the performance of individual tasks. Self-efficacy has a positive impact on performance because high self-efficacy allows people to manage effective behavior through a series

of cognitive, motivational, and affective decision processes.

Self-efficacy is an important construct that can increase energy, provide direction, and stimulate persistence [6]. In fact, self-efficacy plays an important role for all professionals, including auditors. The five job characteristics including skill variation, task identity, task significance, feedback and authority play an important role in fostering work motivation. Because auditing is a profession that provides services based on knowledge and experience with human resources as a key element, the motivation and ability of an auditor to achieve a goal is a powerful advantage. Auditors with higher self-efficacy tend to continue investing in goal achievement behaviors. Therefore, self-efficacy will influence behavior by affecting motivation and confidence to overcome difficulties and improve performance.

Some of the determinants of self-efficacy are well-recognized and related factors (i.e. effort, ability, task difficulty). Bandura shows that persistence and level of effort mediate the relationship between self-efficacy and performance. Bandura states that beliefs resulted from successful workmanship have a positive impact on performance. Individuals who have high self-efficacy approach difficult tasks as challenges that must be mastered, not as a threat to be avoided. These individuals set their goals to challenge, maintain a strong commitment to this goal, and persist in their efforts in case of failure. Successful experiences not only increase personal expectations of control and maturity of related actions, but also provide a source of self-efficacy for further challenges. Many studies have shown that the level of self-efficacy can predict work behavior, job training, work performance, job satisfaction, educational development, and knowledge sharing. Therefore, self-efficacy is widely regarded as one of the important factors in determining how much effort and resources a person invests in facing challenges. Self-efficacy is expressed as a person's belief that he can perform a task at a certain level and therefore self-efficacy is believed to be one of the factors that affects personal activity towards the attainment of a task.

### 2.3 Professional Development

Professional development is a learning process that can encourage personal growth and improve the quality of performance reports. There are many obstacles to the regional financial management

process. Regional financial management is a series of processes that begin with planning, budgeting, administration, accountability, reporting and supervision. The performance of local government is measured by the overall process. Especially in terms of budgeting activities which is done by setting targets, benchmarks of success, suitability of activities with objectives to be achieved as well as details of activities which should be in line with program objectives (Erlina et al., 2017). Knowledge is the main input factor in carrying out the work. The performance of government depends on the quality of planning up to reporting and supervision. The performance of government is also influenced by audit quality. The assessment of auditors during all stages of the audit, including risk assessment, internal control evaluation, testing, and review. Many studies have shown a positive effect of the control process and a good review of audit quality. Professional assessment determines audit procedures, and professionalization provides an advantage in client disputes. Maintaining professional competence requires continuous awareness and understanding of relevant technical, professional and business developments. One strategy to advance better performance is to utilize modern technology. Technological advancements allow auditors on engagement teams to conduct electronic reviews of clients' work at their offices or from remote locations. Audit software reduces the time required for preparing the paperwork. Dodgson (Dodgson, 1993) finds that the value of knowledge can increase exponentially when network is reused and integrated into business practices and processes quickly. Such applications include decision support and expert systems, expert knowledge for specific issues, and point-to-point knowledge. Staff members can access industry's best practices, studies, surveys, statistics, and expert knowledge on specific issues.

The learning of government employees and the government internal auditors of their work and the choice of professional services jointly affect the performance of local governments (Muda et al., 2018a). The effect of learning has a positive effect on the quality of work. In addition, Bierstaker and Wright (Bierstaker and Wright, 2001) find that both ability and experience are the determinants of performance in unstructured analytic review tasks and unstructured internal control audit tasks. Structured problems are routinely encountered in auditing. To solve unstructured problems, problem solving should take advantage of experience, knowledge, and cognitive abilities.

## 2.4 Research Framework and Hypothesis Development

Based on the previous explanation, the framework of this study is:

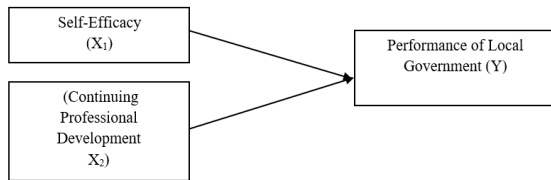


Figure 1. Concept Framework

Based on the previous explanation and concept framework, the hypothesis in this study is "Self-efficacy and professional development affect the performance of local government"

## 3 RESEARCH METHODS

The population used in this study is the regional financial managers in the Government of Serdang Bedagai District, Dairi Regency, Tebing Tinggi City and Medan City. Sample is part of the population. The sampling technique was done by sample random sampling technique. The data of this research are primary data and the data collecting was done by questioner. Exogenous variables or independent variables are variables that influence or cause the change or the incidence of the dependent variable.

Self-efficacy is a belief in the ability of individuals to be able to organize and implement a series of actions that are considered necessary in order to achieve a desired outcome. This self-efficacy variable is a latent variable measured by observed indicator consisting of:

- 1) Work and Experience
- 2) Confidence
- 3) Effort

Continuing professional development is a continuous learning process that can encourage personal development, improve auditing skills, revolutionize work procedures and improve the quality of audit reports. This variable is measured by the following indicators:

- 1) Work Culture
- 2) Motivation to learn
- 3) Training Opportunities

Endogenous variable that also functions as a dependent variable in this study is the performance of local government. The performance of local

governments is the performance of individuals who are responsible for regional financial management processes. The indicators of local government performance are:

- 1) Efficiency
- 2) Quality of Service
- 3) Effectiveness

The analyses used to answer the hypothesis testing are descriptive statistics and Structural Equation Model (SEM) analysis. The data analysis was done by using the help of computer technology that is PLS.

## 4 RESULTS AND DISCUSSION

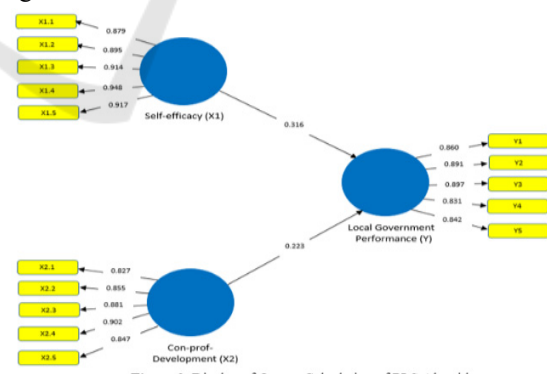
### 4.1 Result

The descriptive statistics obtained from the answers to the return questionnaires on the research variables are presented in Table 1 below.

Table 1. Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	Category
Self-efficacy (X <sub>1</sub> )	93	3.00	5.00	3.9882	Good
Professional Development (X <sub>2</sub> )	93	3.42	5.00	4.0975	Good
Performance of Local Government (Y)	93	3.49	5.00	4.1011	Good

The outer model test begins by estimating the parameters by performing a calculation of PLS algorithm as follows:



Based on the output analysis, the model of measurement (outer model) can be evaluated by testing the convergence validity, discriminant validity and reliability. Convergent validity test is done by looking at the value of loading factor in each construct. Based on the calculation of data with PLS algorithm method, the value of loading factor of each variable indicator can be seen in Table 2.

Table 2. Value of Loading Factor

Variable Names	Symbol	Loading Factor	Conclusion
Self-efficacy (X <sub>1</sub> )	X1.1	0.879	Valid
	X1.2	0.895	Valid
	X1.3	0.914	Valid
	X1.4	0.948	Valid
	X1.5	0.917	Valid
Professional Development (X <sub>2</sub> )	X2.1	0.827	Valid
	X2.2	0.855	Valid
	X2.3	0.881	Valid
	X2.4	0.902	Valid
	X2.5	0.847	Valid
Performance of Local Government (Y)	Y1	0.885	Valid
	Y2	0.919	Valid
	Y3	0.816	Valid
	Y4	0.918	Valid
	Y5	0.812	Valid

Composite reliability measures the true value of a construct's reliability. A construct is said to be reliable if the value of composite reliability is more than 0.7 (Nasution et al., 2018; Kesuma et al., 2018a; Kesuma et al., 2018b; Erlina et al., 2017a; Erlina et al., 2017b). The results of reliability test on each variable can be seen in Table 3 as follows:

Table 3. Value of Composite Reliability

Variables	Composite Reliability	Description
Self-efficacy (X <sub>1</sub> )	0.914	Reliable
Professional Development (X <sub>2</sub> )	0.949	Reliable
Performance of Local Government (Y)	0.916	Reliable

Based on Table 3 above, it can be seen that the value of the composite reliability of each construct is above 0.70, so it can be stated that the indicators used in this study are reliable. After the estimated model meets all the criteria, then a test of the structural model (inner model) is taken. Assessing the inner model is to see the relationship between the latent constructs, by looking at the estimation results of the path parameter coefficients and their significance levels. The structural model in the PLS is evaluated by using R-square for the dependent variable and the path coefficient value for the independent variables which then their significance are assessed based on the t-statistic value of each path. The results of PLS algorithm on Smart PLS program in assessing the value of path coefficient can be seen in Table 4.

Table 4. Value of Path Coefficient

Variables	Performance of Local Government (Y)
Self-efficacy (X <sub>1</sub> )	0.316
Professional Development (X <sub>2</sub> )	0.223

Based on Table 4, the structural equation is formed as follows:

$$\text{Performance} = 0.316 \text{ Self-efficacy} + 0.223 \text{ Professional Development} + e \quad (1)$$

This study concludes that the variation of local government performance can be explained by constructive variables (self-efficacy, professional development and quality of internal audit) which equals to 74.9% while the rest of 25.1% are influenced by other variables which are not found in the research model. The hypothesis testing is done by looking at the value of t-statistics generated from the bootstrapping process. The results of the bootstrapping process on Smart PLS program can be seen in Table 5 below:

Table 5. Value of t-Statistics

Exogenous	Endogenous	Path Analysis	t-Statistics	P-Values	Conclusion
Self-efficacy (X <sub>1</sub> )	Performance of Local Government (Y)	0.316	2.613	0.009	Accepted
Professional Development (X <sub>2</sub> )	Performance of Local Government (Y)	0.223	2.006	0.045	Accepted

Based on the results of the test, it is concluded that self-efficacy and professional development have positive and significant influence on the performance of local government.

## 4.2 Discussion

Based on the hypothesis test that has been done, it can be concluded that self-efficacy variable has positive effect and significantly influence local government performance. The results of this study support the results of previous studies. Confidence or self-efficacy is an individual's belief in his or her ability to mobilize motivation, cognitive resources and necessary actions for the situations at hand (Badara and Saidin, 2013). Self-efficacy has a significant impact on management performance. There is a significant and positive relationship between self-efficacy and job involvement of government employees in the field of supervision. If someone has a high self-efficacy, he/she will be able

to develop a strong personality, reduce stress and not easily affected so he/she can has a good performance.

Self-efficacy can specifically demonstrate the confidence of regional financial managers for their ability to complete a given task. Individuals with a high level of self-efficacy will feel confident in their performance capabilities. The most important factor in self-efficacy is past experience. If at one period an auditor can complete a task and succeed in his performance, then he will tend to build confidence and belief in his ability to complete the task successfully. Self-efficacy can be weak if someone repeatedly fails to perform a task well. Regional financial managers need to have an understanding of emotional quotient in order to regulate the emotions that arise in the implementation of their performance. Regional financial managers who have high self-efficacy will be able to develop a strong personality, reduce stress and not easily affected so that they can produce good performance.

The results of the study conclude that professional development has a positive and significant impact on the performance of local government. In addition, the level of education and work experience of a person are added values for each individual. Managers who have a high academic degree are assumed to work better by implementing their knowledge and intellectual potential with their skills and expertise. In the discovery of Libby (Libby and Luft, 1993), it is stated that work experience can add and accumulate the basic knowledge of a person in carrying out his work. Professional Development is a combination of approaches and techniques that will help manage individual's development and learning. Professional development serves to maintain and enhance the knowledge, capability and quality of a professional individual. As explained before that every individual in a company, institution or organization is the greatest asset, so the company is not only looking for superior seeds or competent personnel, but the company must also maintain them. Regional financial management regulations are subject to change. They must be able to follow the regulatory changes and improve the understanding of the regulation. Based on that, professional development on an ongoing basis is needed.

## 5 CONCLUSION

The results of this research conclude that self-efficacy and continuing professional development

have positive and significant influence to the performance of local government. The performance of local government is relatively low due to the performance of the regional financial managers is still low. One of the low performance indicators is the non-performing activities that have been budgeted. The lack of activity is due to some financial managers are hesitant to carry out the activities, lacking the confidence to carry out such activities, because they are worried about being involved in legal cases. Their self-efficacy in carrying out activities is low. Incomprehension of a regulation related to regional financial management can be enhanced by the enhancement of professional development.

## 6 SUGGESTION

Based on the results of the research which show that the performance of government is influenced by self-efficacy and continuous professional development, therefore it will be better for the local government to improve self-efficacy and develop professionalism of financial manager in local government in a sustainable manner. Self-efficacy can be improved by giving motivation and increasing the confidence of regional financial managers. In addition, with the in-house training that should be done frequently, the development of professionalism of regional financial managers will be better.

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