

Local Government Response to the Completion of Follow-Up on BPK RI Recommendations

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Abstract:

This study aims to examine the correlation between the characteristics of local heads and the response to the completion of follow-up on BPK RI recommendations. The characteristics in this study were measured by: age, educational level, educational background, bureaucratic experience, and entrepreneurship experience. This study used purposive sampling, with a sample used of 344 districts / cities in Indonesia in 2015-2017 (1032 observations). Data processing was conducted using STATA software version 14.0. The results proved that educational level and bureaucratic experience of local head significantly affect the response in following up on recommendations. Furthermore, age, educational background, and entrepreneurship experience did not significantly affect the response of local heads in completing the recommendations of BPK examination results.

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INTRODUCTION

The criticism against traditional public administration is hierarchy and centralization combine with a formal, sometimes slavish, adherence to rules and procedures to produces defects (or bureaucratic pathologies) such as delay, inflexibility, unresponsiveness, and an arrogant disregard for the interests and concerns of citizens (Philip & Daganda, 2013). This criticism encourages the style and structure of public management to also change towards a New Public Management. The evaluation of NPM implementation can be seen in four perceptions of local services which include Efficiency, Responsiveness, Equity, and Effectiveness (Andrews & Van de Walle, 2013). The implementation of NPM in local government is manifested in the implementation of good governance. The local government implements good governance in order to improve the people's welfare and national competitiveness. One of the characteristics of good governance is

Responsiveness, it is intended that the government need to be responsive in providing services to the people and problem solving.

The promptness of local government response is an important part to improve the implementation of good governance in managing national finance. One of the responsiveness of local government can be seen in completing the follow-up of BPK RI recommendations. Responsiveness of the local government in following up on recommendations of BPK RI examination results is an indicator of local government accountability. The follow up on the recommendation is a way to improve the internal control system and compliance on laws and regulations in management and accountability of national finance. In Article 20 of Law No. 15 of 2004 concerning the Examination of Management and Responsibility of National Finances, it requires the auditee to follow up on consultations, even officials who do not follow up will be subject to administrative sanction (BPK, 2018).

BPK RI Regulation No. 2 of 2017, Article 3, quoting that follow-up of recommendation in the form of answer or clarification of follow-up implementation which attached with supporting documents, submitted to BPK no later than 60 (sixty) days after the examination reports is received. Article 6, quoting that BPK examines the answer or clarification received from the official to determine whether the follow-up has been carried out in accordance with BPK recommendation. The follow-up status classifications are: a). Follow up is in accordance with the recommendation, b). Follow up is not in accordance with the recommendations, c).The recommendation has not been followed up, and d). The recommendation cannot be followed up. Follow-up on the recommendations of the audit results is a responsibility of the leader/official by providing responses, explanations, or valid reasons for BPK related to the follow-up of the audit results (Essing et al., 2017), so that the level of government response to the completion of recommendations will depend on the characteristics of the local heads. According to Upper Echelon theory, the characteristics of leaders can be seen from the age of the leader, the level and type of formal education, as well as the previous experience of the leader both in the same field and in different fields. This study will use these characteristics and see their effects on the responsiveness of completion of the follow-up recommendations of the examination results. Previous research as conducted (Pahlevi & Setiawan, 2017), (Pratiwi & Aryani, 2017), using the characteristics of local heads that are more commonly used; age, years of service, level of education, and educational background. Research results (Pahlevi & Setiawan, 2017) concluded that local heads with characteristics of older age, longer working period, and female, can give a positive contribution to the performance of local government. Similar to (Pratiwi & Aryani, 2017), length of service and educational level of the local head has a positive effect on opinion. Further research (Probohudono et al., 2018), found that the educational background and nature of local government is related to the

completion of the follow-up to BPK RI audit findings. Another study (Ratmono, 2017), showed that the characteristics of the local head indicated by the tenure of the local head did not have a significant effect on completing the follow-up of the recommendations of the BPK examination. The government must have a role in the audit function, so that accountability and transparency can be fulfilled (Ali et al., 2007), so that local heads are required to follow up on BPK RI findings.

Local government has the duty to serve the people while some local governments have low administrative performance. E-government has a positive correlation with administrative performance, so that the administrative performance and audit results become the administration performance of local government (Sutopo et al., 2017). Local heads with a higher level of education and bureaucratic experience are expected to follow up on BPK RI recommendations. Furthermore, political relations have a positive correlation with the performance of local governments (Amyulianthy et al., 2016). Bureaucratic experience of local heads is expected to make them more responsive to recommendations. Bureaucratic experience does not have significant effect on the financial performance of local governments (generally the first three years had a high performance, then the following year declined due to campaign preparations), (Avellaneda & Gomes, 2017). While individual characteristics have limited effect on the behavior of politicians, mayors who have political experience involving themselves to get subsidies and grants (Buylen & Christiaens, 2014), in this context the experience of local heads is needed to create the New Public Management.

Local heads with educational and entrepreneurship career background can adapt better and take advantage of strategies in financial management (Gerardou, 2017). In managing the city it is necessary to know how to increase income or taxes and reduce expenses, so that a Mayor with entrepreneurial insight is needed (Gomes et al., 2013). Local heads must have motivation to improve their performance (Musambayi, 2018). A humble

CEO has implications in the company's process and results (Ou et al., 2018). The age of the local head has a positive effect on government financial performance, tenure has a negative correlation and the level of education does not affect government financial performance (Rahayu & Setiawan, 2017), due to lack of response to the existing problems in the area, including the response of BPK RI findings. This study adds two variables from the characteristics of local heads that are still rarely examined; the experience of local heads working as entrepreneurs and bureaucrat. Research on the experience of local heads conducted by (Avellaneda, 2016) at the government of Colombia from 1999-2005, concluded that the experience of local heads in public sector has an effect on increasing income. Research on the experience of local heads in Indonesia conducted by (Saragih et al., 2018) shows that there is a difference between the performance of local heads with entrepreneurship background and those with non-entrepreneurship backgrounds. Regions that are led by local heads with experience as entrepreneurs tend to have better performance. The mental attitude of entrepreneurship that is innovative, brave, and creative can create better opportunities (Soegoto & Kadisi, 2017). However, CEO's past experience does not affect or improve performance (Suzuki & Avellaneda, 2016).

This study will examine several characteristics (age, level of education, educational background, bureaucratic experience, entrepreneurship experience) of the local heads in responding or following up on the recommendations of the BPK audit result.

BASIC THEORY

Agency problems do not only occur in the private sector but also in all types of organizations, including in the public sector between politicians or local bureaucrat and voters (public) (Rizky Utama et al., 2019). The local head who was elected and given authority by the people, acts as an agent while the people acts as the principal who delegates the

management of government affairs and has the duty to oversee the results of the administration by the elected officials. Ensuring the people's welfare should be the main goal of the bureaucrats, but in practice there are still many who prioritize individual interests and commit fraud in managing the government.

In order to reduce agency problems, controlling the behavior of agents can be done in the form of giving incentives from the principal to the agent or by exercising the necessary controls to reduce deviant actions (Jensen & Meckling, 1976). The types of controls that can be carried out by principals on agents include budget restrictions, compensation policies, operating rules, and audits.

Upper Echelon Theory is proposed by (Hambrick & Mason, 1984) which states that the characteristics of the leadership will affect the choice of strategy and impact on the performance of the government. Furthermore, (Hambrick & Mason, 1984) clarify his opinion that the existence of biases and individual values act as a filter when analyzing and interpreting complex situations so that it will affect the choice of strategy. Leadership characteristics based on this theory include age, formal education, experience in the same field, and experience in other sectors.

The examination is a form of monitoring by the people to government management carried out by the authorized officials. In Indonesia, Badan Pemeriksa Keuangan (BPK) has the duty and authority to examine the management and responsibilities of national finances. Types of audits carried out by BPK include financial audits, performance audits, and audits with specific objectives in reference to audit standards set by BPK after consultation with the government.

In general, responsiveness is interpreted by how quickly and positively a person or organization reacts to something. The local government response can be seen on how quickly they complete the recommendations given by the BPK based on the results of the examination. The large number of follow-up recommendations is expected to eliminate the weaknesses found during the audit, thus

impacting on improvements in financial management and responsibility as well as improving good governance of local government. In line with the research (Sari, 2013), which revealed that the principles of good governance in the government could be affected by the follow up of BPK's audit recommendations, SPI, and the Implementation of Government Accounting Standards. In Indonesia, BPK is responsible for providing recommendations that must be followed up by the institution being examined and monitoring its completion.

RESEARCH HYPOTHESIS

Research (Hambrick & Mason, 1984) shows that the choice of strategy and performance of an organization can be affected by the characteristics of the leader (top management). So, as the leader of local government, local head should be able to improve the outcomes, including in completing the follow-up of the examination results. The first characteristic of local heads is age, generally a measure of maturity and psychological condition. With a more mature age it is expected that someone will be more careful and able to utilize the information they have in making decisions. Leaders with an older age are also considered to have sufficient financial and commitment to work, so they are more likely to avoid deviant actions (Hambrick & Mason, 1984). Maturity will be an open insight so that regional executives can adapt to change and innovation (Prasetyo & Putrini, 2016).

H1: Local heads with older age is more responsive in completing the follow-up recommendations of BPK RI examination results

For leaders or top managers, the education obtained will help in decision making so that it can affect company performance (Hambrick & Mason, 1984). Local heads as leaders of local governments, are expected to have sufficient knowledge and competence to carry out their duties and responsibilities. Therefore, local heads with a formal education background are expected to have more

complex information, because the level of individual education reflects the basic knowledge and skills of the individual (Pratiwi & Aryani, 2017). Local heads with high level of education are expected to have competence in resolving the problems by completing the recommendations of the examination results. Previous studies have shown a positive correlation on the education level of local heads on strategy and performance (Slater & Dixon-Fowler, 2009) and the possibility of better audit acquisition (Pratiwi & Aryani, 2017). A high level of education, compatible educational background, maturity, and work experience will lead to an open insight so that local executives can adapt to changes and innovations to make the government achieve optimal performance (Prasetyo & Putrini, 2016).

H2: Local head with a higher level of education is more responsive in completing the follow-up recommendations of BPK RI examination results

Not only the level of education, but the background of education taken by the leader can also contribute to the choice of leadership decisions. (Pahlevi & Setiawan, 2017) explained that educational background can also affect the leadership of local heads. (Hambrick & Mason, 1984) concludes that the knowledge and abilities possessed by leaders are the result of their educational background. Local heads who have previously been educated in the field of accounting/economics/finance, have different cognitive bases and expected to have a better understanding of the importance of following up on audit recommendations in order to improve the quality of financial statements (Setyaningrum & Syafitri, 2012). In addition, local heads with educational background in entrepreneurship including accounting/economics/finance will have better understanding strategies in managing finances with various strategies (Gerardou, 2017). A high level of education will lead to an open insight so that regional executives can adapt to change (Prasetyo & Putrini, 2016). The high level of professional education of CEO is very beneficial in increasing the effectiveness of internal control (Yunchen, 2015).

H3: Local head with economic/accounting/financial education background is more responsive in completing the follow-up recommendations of BPK RI examination results

Experience in certain fields will shape the orientation of the top manager at work. Similarly, the local head with experience in a particular field will determine how the local head works. The experience of local heads in the same or different fields is expected to have a positive effect in choosing strategies and performance in accordance with Upper Echelon theory. In line with (Slater & Dixon-Fowler, 2009) which states that career experience is expected to affect top managers in decision making.

(Avellaneda, 2016) proves that the experience of local heads in the public sector has an effect on increasing income. Many local governments have obstacles in completing follow-up on the recommendations of BPK audit results, because some of the recommendations are difficult to follow up due to the quality of human resources, especially the local head and inspectorate (Essing et al., 2017). Local leaders who have bureaucratic experience are expected to be able to hold government more wisely, effectively, efficiently, and have better understanding to the importance of following up on BPK's audit results. Not only experience in the same field, the experience of leaders in different fields can also affect the resulting outcomes such as strategy making and organizational performance (Hambrick & Mason, 1984). Leaders from different fields tend to make changes because they have diverse experiences. Research conducted by (Saragih et al., 2018) succeeded in proving this opinion where the results of his research showed that there were differences between the performance of local governments in Sumatra and Java led by Local Heads of entrepreneurs and non-entrepreneur backgrounds. Local heads with entrepreneur background are expected to have broader knowledge and experience which certainly will help in making

strategies and policies as well as having persistence and courage in solving problems.

H4: Local head with entrepreneurship experience is more responsive in completing the follow-up recommendations of the BPK RI examination results

Work experience will improve the capability to manage local governments (Prasetyo & Putrini, 2016). Work experience of leaders will improve the company's social performance (Slater & Dixon-Fowler, 2009). The bureaucratic experience makes the local head respond quickly to the recommendations of BPK RI.

H5: Local head with bureaucratic experience is more responsive in completing the follow-up to the recommendations of BPK RI examination

RESEARCH METHODS

The method used to analyze the data is Multiple Regression Analysis. This method can be used to see the effect of more than one independent variable on the dependent variable in the test. This study used two regression models that are intended to see the correlation between local head characteristics and the response to the completion of the follow-up examination results.

Variables and measurements in this research are:

1. Local government response, this variable is intended to see the responsiveness of local government in completing BPK RI audit findings that are manifested in the recommendations. Measurements were made by dividing the number of follow-ups that were carried out in accordance with the total number of BPK RI recommendations.
2. Characteristics of local heads are measured by: age, level of education, educational background, entrepreneurship experience, and bureaucratic experience.
 - a. Age of the local head is measured based on the year of birth to the year he served as local head

b. Level of education is measured by giving a score of 1 to 3 (score 1 for High School Graduate/Diploma, score 2 for Bachelor's degree, and score 3 for Master's degree/Doctoral)

c. Educational background, intended to know the extent of material breadth of one's education. In this case, measured with a dummy variable (score 1 if he has a formal educational background in economics/accounting/finance, and score 0 if he has other than economics/accounting/finance educational background)

d. Entrepreneurship experience, intended to determine the capability in the field of entrepreneurship (score 1 if the local head has entrepreneurship experience, and score 0 if he does not have entrepreneurship experience)

e. Bureaucratic experience, intended to find out the work experience that has been done especially in the field of government (score 1 if he has bureaucratic experience and score 0 if he does not have bureaucratic experience).

Research Model

Response to Follow-Up Recommendations Model

$$RESPONSE_{it} = \beta_0 + \beta_1 UKD_{it} + \beta_2 TPKD_{it} + \beta_3 LBPKD_{it} + \beta_4 PE_{it} + \beta_5 PB_{it} \varepsilon$$

Data Processing Techniques

The test was carried out using multiple regression analysis using STATA 14.0 software. Before conducting hypothesis testing, regression analysis using data panel begins with selecting an estimation method, and testing classical assumptions. In the

selection stage of the estimation method, there are three models that can be used; Pooled Least Square (PLS), Random Effect (RE), and Fixed Effect (FE). Selection of the estimation method is done by carrying out three tests; LM test, Chow test, and Hausman test.

Sample Selection Results

The population of this study is all local governments in Indonesia districts and cities in 2015-2017. The sample in this study was selected from the existing population using the following criteria: in addition to that the data is in accordance to the attachment of BPK RI Audit Report on the follow-up recommendations.

Table 1. Selection of Samples

Sample Criteria	Quantity	Percentage
Number of Districts/Cities	514	100
Not listed in IHPS	(5)	(1)
Doesn't have quantity of follow up recommendation	(13)	(3)
Doesn't have characteristics of local head	(129)	(25)
Lack of information on local government	(23)	(4)
Total sample that fulfill the criteria	344	67

Source: Data Processing Result, 2019

Descriptive Statistics Results

Table 2 Descriptive Variables for Statistics Before Winsorize

Variable	N	Mean	Std Deviation	Min	Max
Response	1032	0,6165	0,2373	0	1
Age	1032	52,7132	7,7896	28	72
Level of Education	1032	2,4821	0,6543	1	3
Educational Background	1032	0,3124	0,4667	0	1

Entrepreneurship Experience	1032	0,1125	0,3121	0	1
Bureaucratic Experience	1032	0,8045	0,3988	0	1

Based on the results of Table 2, it was found that the average response from the local government to the follow-up of the recommendations was 61.65%. The lowest value for responsiveness is 0 (0%) and the maximum value is 1 (100%). Based on Table 3, after going through winsorize the average level of responsiveness from the local government is 62.15% with a minimum value of 0.2243 or 22.43%, and a maximum value of 0.9390 or 93.90 %.

The highest percentage of response is 100%, which means that the local government has completed all the follow-up based on recommendation. In 2015, it was obtained by 11 districts/cities, in 2016 obtained by 8 districts/cities, and in 2017 obtained by only 6 districts/cities. Based on research data, it appears that from year to year the number of regions that carry out all the follow-up in accordance to BPK's

recommendations is decreasing. Different results occur in local government data with the lowest response rate of 0 which means that no follow-up is carried out in accordance with the recommendations. In 2015, there were no regional governments with responsiveness of follow-up recommendations of 0%. In 2016, there were only two local governments, and in 2017, the number of regions with the lowest response rates increased to 7 districts. These results indicate that there is a decrease in commitment and capability of the local government which prevents the completion of the follow-up in accordance with the recommendations. From the research data it is known that only one region consistently maintains a response in completing all follow-up in accordance with the recommendations.

Table3 Descriptive Variables for Statistics After Winsorize

Variable	N	Mean	Std Deviation	Min	Max
Response	1032	0,62154	0,2137	0,224	0,939
Age	1032	52,8342	0,7896	43	63
Level of Education	1032	2,4821	0,6543	1	3
Educational Background	1032	0,3124	0,4667	0	1
Entrepreneurship experience	1032	0,1125	0,3121	0	1
Bureaucratic Experience	1032	0,8045	0,3988	0	1

Descriptive Statistics of Local Head Characteristics (Age, Level of Education, Educational Background, Entrepreneurship Experience and Bureaucratic Experience)

Table4. Recapitulation of Dummy Variable Result

Indicator Variable	F	Percentage
Level of Education		
1. High School Graduate/Diploma	76	9,3
2. Bachelor's Degree	340	32,95
3. Master's Degree/Doctoral	526	57,75
Total	1032	100
Educational Background		
1. Economics/Accounting/Finance	315	30,52

0. Other than Economics/Accounting/Finance	817	69,48
Total	1032	100
Bureaucratic Experience		
1. With Bureaucratic Experience	785	76,07
0. Without Bureaucratic Experience	247	23,93
	1032	100
Entrepreneurship Experience		
0. With Entrepreneurship Experience	154	14,92
0. Without Entrepreneurship Experience	878	85,08
Jumlah	1032	100

Source : Data Processing Result, 2019

Descriptive statistical result for the first characteristic of the local head is the age of the local heads. In table 2, the average age of the local heads is 52.71 or 53 years old. The local head with the youngest age (28 years old) is from Bangkalan City in 2015. The local head with the oldest age (72 years old) is from Banjar District in 2016. After winsorization in Table 3, the youngest age of the local head become 43 years and the oldest age is 63 years, with the average age of the local head at 52.83 or 53 years.

Descriptive statistical result for the second characteristic of the local head is the level of education. Based on Table 4, from the study sample in 2015-2017, the number of local head with High School Graduate/Diploma is 76 or 9.30%, while Bachelor's degree is 340 or 32.95%, and 526 or 57.75% have Master's degree/Doctoral. The third characteristic is the Educational Background of the Local Head. From the existing sample, 30.52% of the local head has educational background in economics, accounting, or finance, while the 69.48% has other than economics/accounting/finance educational background. Most of the local heads from existing sample have science and public administration educational background. The distinguishing variables between this study and previous studies are the entrepreneurship and bureaucratic experience of the local heads. The results are summarized in Table 2, Table 3, and Table 4. As many as 14.92% of local heads have

experience as entrepreneurs, while the remaining 85.08% of local heads do not have entrepreneurship experience. These results indicate that from the research samples, only a few local heads have entrepreneurship experience. In the other hand, statistical results of bureaucratic experience variable (BIR) showed that 76.07% of local heads had previously worked in the public or government sector, while only 23.93% had no experience in the government sector.

Results of the Selection of Estimation Methods and Classical Tests

Based on three estimation model selection tests that have been done, namely Lagrange Multiplier (LM), Chow test, and Hausman Test, the suitable estimation method for model 1 and model 2 of this study is the Fixed Effect. The classical assumption test was carried out based on the Fixed Effect estimation method in Stata 14.0 using the FE model by conducting multicollinearity, heteroscedasticity, and autocorrelation tests. From the two models, there were no multicollinearity problem found, but they were exposed to heteroscedasticity and autocorrelation problems which were overcome by using robust.

Model Response Regression Test Results

The test for the first model was carried out separately or partially between one independent variable and the dependent variable to see the

significance of the independent variable on the dependent variable. The first test result is the F-statistical test, based on the results of partial regression of the first independent variable for the age of local heads. The F-statistical value is 0.0008, smaller than the 0.05 significance level. This means that the model that used partially can explain the dependent variable, which is responsiveness, similar to the F-statistics for other independent variables, namely TPKD. For LBPkd and BIR variables, the F-statistic result is 0.0005, and the ENT variable is 0.0007. This means that partially the model can explain the correlation between the independent variables; the characteristics of the local head and

the dependent variable, namely the level of responsiveness of the follow-up on recommendations of the examination results.

The second test was conducted by looking at the value of R-Square. It was found that the regression results from the first model partially have a very small R-Square value ranging from 0.98-1.08. This means that the independent variable characteristic of the local head can only provide little information to predict the variation of the dependent variable which is the responsiveness of the follow-up recommendations.

Table 5. Model Response Regression Test Result

Variable	RESPONSE				
UKD	0,000041				
	0,098				
TKPD		-0,01135			
		0,047			
LBPkd			0,02213		
			0,589		
ENT				-0,07347	
				0,308	
BIR					0,07646
					0,045
_cons	1,47494	1,50621	1,4681	1,4870	1,4052
	0,012	0,015	0,014	0,014	0,020
R-Square	0,0101	0,0098	0,0100	0,0108	0,0104
F-Stat	0,0008	0,0008	0,0005	0,0007	0,0005

Remarks: RESPONSE= Responseto Recommendation, UKD= Age of Local Heads, TPKD= Level of Education of Local Head, LBPkd= Educational Background of Local Head, ENT= Entrepreneurship Experience of Local Head, BIR= Bureaucratic Experience of Local Head

The third test was carried out to see the significant effect between the independent variables and the dependent variable individually using the results of the probability value. The probability value of the regression result for the age of local heads is 0.098, greater than the significance level of 0.05. This means that the age of local head does not have a significant effect on responsiveness.

The probability value for the education level of the local head is 0.047, smaller than the significant

level of 0.05. This means that the education level of local heads has a significant effect on responsiveness. Local heads with higher level of education in this study has proven to be more responsive in completing recommendations. The probability value for the educational background variable is 0.589, which is greater than the significance level of 5%. It means that local heads with economics/accounting/finance educational background do not necessarily have a higher level of

responsiveness compared to local heads without economics/accounting/finance educational background. For the last two independent variables, experience as entrepreneurs, the probability value is 0.308 so it can be concluded that this variable does not significantly affect the response in following up on the recommendations of BPK RI. Furthermore, bureaucratic experience has a probability value of 0.045. This probability value is smaller than the 0.05 significance level, so it can be concluded that the bureaucratic experience variable significantly affects the response.

Analysis of Response Model Regression Test Results

The first characteristic of the local head tested for their effect on the response to the recommendation. Based on the results of the regression test, the age of the local head has no significant effect on the level of responsiveness in completing the recommendations of the examination results. This means that there is no guarantee that the area led by the local head with an older or younger age will have a better level of responsiveness to the completion of the recommendations. This study is not in line with the theory of Upper Echelon and also previous studies from (Pahlevi & Setiawan, 2017) and (Prasetyo, 2014).

The second characteristic of the local head which is the education level of the regional head has been shown to have a significant effect on responsiveness. But, there is no guarantee that the area led by local heads with higher levels of education will lead to a higher level of responsiveness to the completion of recommendations. The results are similar with the previous research from (Yusup & Aryani, 2015) and (Pratiwi & Aryani, 2017) because although formal education is an indication of the knowledge and skills possessed by the local head, it can not be used as a single reference to ensure that someone is able to lead an organization, moreover to lead an area that has complex problems and require multiple scientific fields.

The third characteristic, which is the education background of local heads in the fields of economics/accounting/finance, does not have an effect on responsiveness. This result is different from previous studies by (Setyaningrum & Syafitri, 2012). Furthermore, in line with the results of the study (Yusup & Aryani, 2015), managers who have a business education background tend to cause a decrease in one's moral development because managers are mostly self-oriented and difficult to accept recommendations or suggestions.

The experience of local heads in different fields (entrepreneurship) has no effect on the responsiveness to BPK RI LHP recommendations, while the Bureaucratic Experience has effect on responsiveness to BPK RI recommendations. These results differ from studies of (Slater & Dixon-Fowler, 2009), (Avellaneda, 2016), and (Saragih et al., 2018). The first reason why there is no significant correlation between the experience of the local head as an entrepreneur and the responsiveness to the completion of the follow-up results of the examination can be due to the relatively small number of entrepreneurs serving as local heads in Indonesia. Another reason is due to the rigidity of the government system in Indonesia, which has so many complicated rules and procedures that curb innovations that can be implemented in solving problems, including in the completion of follow-up recommendations of examination.

CONCLUSION

This study used a ratio of completion of the follow-up of recommendations to see the level of response from local governments in 2015 to 2017. The research sample was obtained through purposive sampling with the number of selected districts/cities, namely 344 regions or a total of 1032 data. Based on the results of the study sample regression test, it was found that the characteristics of the local head with educational background and the bureaucratic experience of the local head significantly affect the responsiveness of following up on BPK RI recommendations. While age, educational

background, and entrepreneurship experience of the local head were not significantly affect the response of the local government in completing the recommendations of the examination results.

LIMITATIONS AND SUGGESTIONS

The limitation of this study is the difficulty in obtaining data with complete criteria, especially in the characteristics of local head data and follow-up recommendations data from districts/cities which since 2015 are no longer available in IHPS. In this study the response of the city and district governments has not been studied. In the next research, it is hoped that it can be complemented by examining the response of local government in provincial, city, and district levels.

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