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# Analysis of Factors Influencing the Effectiveness of Local Government Asset Management in Local Government Agencies of Central Sulawesi Province

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**Article Info**

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**Abstract**

The Audit Board (BPK) still finds several problems that are of concern to the Central Sulawesi Provincial Government, namely the internal control system and compliance. The purpose of this study is to test and analyze the influence of organizational commitment, regional management information system, human resource competence, human resource competence, government internal control system and the use of information technology on the effectiveness of regional asset management in the Central Sulawesi Provincial Government Apparatus Organization. The population of this study is 39 Regional Apparatus Organizations of Central Sulawesi Province. The samples taken using the purposive sampling method were Goods Administration Officials and User Goods Managers totaling 78 respondents. The type of research used in this study is a type of research with a quantitative approach. The results of this study show that the influence of organizational commitment, regional management information system, human resource competence, human resource competence, government internal control system and the use of information technology have a positive effect on the effectiveness of regional property management.

## 1. Introduction

The management of local government assets is an integral part of local government financial management. Therefore, effective and efficient management of local government assets will impact the efficiency and effectiveness of local government financial management. The management of local government assets includes: needs planning and budgeting, procurement, use, utilization, security and maintenance, valuation, disposal, transfer, record-keeping, supervision, and control. Furthermore, local government assets are a crucial element in government administration and public service delivery. Therefore, sound local government financial management is reflected in sound management of local government assets. Naturally, such management must be carried out properly and correctly.

The management of Regional Government Assets (BMD) has become a familiar issue in various regions. The lack of attention to the orderly and systematic management and maintenance of regional government assets is evident from the audit opinions issued by the State Audit Agency (BPK). Local governments that fail to capitalize costs that increase the acquisition cost of fixed assets. Neglected and unmaintained assets are taken over by third parties; in some cases, the whereabouts of BMD cannot be traced, and the loss of fixed assets goes undetected. There are instances of employees who fail to return assets to the Regional Government Agencies (OPD) upon retirement, and there are also regional assets transferred to newly established districts that lack informative data details and are not accompanied by proof of ownership.

During the era of regional autonomy, there were regional assets in the form of land transferred from the central government to local governments that were not accompanied by the handover of ownership documents, specifically original land certificates. This became a finding by the State Audit Agency (BPK) both at the central and local levels, where the Central Government holds ownership documents in the form of original certificates, while local governments control the land assets and record them but do not possess the ownership documents.

The main issue in the management of regional assets is the lack of order in the processing of regional asset data, which makes it difficult for local governments to manage regional assets.

In 2018 and 2019, the Indonesian Audit Board (BPK) Representative Office for Central Sulawesi Province issued an Unqualified Opinion (WTP) to the Central Sulawesi Provincial Government regarding the Local Government Financial Report (LKPD). This WTP opinion marks the sixth and seventh times it has been awarded to the Central Sulawesi Provincial Government. However, the BPK still identified several issues requiring the attention of the Central Sulawesi Provincial Government, namely internal control systems and compliance.

Issues regarding fixed assets in local governments generally relate to BMD not being recorded, or BMD being recorded but not supported by valid ownership documents. Additionally, the process of writing off BMD still faces obstacles, namely the lack of an appraisal team for BMD write-offs.

The shortcomings of this system are a relic of the past and have led to the management of BMD regional assets being viewed as less important than financial management. Another reason is the mindset of certain individuals who often prefer to purchase rather than maintain. This situation has persisted for years and has become a problem that must be addressed immediately.

Regarding the ongoing issues mentioned above, the author concludes that these problems stem from the failure to promptly follow up on the settlement of regional assets, as the transfer of assets from the central government to local governments has been hindered by administrative obstacles. These administrative issues make it difficult to determine the whereabouts of these assets. In practice, if local governments can promptly take control of these assets, they can then manage and maintain them effectively.

As the technical implementers of regional asset management, asset managers must be capable and proficient in operating the Regional Asset Management Information System application while also understanding the procedures for managing regional assets in accordance with established protocols. Consequently, an information technology management system is required to support the implementation of regulations governing the management of regional assets, thereby facilitating accurate and efficient asset management.

Organizational commitment is a critical factor in the implementation of accrual-based accounting for the management of regional government assets; there must be a balance between individual commitment and organizational commitment to prepare and present financial statements in accordance with government accounting standards.

The implementation of accrual-based government accounting standards for regional assets requires competent human resources, as human resources are a key factor in achieving an organization's objectives. Such competence is necessary to minimize errors in the presentation of regional asset reports and local government financial statements, which in turn determines the quality of information provided by local governments to the public.

The utilization and use of Information Technology (IT) are currently of great importance; IT plays a role in supporting the objectives of a government agency by providing fast, easy, and accurate information and communication, enhancing effectiveness and efficiency, and supporting decision-making. However, many agencies have begun using information systems and technology by focusing only on immediate needs, and their implementation has not yet been well-integrated. The performance of information technology utilized by government agencies needs to be evaluated to assess, monitor, and ensure that the agency's information systems can manage data integration effectively and operate efficiently.

Mulyadi (2016) explains that internal control systems encompass the agency's structure, methods, and measures that are coordinated to safeguard agency assets, verify

the accuracy and reliability of accounting data, promote efficiency, and ensure compliance with management policies.

Several previous studies used as references and for further development in this research include Riawan (2016), which examined the influence of human resource quality and budget quality on local government financial performance, moderated by the Local Government Management Information System (SIMDA), in the Regional Work Units (SKPDs) of North Buton Regency. The results indicate that human resource quality and budget quality have a significant positive effect on local government financial performance, and that the Regional Management Information System (SIMDA) has a significant positive moderating effect on the relationship between human resource quality and budget quality and local government financial performance.

Aljufri Bokingo et al. (2017) examined the influence of human resources, asset management, and supervision of local government assets on the security of local government assets (A Study of Government Agencies in Buol Regency). The results indicate that human resources, asset management, and supervision of local government assets simultaneously have a significant influence on the security of local government assets within government units in Buol Regency.

Hendra Gunawan (2017) , who studied the influence of organizational commitment, competence, and good governance on the quality of local asset management in the City Government of Makassar, found that organizational commitment has a non-significant negative influence on the quality of asset management; competence has a significant positive influence on the quality of asset management; and good governance has a positive, though non-significant, influence on the quality of asset management. Although many studies have addressed this topic, there are still some gaps and differences among them. For instance, the study by Riawan (2016) and the study by Aljufri Bokingo et al. (2016)included moderation variables, whereas the study by Hendra Gunawan (2017 used SPSS as the analysis tool, whereas the researcher used WarpPLS; furthermore, the results of Hendra Gunawan's (2017) study indicate that organizational commitment has a non-significant negative influence on asset management quality.

## 2. Literature Review

### 2.1 Organizational Commitment

Organizational commitment plays a crucial role in motivating employees to work enthusiastically toward achieving organizational goals. The success of an organization is inseparable from the role of human resources, as operational needs can be met when carried out by human resources, thereby enabling the achievement of organizational goals.

The ability and willingness to align one's behavior with the organization's needs, priorities, and goals is known as commitment. This includes the approach to developing goals or meeting organizational needs by prioritizing the organization's mission over personal interests (Soekidjan, 2009) .

Organizational commitment is the manifestation of an individual's willingness, awareness, and readiness to engage and remain within the organization, as evidenced by the level of effort, motivation, and belief in achieving shared vision, mission, and goals (Busro, 2018)

According to the indicators of organizational commitment are: affective commitment, continuance commitment, and normative commitment. This aligns with what Allen and Meyer described in (Fred Luthans, 2006), who categorized organizational commitment into three dimensions:

1. Affective commitment is an employee's emotional attachment, identification, and involvement in the organization.
2. Continuance commitment is a commitment based on the costs associated with an employee leaving the organization.
3. Normative commitment is the sense of obligation to remain in the organization because it is simply the right thing to do; such actions are simply what must be done.

Based on the above definitions, organizational commitment can be defined as the attitude or behavior demonstrated by an individual toward the organization, showing loyalty to the achievement of the organization's vision, mission, values, and goals.

## 2.2 Regional Management Information System (SIMDA)

Government agencies are the implementers of governance and, as users of the state budget, are obligated to manage finances according to plans determined by each agency in fulfilling their primary duties and responsibilities. The implementation of reporting systems must be accurate, clear, measurable, and valid to ensure clean and accountable governance.

The management and accountability of local government assets are crucial and inseparable from the management and accountability of local government finances. Regional government assets (BMD) fall under the scope of financial management accountability, as they constitute a form of local government financial reporting. Financial reports play a vital role in providing information on the implementation of the Regional Budget (APBD) to drive a healthy economy. Therefore, a system known as the Regional Government Asset Management Information System (SIMDA-BMD) was developed to manage and account for regional government assets.

Hariyadi Darmawan Abdullah et al. (2018) state that the Regional Management Information System (SIMDA) is a technology-based regional financial management system that can assist local governments in generating financial information that is relevant, timely, accurate, complete, and verifiable.

Djaja in (Halens Ryanlie Ole, 2014) states that the Regional Management Information System (SIMDA) is a program developed using a database to facilitate regional financial management. Patricia Watulingas and Tangkuman Steven (2018) state that the Regional Financial Information System is a system capable of managing, documenting, and processing regional financial management data, which provides information communicated to the public and used to make decisions regarding the responsibilities of local governments.

According to Azhar Susanto (2013) , the SIMDA architectural framework consists of:

1. Access, communication networks, the internet, and other communication media that the public can use to access public service websites. While public access to these sites is generally convenient, there are restrictions on who can access them. Given frequent disruptions in internet connectivity, telecommunication networks and computers should be supported by a reliable internet connection.
2. Portals, public services. Government websites on the internet that provide specific public services, integrating the processing and management of electronic information and documents across relevant agencies. Public services are connected to communication media access for information users. Information users utilize the website for document information management.
3. Organizations for the management and processing of information: back-office support organizations that manage, provide, and process electronic information and document transactions. These organizations serve as tools for providing electronic information and document transactions and other related services.
4. The infrastructure and core applications of all facilities—including both hardware and software—are necessary to support the management, processing, transactions, and dissemination of information. Each stage of economic transactions and their execution must utilize application software within the local government financial management system. Management information must align with user needs, and the information system software must undergo regular maintenance. Applications must establish a connection between the back office and the public service portal, or vice versa. The local government management information

system must be supported by a robust, reliable, secure, and trustworthy network to ensure high-quality information.

Based on the above definition, the Regional Management Information System (SIMDA) is an information technology-based regional financial management system that assists local governments in generating relevant, timely, accurate, and comprehensive financial and program information developed using a database.

### 2.3 Human Resource Competency

Human resources are just as important as the work itself; the primary factor in enhancing competitiveness today is having competent human resources. Rapidly changing systems require organizations to adapt quickly. Organizations must continuously evolve to survive and even win in the competitive landscape. Such situations demand that organizations have employees who are competent in their roles so they can work with enthusiasm and navigate the uncertainties caused by rapid system changes. It is this competence that distinguishes individuals capable of delivering superior performance.

According to Boyatzis in his book ** (; , competence is defined as "the capacity within an individual that enables them to meet the requirements of a job within an organization, thereby allowing the organization to achieve the expected results." Furthermore, the primary components of competence development are an individual's knowledge, skills, experience, and behavior.

In , explains that competency is the ability and characteristics possessed by a civil servant in the form of knowledge, expertise, and behavioral attitudes required for the performance of their official duties. These competencies are divided into two categories: general competencies and specific competencies.

Wibowo (2007) explains that competency is the ability to perform or complete tasks or work supported by the skills and knowledge required by that job.

The main components of competency development, according to Parulian Hutapea and Thoha Nurianna (2012) , consist of:

1. Knowledge is the information an employee possesses to carry out their duties and responsibilities in their respective fields. The knowledge or information an employee possesses can be applied in real-world situations within a job. An employee's knowledge plays a key role in determining the success of the tasks assigned to them; employees with sufficient knowledge enhance the company's efficiency.
2. Skills (skill) refer to the ability to perform the tasks and responsibilities assigned by the company to an employee effectively and to the best of one's ability. For example, this includes the ability to collaborate by understanding and motivating others, whether individually or in groups. These skills are particularly essential for employees in specific positions, as they involve effective communication, motivation, and delegation. In addition to an employee's knowledge and skills, their behavioral attitude is also a critical factor.
3. Attitude refers to an employee's behavioral patterns in fulfilling their duties and responsibilities in accordance with company regulations. If an employee possesses a supportive attitude toward the organization's goals, they will automatically perform all assigned tasks to the best of their ability.

Based on the above definition, competency is the ability to work efficiently and effectively to achieve the company's objectives. Therefore, in this context, the indicators used to measure human resource competency are knowledge, skills, attitude, and behavior.

### 2.4 Government Internal Control System

Internal control is necessary for a company, government-owned enterprise, or government agency to ensure that various activities are carried out properly so that the organization's intended objectives can be achieved.

Internal control is a set of rules and mechanisms designed to protect assets from

any form of misappropriation, ensure the availability of accurate corporate accounting information, and guarantee that all management regulations are adhered to or implemented by all company employees (Hery, 2014) .

The Internal Control System is a process encompassing continuous actions and activities carried out by management and all employees to strengthen confidence that the organization will achieve its objectives through efficient and effective operations, consistent financial reporting, protection of state assets, and compliance with laws and regulations as outlined in Government Regulation No. 60 of 2008 Article 1, Paragraph 1.

Based on the above description, internal control is a management and oversight process to control actions within a company or agency, collect accurate accounting information, and ensure that all regulations/laws and management policies are followed by all employees.

The internal control system encompasses organizational structures, techniques, and measures designed to protect organizational assets, enhance efficiency, and promote compliance with management policies (Mulyadi, 2016) .

The elements of the government's internal control system under Government Regulation No. 60 of 2008, Article 3, consist of: control environment, risk assessment, control activities, information and communication, and monitoring of internal controls.

Based on the above definition, the Government Internal Control System is an internal control system implemented continuously in both the Central Government and Local Governments.

## 2.5 Utilization of Information Technology

Information technology has become extremely important today because it can assist in various fields; with information technology, the information needed by an individual can be provided. The use of advanced information technology (IT) within an organization is expected to help achieve desired objectives.

Information technology is a technology that transforms data into information and transmits that data or information across space and time (Rintho Rante Rerung, 2018) . Meanwhile, information technology is also defined as a technology used to process data, encompassing the collection, processing, organization, storage, and modification of data in various ways to create high-quality information—that is, information that is relevant, accurate, and timely—used for the needs of individuals, companies, and governments, as well as strategic information for decision-making (Tata Sutabri, 2014) . Based on the above definition, information technology is a technology that processes data into high-quality information that can be used for decision-making.

Fitri Mariana Tampubolon and Basid Ahmad (2019) explain that the utilization of information technology refers to the speed of information processing. Furthermore, Hari Purnama (2020) also states that the utilization of information technology involves the use of accounting software to manage an organization's finances.

According to Sutarman (2009) , the measurement of information technology utilization is based on:

1. Intensity of use
2. Frequency of use
3. The number of applications or software packages used (diversity of software packages used).

## 2.6 Effectiveness

states that effectiveness is the ability to set the right goals. This aligns with the explanation by T. Hani Handoko (2008) that effectiveness is the ability to choose the right goals or methods to achieve set objectives, including how to perform a task well and correctly.

According to Sondang P. Siagian (2018) , effectiveness is work completed within the specified timeframe.

Based on the above definitions, effectiveness is the ability to determine the right goals and objectives and to perform work well

in accordance with what has been previously established.

### 2.7 Management of Regional Assets

Chobib Soleh and Rochmansjah Heru (2010) state that regional assets are the wealth of the region, acquired through the Regional Budget (APBD) or other lawful means, either in whole or in part, including animals and plants, except for cash and other securities.

Government Regulation No. 28 of 2020 on Amendments to Government Regulation No. 27 of 2014 on the Management of State/Regional Assets explains that regional assets are all items purchased or acquired at the expense of the Regional Revenue and Expenditure Budget or derived from other lawful sources.

Based on this definition, regional assets include assets purchased or acquired using the Regional Revenue and Expenditure Budget (APBD) and assets derived from other lawful sources, namely assets from grants, assets obtained through the implementation of agreements/contracts, assets obtained based on statutory provisions, and assets obtained based on court decisions that have become final and binding.

### 2.8 The influence of organizational commitment on the effectiveness of local government asset management

Organizational commitment refers to employees' willingness to contribute to achieving organizational goals and to prioritize the organization's interests over their own. Commitment from both leadership and human resources within the organization forms a unified whole, enabling continuous efforts to improve organizational performance in the management of regional assets, thereby ensuring effective implementation.

H1: Organizational commitment influences the effectiveness of regional asset management at the Regional Apparatus Organization of Central Sulawesi Province

### 2.9 The impact of the regional management information system on the effectiveness of managing regional assets

A regional management information system is a computer application program with a database system designed to assist local governments in administrative processes so they can meet information needs quickly, precisely, and accurately, and is necessary to support decision-making. The better the information system used, the more efficient, reliable, accurate, and timely the asset management will be, which impacts the effectiveness of managing regional assets.

H2: The regional management information system influences the effectiveness of the management of regional assets by the Regional Apparatus Organizations of Central Sulawesi Province

### 2.10 The influence of human resource competencies on the effectiveness of local government asset management

Human resource competency refers to the skills and knowledge possessed by an individual to perform tasks effectively and efficiently in support of organizational goals. Strong human resource competency contributes to organizational performance; in local government, the fair and accurate management of local government assets serves as a key indicator of organizational performance, thereby influencing the effectiveness of asset management.

H3: Human resource competencies influence the effectiveness of the management of regional assets by Regional Government Agencies in Central Sulawesi Province

### 2.11 The influence of the government's internal control system on the effectiveness of local government asset management

An internal control system is a comprehensive process of activities carried out continuously by leaders and employees to achieve organizational goals. The objective of the government's internal control system is to provide reasonable assurance regarding the effectiveness and efficiency of achieving the goals of state governance, including the safeguarding of assets and compliance with applicable laws and regulations.

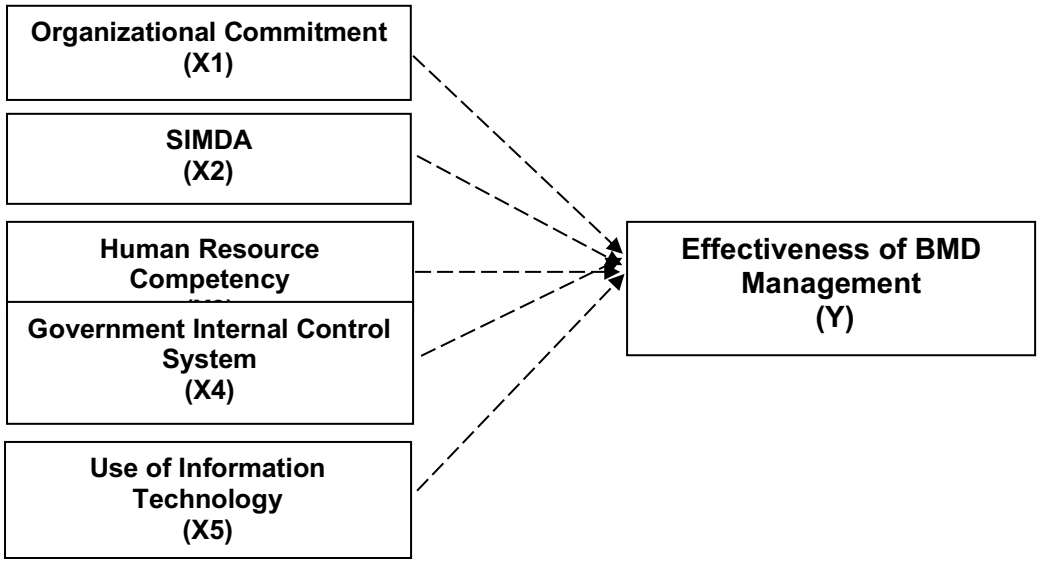
H4: The government's internal control system influences the effectiveness of the management of regional assets by the Regional Apparatus Organizations of Central Sulawesi Province

### 2.12 The impact of information technology utilization on the effectiveness of regional asset management

The utilization of information technology is a process undertaken to achieve better and more beneficial results through the use of information technology. The utilization of information technology will speed up data entry, making report preparation more timely and thereby supporting the production of high-quality asset reports.

H5: The use of information technology has an impact on the effectiveness of the management of regional assets by the Regional Apparatus Organization of Central Sulawesi Province

Figure 1. Constructed of Research




## 3. Method

### *3.1 Research Design*

This study adopts a quantitative research design based on the positivist paradigm, aiming to examine causal relationships among variables. The study focuses on analyzing the influence of organizational commitment, regional management information systems, human resource competence, government internal control systems, and information technology utilization on the effectiveness of regional asset management.

### *3.2 Population and Sample*

The population of this study includes all Regional Apparatus Organizations (OPD) within the Central Sulawesi Provincial Government, totaling 39 institutions. The sampling technique employed is purposive sampling, selecting respondents who are directly involved in asset management activities.

Each OPD is represented by two key personnel: the Asset Management Officer and the Asset Administrator. Therefore, the total number of respondents in this study is 78 individuals.

### *3.3 Data Collection Technique*

Data were collected using a structured questionnaire distributed to respondents. The questionnaire was designed based on established theoretical constructs and prior empirical studies. All items were measured using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). In addition, limited observations were conducted to support data validity.

### *3.4 Variable Measurement*

The variables in this study consist of independent variables (organizational commitment, regional management information systems, human resource competence, government internal control systems, and information technology utilization) and a dependent variable (effectiveness of regional asset management). Each variable is measured using validated indicators adapted from previous studies to ensure construct validity.

### *3.5 Data Analysis Technique*

This study employs Structural Equation Modeling (SEM) with the Partial Least Squares (PLS) approach using WarpPLS software. The PLS-SEM method is selected due to its suitability for complex models and relatively small sample sizes. The analysis consists of two stages:

1. Outer Model Evaluation, including convergent validity, discriminant validity, and reliability testing (composite reliability and Cronbach's alpha).
2. Inner Model Evaluation, including model fit assessment, coefficient of determination ($R^2$), and hypothesis testing.

### *3.6 Hypothesis Testing*

Hypothesis testing is conducted using path coefficient analysis and p-values. A significance level of 5% (0.05) is applied, where hypotheses are accepted if the p-value is less than 0.05. This procedure allows for testing the strength and direction of relationships between variables.

### *3.7 Research Framework*

The research framework is developed to illustrate the relationship between independent variables and the dependent variable. It reflects the theoretical foundation and guides the empirical testing of hypotheses in this study.

## 4. Results and Discussion

### 4.1 Validity Testing

Validity testing is used to determine whether a questionnaire is valid or not. A questionnaire is considered valid if the statements in the questionnaire are capable of revealing what the questionnaire is intended to measure. Thus, validity aims to determine whether the questions in the questionnaire we have created can truly measure what the researcher intends to measure (Imam Ghozali and Latan Hengky, 2014) .

There are two methods for testing validity using the Warp PLS 6.0 application in this study, as follows:

**1. Convergent Validity**

Convergent validity refers to the extent to which the measurement results of one concept are positively correlated with the measurement results of other concepts. Mahfud Sholihin and Ratmono Dwi (2013) state that convergent validity is part of the measurement model, which in SEM-PLS is typically referred to as the outer model.

The test of convergent validity in PLS with reflective indicators is assessed based on the average variance extracted. An indicator is considered to meet convergent validity in the "good" category if the factor loading is > 0.5 and is considered significant if the p-value is < 0.05. If the standardized factor loading is < 0.5, it is removed from the measurement model.

The results of the convergent validity test in Appendix 3 show that there are several indicators with factor loadings < 0.5. An indicator with a factor loading < 0.5 must be removed from the model because it is considered unsuitable for measuring a variable. After removing the indicators with factor loadings < 0.5, the test was repeated, yielding the convergent validity results shown in Appendix 3.

In addition to analyzing factor loadings, convergent validity testing can be performed by examining standard errors. The smaller the standard error of an indicator, the better or more appropriate it is. A large standard error indicates the inadequacy of the constructed model, and it is expected that the value be relatively small—below 0.5 or 0.4—and must not be negative. The following is presented in Appendix 3, showing the standard errors for each indicator.

Appendix 3 indicates that the variables Organizational Commitment (X1), Regional Management Information System (X2), Human Resource Competency (X3), Government Internal Control System (X4), Information Technology Utilization (X5), and Effectiveness of Local Government Assets (Y) have standard errors that meet the criteria, namely < 0.5 and are not negative; thus, all indicators in the research variables are considered to meet the model's validity criteria.

### 4.2 Discriminant Validity

Discriminant validity is assessed based on the cross-loadings between measurement items and the construct, by examining the loadings of the latent construct, which should predict its indicators better than other constructs. If the correlation between the construct and the measurement items (each indicator) is higher than that of other constructs, then discriminant validity is met. The results of the discriminant validity test can be seen in Appendix 3.

Based on Appendix 3, it is found that the Organizational Commitment variable (X1) consists of 9 statement items. Items X1.1 and X1.9 have smaller loading values compared to the loadings on the latent variable construct, so these items were excluded. The Regional Management Information System (X2) consists of 12 statement items, all of which have larger loading values compared to the loadings on other latent variable constructs.

The Human Resource Competency variable (X3) consists of 9 statement items, all of which have higher loading values compared to the loadings on other latent variable constructs. The Government Internal Control System (X4) consists of 23 statement items, all of which have higher loading values compared to the loadings on other latent variable constructs.

The Information Technology Utilization variable (X5) consists of 9 items; item X1.1 has a smaller loading value compared to the loadings on other latent variable constructs, then the Effectiveness of Local Government Asset Management (Y) consists of 28 statement items; among all the statement items of the Effectiveness of Local Government Asset Management variable, there are 2 items with lower loading values, namely 17 and 18, so these items were also excluded to meet the criteria for discriminant validity.

### 4.3 Reliability Testing

#### a. Composite Reliability

The third part of the outer model is composite reliability. The assessment of composite reliability is conducted by examining the output of the latent variable coefficients. A construct is considered reliable if it exhibits a composite reliability value > 0.70. A construct is deemed reliable if its reliability is high, as assessed by a reliability coefficient ranging from 0 to 1. The results of the composite reliability test in this study are as follows:

Table 1. Composite Reliability Coefficient Values

| Variable | Composite Reliability Value | Criteria | Description |
|---|---|---|---|
| X1 | 0.913 | > 0.70 | Reliable |
| X2 | 0.921 | > 0.70 | Reliable |
| X3 | 0.917 | > 0.70 | Reliable |
| X4 | 0.971 | > 0.70 | Reliable |
| X5 | 0.927 | > 0.70 | Reliable |
| Y | 0.976 | > 0.70 | Reliable |

Source: Compiled by the researcher, 2021.

Table 1. indicates that the composite reliability values for each variable are greater than 0.70. Thus, it can be concluded that all variables in this study meet the criteria for

composite reliability.

**b. Cronbach's Alpha**

The reliability test using composite reliability can be reinforced by using Cronbach's alpha. A variable can be declared reliable or meeting the Cronbach's alpha criterion if it has a Cronbach's alpha value > 0.60 (Bambang Purnomosidhi, 2014). The Cronbach's alpha values are shown in the following table:

Table 2. Cronbach's Alpha Coefficients

| Variable | Cronbach's Alpha Value | Criteria | Notes |
|---|---|---|---|
| X1 | 0.887 | > 0.60 | Reliable |
| X2 | 0.905 | > 0.60 | Reliable |
| X3 | 0.895 | > 0.60 | Reliable |
| X4 | 0.968 | > 0.60 | Reliable |
| X5 | 0.909 | > 0.60 | Reliable |
| Y | 0.974 | > 0.60 | Reliable |

Source: Compiled by the researcher, 2021.

Based on Table 1.2, it can be seen that the Cronbach's alpha values for each variable are > 0.60. Thus, based on the results of the composite reliability and Cronbach's alpha tests, it can be concluded that all questionnaires in this study are reliable.

**c. Inner Model Testing**

After conducting the outer model test, the inner model test was performed. In the inner model test, there are three methods: model fit, path coefficient, and $R^2$.

In the model fit test, there are three indices: average path coefficient (APC), average R-squared (Joe F Hair, et al.) and average variance of the factor (AVIF), with the criteria that APC and ARS are accepted provided the p-value is < 0.05 and AVIF is less than 5 (Mahfud Sholihin and Ratmono Dwi, 2013) . Evaluating the $R^2$ value indicates the extent of variability in the endogenous variables that can be explained by the exogenous variables. Coefficients of determination (R-squared) of 0.75, 0.50, and 0.25 for each endogenous latent variable in the structural model can be interpreted as substantial, moderate, and weak, respectively. The results of the model fit tests in this study are presented in the following table:

Table 3. Model Fit Tests

Model fit and quality indices
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Average path coefficient (APC) = 0.594, P < 0.001
Average R-squared (Joe F Hair, et al.) = 2.445, P < 0.001
Average adjusted R-squared (AARS) = 2.558, P < 0.001
Average block VIF (AVIF) = 31.080, acceptable if ≤ 5, ideally ≤ 3.3
Average full collinearity VIF (AFVIF) = 41.484, acceptable if ≤ 5, ideally ≤ 3.3

Source: Data processed by the researcher, 2021.

Based on the results of the model fit tests in Table 1.3, it can be seen that APC, ARS, and AARS yielded values of APC = 0.594; ARS = 2.445; and AARS = 2.558. All these values are significant with a p-value <0.001; the recommended p-value for APC, ARS, and AARS as a model fit is 0.005 (<0.05). Thus, the model goodness-of-fit criteria for this study have been met. The AVIF value is 2.530 < 5.0. The results of the test indicate that the model fit criteria in

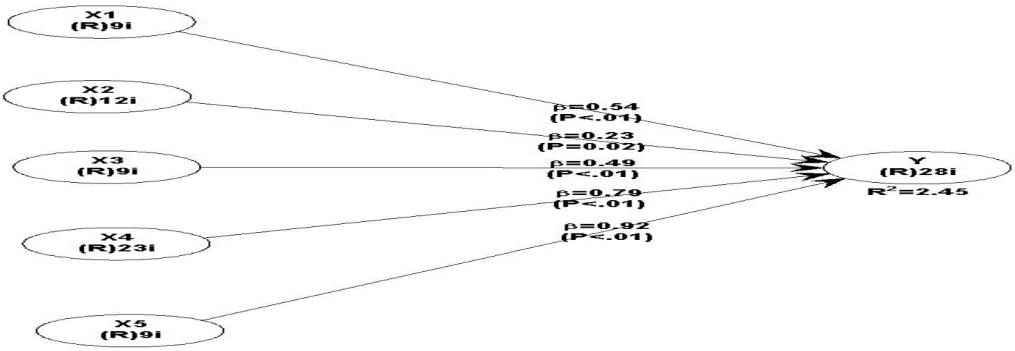
this study have been met, so the inner model can be accepted.

**d. Structural Model Analysis**

Structural equation modeling can be used to test hypotheses. Hypotheses are used to explain the direction of the relationship between independent and dependent variables. Whether a hypothesis is accepted or rejected statistically can be determined based on its significance level. The significance level used in this study is 10%. The decision criterion is that if the p-value ≤ 0.05, the hypothesis is accepted; conversely, if p-value ≥ 0.05, the hypothesis is rejected.

The results of the hypothesis testing in this study can be seen in the following figure:

Figure 2. SEM Test Results




Source: Output from Define SEM Model in Warp PLS 6.0

Notes:
X1 = Organizational Commitment
X2 = Local Management Information System
X3 = Human Resource Competence
X4 = Government Internal Control System
X5 = Utilization of Information Technology
Y = Effectiveness of BMD Management

The results of the hypothesis testing presented in the table can be seen below:

Table 4. Hypothesis Test Results

| Hypothesis | p-values | Regression Coefficients (b) | Decision |
|---|---|---|---|
| H1 | <0.01 | 0.54 | Accepted |
| H2 | 0.02 | 0.23 | Accepted |
| H3 | <0.1 | 0.49 | Accepted |
| H4 | <0.01 | 0.79 | Accepted |
| H5 | <0.01 | 0.92 | Accepted |

Source: Processed data, 2020.

Based on the information in Table 1.4 regarding the results of hypothesis testing in this study, the following can be explained:

**H1: Organizational commitment influences the effectiveness of managing regional assets in Central Sulawesi Province.**

The results of the H1 hypothesis test in Table 1.4 show a p-value of <0.01, which is smaller than the significance level of 0.10. The results of the H1 test indicate that the organizational commitment of the Central Sulawesi Regional Government ( ) influences

the effectiveness of the management of regional assets. The regression coefficient of 0.54 indicates a positive relationship between organizational commitment and the effectiveness of managing regional assets; therefore, the first hypothesis—that organizational commitment has a positive effect on the effectiveness of managing regional assets—can be accepted.

**H2: The regional management information system influences the effectiveness of the management of regional assets in Central Sulawesi Province.**

The results of the H2 hypothesis test in Table 1.4 show a p-value of 0.02, which is smaller than the significance level of 0.10. The results of the H2 test indicate that the Regional Management Information System influences the effectiveness of local government asset management. The regression coefficient of 0.23 indicates that there is a positive relationship between the Regional Management Information System and the effectiveness of regional asset management; therefore, the second hypothesis—that the Regional Management Information System has a positive effect on the effectiveness of regional asset management—can be accepted.

**H3: Human resource competence influences the effectiveness of the management of regional assets in Central Sulawesi Province.**

The results of the H3 hypothesis test in Table 1.4 show a p-value of <0.01, which is smaller than the significance level of 0.10. The results of the H3 test indicate that human resource competence influences the effectiveness of local government asset management. The regression coefficient of 0.49 indicates a positive relationship between human resource competence and the effectiveness of local government asset management; therefore, the third hypothesis—that human resource competence has a positive effect on the effectiveness of local government asset management—is accepted.

**H4: The government's internal control system influences the effectiveness of the management of regional assets in Central Sulawesi Province.**

The results of the H4 hypothesis test in Table 1.4 show a p-value of <0.01, which is smaller than the significance level of 0.10. The results of the H4 test indicate that the government's internal control system influences the effectiveness of the management of regional assets. The regression coefficient of 0.79 indicates a positive relationship between the government's internal control system and the effectiveness of managing regional assets; therefore, the fourth hypothesis—that the government's internal control system has a positive effect on the effectiveness of managing regional assets—can be accepted.

**H5: The utilization of information technology influences the effectiveness of the management of regional assets in Central Sulawesi Province.**

The results of the H5 hypothesis test in Table 1.4 show a p-value of <0.01, which is smaller than the significance level of 0.10. The results of the H5 test indicate that the utilization of information technology influences the effectiveness of local government asset management. A regression coefficient of 0.92 indicates a positive relationship between the utilization of information technology and the effectiveness of local government asset management; therefore, the fifth hypothesis is accepted.

Based on the results of statistical tests and hypothesis testing to examine the influence of organizational commitment, the regional management system, human resource competence, the government's internal control system, and the utilization of information technology on the effectiveness of managing regional assets within regional government agencies in Central Sulawesi, the following discussion is presented based on the statistical results, confirming previous theories and research as well as other information relevant to the current study. The discussion in this study can be outlined as follows:

**Organizational commitment influences the effectiveness of local government asset**

**management in local government agencies in Central Sulawesi Province**

Based on the results of hypothesis testing, it is shown that organizational commitment influences the effectiveness of regional asset management in Central Sulawesi Province. The statistical test results indicate that organizational commitment can enhance the effectiveness of regional asset management within the government of Central Sulawesi Province (H1 accepted).

Organizational commitment is the manifestation of an individual's willingness, awareness, and readiness to engage with and remain within an organization, as evidenced by the level of effort, motivation, and belief in the ability to achieve shared visions, missions, and goals (Muhammad Busro, 2018) . The indicators of organizational commitment are: affective commitment, continuance commitment, and normative commitment. This aligns with the explanation provided by Allen and Meyer in (Fred Luthans, 2006).

The results of the hypothesis testing in this study indicate that Organizational Commitment has a positive effect on the effectiveness of managing regional assets. The results of this study align with those of studies conducted by (Belo 2018; Fitri et al. 2013; Yuliantini 2017; and Puspitarini 2017) , which state that organizational commitment serves as a mediating variable in the influence of employee competence on employee performance, and that organizational commitment has a positive influence on the implementation of accrual-based government accounting in the management and administration of BMN. Conversely, this contradicts the research conducted by (Gunawan 2017), which states that organizational commitment has a non-significant negative influence on the quality of asset management.

**The regional management information system influences the effectiveness of regional asset management in the Regional Apparatus Organizations of Central Sulawesi Province**

Based on the results of hypothesis testing, it was shown that the regional management information system influences the effectiveness of regional asset management in Central Sulawesi Province (H2 accepted).

Hariyadi Darmawan Abdullah et al. (2018) state that the Regional Management Information System (SIMDA) is a technology-based regional financial management system that can assist local governments in generating financial information that is relevant, timely, accurate, complete, and verifiable. This aligns with the views expressed by Djaja in (Halens Ryanlie Ole, 2014) as well as Patricia Watulingas and Tangkuman Steven (2018) .

The results of statistical testing in this study indicate a positive influence of the regional management information system on the effectiveness of managing regional assets within the Central Sulawesi Provincial Government. The results of this study align with research conducted by (Patricia Diana et al., 2018; and Riawan, 2016), which states that the Regional Management Information System (SIMDA) has a significant impact on the quality of local government financial reports, and that the Regional Management Information System (SIMDA) has a significant positive moderating effect on the influence of human resource quality and budget quality on local government financial performance. Conversely, this contradicts research conducted by (Astini 2018; and Belo 2018), which states that information systems have a negative and significant influence on the effectiveness of fixed asset management.

**Human resource competence influences the effectiveness of local government asset management within the Regional Government Agencies of Central Sulawesi Province**

Based on the results of hypothesis testing, it is shown that human resource competency influences the effectiveness of managing local government assets in Central Sulawesi Province (H3 accepted).

In the Decision of the Head of the Civil Service , competence is defined as the abilities

and characteristics possessed by a civil servant, comprising the knowledge, skills, and behavioral attitudes required for the performance of their official duties. The main components of competence formation, according to Parulian Hutapea and Thoha Nurianna (2012) , consist of: knowledge (knowledge), skills (skill), and attitude (attitude).

The results of this study indicate that human resource competencies have a positive effect on the effectiveness of the management of regional assets. This study aligns with research conducted by (Gunawan 2017; Nugroho and Eva 2017; Wahyuni et al. 2018; Yuliantini et al. 2017; Puspitarini et al. 2017), which demonstrates that competence has a positive and significant influence on the quality of asset management.

**The government's internal control system influences the effectiveness of local government asset management within the Regional Government Agencies of Central Sulawesi Province**

Based on the results of hypothesis testing, it is shown that the government's internal control system influences the effectiveness of the management of regional assets in Central Sulawesi Province (H4 accepted).

An Internal Control System is a process comprising continuous actions and activities carried out by management and all employees to strengthen confidence that the organization will achieve its objectives through efficient and effective operations, consistent financial reporting, protection of state assets, and compliance with laws and regulations as outlined in Government Regulation No. 60 of 2008. The elements of the government's internal control system in Government Regulation No. 60 of 2008 consist of: control environment, risk assessment, control activities, information and communication, and monitoring of internal controls.

The results of the tests in this study indicate that the government's internal control system has a positive effect on the effectiveness of the management of local government assets. This study aligns with research conducted by (Astini 2018; Subrata et al. 2018; Dewi et al. 2019; Subrata et al. 2018; Dewi et al. 2019; Fahrurrozi et al. 2019; which state that the internal control system has a positive and significant influence on the effectiveness of fixed asset management, as well as an influence on fraud prevention and a negative relationship with fraudulent acts.

**The utilization of information technology influences the effectiveness of regional asset management in Regional Apparatus Organizations in Central Sulawesi Province**

Based on the results of hypothesis testing, it is shown that the utilization of information technology influences the effectiveness of the management of regional assets in Central Sulawesi Province (H5 accepted).

Fitri Mariana Tampubolon and Basid Ahmad (2019) explain that the utilization of information technology refers to the speed of information processing. Furthermore, Hari Purnama (2020) also states that the utilization of information technology involves the use of accounting software applications to manage an organization's finances. According to (Sutarman, 2009) , the measurement of information technology utilization is based on: intensity of use, frequency of use, and the number of applications or software packages used (diversity of software packages used).

The results of this study indicate that the use of information technology has a positive influence on the effectiveness of local government asset management. This supports previous research conducted by (Rachmawati et al., 2018), which stated that the optimal use of information technology in the ATISISBADA application can improve the effectiveness of asset management activities for local government assets. Research conducted by (Subrata et al., 2018) indicates that the utilization of information technology has a positive effect on the quality of reports regarding regional assets. However, this contradicts the findings of a study by (Wahyuni et al., 2018), which showed that the utilization of information technology does not affect the

management of regional assets.

## 5. Conclusion

Based on the results of hypothesis testing and discussion, the following conclusions can be drawn from this study:

1. Organizational commitment has a positive effect on the effectiveness of local government asset management.
2. The Regional Management Information System has a positive effect on the effectiveness of the management of regional assets.
3. Human resource competence has a positive effect on the effectiveness of local government asset management.
4. The government's internal control system has a positive effect on the effectiveness of local government asset management.
5. The use of information technology has a positive effect on the effectiveness of managing local government assets.

Based on the results of this study, the following recommendations can be made:

**For Government Agencies**

1. Commitment from all parties is essential to improve the quality of BMD management.
2. Regional government asset documents should be better administered to facilitate the management of regional government assets.
3. Involve OPD asset managers and staff in the asset management field to enhance their proficiency in operating the SIMDA-BMD application.

**For Academics**

Future researchers are encouraged to not only use survey methods through the distribution of questionnaires but also conduct interviews to gather additional information for their research.

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