



Multi-Stakeholder Perceptions of the South Kalimantan Local Government Internal Control System

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ABSTRACT

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This study aims to identify the perceptions of multi-stakeholders (internal, external, and expert). Internal perceptions are those held by civil servants within the South Kalimantan Regional Government. The sources of external perceptions include the community, suppliers, journalists, and other stakeholders in South Kalimantan. Expert perceptions are drawn from retirees, members of the police, prosecutors, and other relevant individuals within the South Kalimantan Regional Government. The data analysis technique uses thematic analysis with phenomenological analysis techniques. Based on the analysis, the internal control system in the South Kalimantan Regional Government has shown positive developments, especially in the aspects of employee integrity, simplification of procedures, and utilization of technology. However, some areas require improvement, such as budget transparency, public awareness of complaint mechanisms, and strengthening interactive communication. In addition, there is still a lack of efficiency in providing services. The positive perceptions of internal, external, and expert stakeholders on integrity and service procedures show that the involvement of various stakeholders can improve the quality of internal control. Local governments must expand service digitization as a whole to increase efficiency and reduce opportunities for corruption. In addition, local governments also need to develop interactive methods such as hands-on training, discussion forums, and social media-based campaigns.

Keywords: government, internal control system, South Kalimantan.



INTRODUCTION

The Internal Control System (ICC) is one of the important elements in governance that aims to ensure efficiency, effectiveness, and accountability in the management of public resources. SPI is designed to create transparent financial management and reduce the risk of irregularities, including fraud and corruption (Turner et al., 2020). In the context of local government, SPI has a strategic role to ensure that government programs can run following applicable regulations and meet community expectations. In government organizations, the community is the main stakeholder of the government, therefore, the government should meet the expectations of the community (Setyowati, 2015).

Local governments have full authority in controlling finances that will be used for local government needs (Ayagre & Aidoo-Buameh, 2017). This is one of the opportunities used by certain individuals to commit crimes. Therefore, it is necessary to have an internal audit to be able to control and prevent crimes committed by certain individuals (Tong, 2016). In addition to internal audits, government employees and the public are also expected to help report any suspected criminal acts. Government employees in carrying out their duties must be honest, direct, and avoid corruption issues, especially in exploiting public funds for personal gain (Zakaria et al., 2020). Reporting from government employees who are considered internal parties to higher officials or related institutions, can help internal control be better. Likewise, the public who are considered as external parties who provide reports can also contribute to eradicating crime in the government environment.

In South Kalimantan, the implementation of SPI at the local government level faces various challenges. The Supreme Audit Agency (BPK) report identified several problems, such as the disorderly administration of fixed assets, weaknesses in the management of user fees, and irregularities in capital expenditures. In addition, there are findings related to less-than-optimal internal supervision, which has the potential to reduce public confidence in regional financial management (BPK RI).

The challenges of SPI implementation in South Kalimantan stem not only from technical factors but also from the complexity of multi-stakeholder interests. Internal stakeholders, such as local government officials and internal auditors, often face limited human resource capacity and a lack of understanding of the role of internal control. Meanwhile, external stakeholders, such as the public, non-governmental organizations and the media, have high expectations for transparency and accountability in local financial management (Rini and Hidayat, 2020).

Multi-stakeholder perception of SPI is an important factor that can influence the effectiveness of SPI implementation itself. Positive perceptions can encourage better collaboration between local governments and communities in improving governance (Hartono, 2015). Conversely, negative perceptions can fuel distrust and undermine the legitimacy of the government (Rothstein, 2009). Therefore, research on multi-stakeholder perceptions of SPI in the South Kalimantan local government is important to identify challenges, opportunities, and strategies for improvement.

This research uses stakeholder theory. Stakeholder theory states that organizations are not only responsible to owners or shareholders, but also to individuals or groups that are affected by or can influence the achievement of organizational goals (Freeman, 2010). In the context of governance, stakeholders include citizens, international institutions, civil society organizations, the

private sector, and the media. The government, as the manager of the country, must consider the needs and expectations of these stakeholders in decision-making and policy implementation.

According to Robbins & Judge (2020) in *Organizational Behavior*, internal perception is rooted in intrinsic factors such as self-confidence, stress levels, and mindset. Schneider et al. (2017) in *Strategic Human Resource Management* stated that external perceptions play an important role in shaping social interactions and work relationships. For example, perceptions of colleague competence or organizational fairness can affect collaboration and productivity.

Expert perceptions are views held by individuals or groups who have deep expertise in a particular field. These perceptions are usually based on extensive knowledge, experience and critical analysis. According to Ericsson et al. (2018) in *The Cambridge Handbook of Expertise and Expert Performance*, expert perceptions tend to be more objective because they are supported by empirical data and experience. However, cognitive biases can still affect these perceptions, especially in situations with high pressure or ambiguous information.

External perception is the mental process by which individuals interpret and assess information coming from their external environment (Ehrhart et al., 2013). In contrast to internal perception that focuses on one's views, external perception refers to how one sees, assesses, and responds to objects, people, or situations in the outside world. This process involves observation, attention, and interpretation of stimuli or events occurring around the individual. External perception serves to provide individuals with the information necessary to interact with their social and physical environment. Different people can have different external perceptions of the same object or situation, depending on factors such as their cultural background, personal experiences, values, goals or motivations.

This study's central research question is how local governments perceive internal control systems. This includes the perceptions of all employees at the district, city, and provincial levels in South Kalimantan. We also aim to understand external perceptions from various sources, such as suppliers, partners, NGOs, journalists, business organizations (HIPMI), and youth organizations, regarding these systems. Finally, the study incorporates expert perceptions from the police, prosecutors, and retirees.

RESEARCH METHOD

This research uses qualitative methods with case studies. The data sources for this research are internal, external, and expert informants with certain criteria. The selection of informants was carried out randomly according to groups (internal, external, and expert). Internal perceptions are those held by civil servants within the South Kalimantan Regional Government. The sources of external perceptions include the community, suppliers, journalists, and other parties in South Kalimantan. Expert perceptions are provided by retirees, members of the police, prosecutors, and other relevant individuals within the South Kalimantan Regional Government. Data collection techniques by means of interviews and observation. The interview technique used was semi-structured, and the method of preparing questions was taken from SPI KPK 2024, which was modified by the researcher. Interviews were conducted from August to December 2024. The data analysis technique used was thematic analysis with phenomenological analysis techniques. There were 8 informants in this study. The questions asked of internal, external, and expert informants are:

Internal:

- Does your office conduct anti-corruption socialization, and through what media?
- In the past year, have any employees or officials been exposed to alleged corruption cases?
- Does the Social Service Office assign people/employees to places that are within their fields of expertise?
- According to ladies and gentlemen, is it possible for service officers or field officers at the Social Service to receive bribes or gratuities from service users?
- Is there an application or website (online system) to provide online services?
- To your knowledge, in the last two years, has there been a promotion and transfer process? Was it fast or slow?

External:

- What is your view or opinion on transparency and fairness that you feel when dealing with the office?
- Have you ever taken care of something at the service office before? How does the office provide services?
- Are the standards and procedures provided easy to do or follow as a service user? Is payment required in advance?
- Is everything according to procedure?
- Is there special treatment between ordinary people and people who have influence or positions?
- In the past year, has there been an appeal made by the local government to carry out corruption prevention practices in the region?
- Is there an anti-corruption complaint center for anti-corruption prevention from the government?
- In the past year, have you heard or seen that an employee suddenly had a lot of money or a new car or a new house?
- Do the people in the office here, on average, never accept gratuities in the form of money, facilities from contractors or builders?
- In the past year, have you ever been asked or given something to an official in the form of money or anything other than money to facilitate services or so on?

Expert:

- How confident are you that officials or employees in the local government accept bribes or do not accept bribes?
- How confident are you that the officials or employees in your local government are taking bribes or not taking bribes?
- How confident are you that officials or employees in the local government put personal interests ahead of the interests of the community in carrying out their duties?

- How confident are you that the local government and its agencies, technical services, have provided complete information and service procedures to service users so far?
- How confident are you that there is intervention from other parties, such as unscrupulous officials or people who influence the decision-making process?
- How confident are you that the local government provides budget-related information that can be viewed by anyone?
- How confident are you that there are corrupt or fraudulent practices in the procurement of goods and services in your local government?
- How confident are you that the human resources policy process is not objective due to bribery, nepotism, collusion and reciprocity?
- How confident are you that the local government can handle irregularities, fraud or corruption that occur in its agencies or departments?
- How confident are you that officials in the local government have carried out anti-corruption behavior as a form of implementing anti-corruption socialization?
- How confident are you that the local government has involved the community in efforts to prevent corruption?
- In the past year, have you had any experience dealing with the local government? Difficult or not? Long or short?
- In the past year, have you seen or heard of officials or employees in this local government accepting money, bribes, goods, or facilities provided by other parties?

RESULTS AND DISCUSSION

The internal control system is an important element in managing organizations, including local governments, to ensure transparency, accountability and efficiency. This analysis will review the implementation of the internal control system in the South Kalimantan Regional Government based on the findings of the informants' responses. A good control environment creates a solid foundation for the internal control system.

According to informants from Tanah Bumbu, the implementation of tasks such as providing services to the community is considered to follow the SOP. The placement of employees in positions that are in accordance with their respective expertise helps to improve the efficiency and quality of services. However, digital services are still limited. This is due to the lack of supporting facilities to perform digital services and the lack of encouragement to further encourage digital services. This shows that the local government has carried out its role as a public servant, following the principles of stakeholder theory, namely meeting the expectations of groups directly affected by government policies and actions (Freeman, 2010).

Anti-corruption socialization is still often carried out informally, there are no formal activities that directly involve employees. However, anti-corruption campaign media, such as banners or billboards, are available. So that anti-corruption socialization to the community is still fairly passive because it relies more on media such as billboards and others. Efforts to prevent corruption have also been made, such as digitizing services, although not all services are digital. Informants stated

that the use of banners and billboards is one of the media to convey anti-corruption messages. However, the effectiveness of this media still needs to be improved through more structured and interactive socialization. In stakeholder theory, the government must actively communicate and create dialogue channels with stakeholders. Passive socialization activities go against the spirit of stakeholder engagement, which should encourage two-way interaction and increased public participation (Yulisprianto & Aji, 2018).

Informants stated that there were no indications that field officers or internal employees received gratuities or bribes from the public while carrying out their duties. Also, in the past year, no employees or officials in the agency where the informant works have been linked to allegations of corruption. So, it can be seen that local employees maintain good work integrity.

The informant confirmed that there was no indication that employees received bribes or gratuities while carrying out their duties. In the past year, no corruption cases have been detected where the informant works. This shows that employee integrity is still well maintained within the local government.

Based on information from informants from the local government, the implementation of service tasks to the community has been carried out following Standard Operating Procedures (SOPs), with the placement of employees according to their expertise so as to support the efficiency and quality of services. Although digital services are starting to be implemented, their application is still limited. There is still a lack of facilities and developments that limit digital services still limited. In terms of stakeholders, this shows that the government has not optimally responded to the demands of modern stakeholders who want digital-based and transparent public services. This could reduce stakeholder satisfaction and trust in government performance (Soewito et al., 2023).

Efforts to prevent corruption have been made, such as the installation of anti-corruption campaign media (banners and billboards), although formal socialization activities are not optimal and are still informal. There are no indications of acceptance of gratuities or bribes by employees, and no corruption cases have been detected in the past year. This reflects that the integrity of employees in the work environment is still well maintained, although the effectiveness of anti-corruption campaign media and socialization still needs to be improved in a more structured and interactive manner.

The services provided by the relevant agencies within the South Kalimantan Regional Government are considered to be in accordance with standards or SOPs. This was conveyed by all informants that the services provided were very good, easy to understand and follow, and did not provide special or special treatment to anyone. The informant explained that when in a place or local government office that provides services to the community, the informant did not find or see special or preferential treatment for any other party. This statement was also confirmed by Ms. Anita (informant from Balangan), who stated that the South Kalimantan Regional Government's service SOPs were good, easy to understand, and did not require additional fees. This shows that the local government has implemented the principles of inclusive services and distributive justice, where all stakeholders (the community) get equal treatment regardless of social, political or economic backgrounds. This reflects the implementation of the government's social responsibility to all community groups, as emphasized in stakeholder theory (Freeman, 2010).

From the interviews, it was found that South Kalimantan Local Government employees are considered to have high integrity. Mr. Asparani (informant from Tanah Bumbu) confirmed that there is no nepotism, collusion, or abuse of position. The informant stated that he did not find anyone in the

local government who used positions improperly, collusion, or practiced nepotism within the local government. In addition, some informants also stated that the treatment of the public is fair without discrimination based on race, religion, or social status. Employee integrity is the basis for building public trust. This can be seen from the informants' assessment that employees do not discriminate against the community based on any background. This shows the application of the principle of inclusiveness in public services.

The informants assessed that the South Kalimantan Regional Government has been quite active in preventing anti-corruption, such as conducting anti-corruption campaigns, anti-corruption appeals in the form of banners or x-banners in official offices and on the roadside. This is also confirmed by statements from Mr. Heri and Ms. Anita (informants from Balangan and Hulu Sungai Selatan) who stated that anti-corruption banners or x-banners are in every office, and anti-corruption campaigns have often been carried out. In addition, the South Kalimantan Regional Government also carries out corruption prevention measures such as simplifying service processes, online services, and non-cash payments. Ms. Fatimah (informant from Balangan) appreciated the actions taken by the South Kalimantan Regional Government because they can reduce the gap for corruption and speed up the services provided. However, almost all informants were not aware of the media to accommodate reports from the public regarding acts of corruption committed by individuals. This effort shows that the government is responsive to stakeholder demands for clean and transparent government. However, the information gap (people are not aware of the reporting media) indicates that stakeholder involvement in public oversight still needs to be strengthened. Stakeholder theory also underlines the importance of dialogue and participation, not just one-way communication such as banners or x-banners (Soewito et al., 2023).

Informants stated that they had never been asked to provide gratuities in the form of money, goods or facilities to employees or officers of the South Kalimantan Regional Government. There were no reports or indications of employees having suspicious wealth, such as new houses or vehicles that were not reasonable. The informants also never saw or heard of any employees receiving bribes in any form in the past year. So, it can be seen that employees in the local government have good integrity in carrying out their duties and providing services to the community, following applicable regulations.

Based on information from these informants, it can be seen that public services provided by agencies within the South Kalimantan Regional Government are considered to be under Standard Operating Procedures (SOPs), are transparent, fair, and easy to understand without requiring additional costs or special treatment. Employees are considered to have high integrity, are not involved in the practice of nepotism, collusion, or abuse of position, and provide services inclusively without discrimination based on community background.

The South Kalimantan Regional Government has also made various efforts to prevent corruption, such as campaigns through banners or x-banners, service simplification, digitalization, and the implementation of non-cash payments. However, most informants were not aware of any special media for reporting suspected corruption by the public. Informants stated that they did not know about the existence of a place to report fraud in the form of corruption.

In addition, there were no indications of gratification, bribery or suspicious wealth practices among employees over the past year. This suggests that integrity and governance in the region are working well, although there is still room to improve channels for public reporting of corrupt practices.

Mr. Taufik (informant from Balangan) assessed that the services provided by South Kalimantan Regional Government employees were following procedures, fair, and without discrimination in providing services to the community. Mr. Selamat (informant from Hulu Sungai Selatan) also added that the South Kalimantan Regional Government was quite good in terms of service transparency through social media. However, based on information provided by Mr. Endang (informant from Tanah Bumbu), there is still rigidity in the services provided at SAMSAT and long queues at hospitals. Additionally, he noted that some departments are slow in providing services, and there are still instances of illegal fees being collected at the staff level in certain departments. These findings indicate that the local government has not yet fully succeeded in mediating stakeholder interests effectively. Stakeholders expect fast, clean, and efficient services. When services are slow and illegal fees still exist, this indicates that the rights of stakeholders (the public as service recipients) have not been fully fulfilled. In stakeholder theory, failing to meet these expectations will impact legitimacy and public trust (Nugroho et al., 2017).

According to Mr. Taufik (informant from Balangan), the South Kalimantan Regional Government has frequently conducted anti-corruption socialization and demonstrated good anti-corruption behavior. Similarly, Mr. Selamat (informant from Hulu Sungai Selatan) stated that the South Kalimantan Regional Government has been quite active in involving the community in corruption prevention. However, these efforts are considered insufficient, particularly in terms of socializing corruption complaint mechanisms. Budget transparency is good, but he suspects that there have been changes in the prices of goods and services procurement. Mr. Endang (informant from Tanah Bumbu) stated that the South Kalimantan Regional Government is still not fully transparent in terms of budget information. Corruption prevention efforts appear to be lacking in intensity, although there have been no reports of direct requests for gratuities. The South Kalimantan Regional Government has also made various efforts to prevent corruption by providing digital-based services such as online registration and cashless payments. This is considered to be able to increase transparency and efficiency in providing services. However, it is unfortunate that the South Kalimantan Regional Government is still lacking in providing information about the corruption reporting media that has been provided by the South Kalimantan Regional Government.

Mr. Taufik (an informant from Balangan) has never encountered or heard of any bribery, extortion, or embezzlement in the service delivery or procurement of goods and services. This contrasts with the statements made by Mr. Selamat and Mr. Endang, who reported extortion and price changes in the procurement of goods and services. Additionally, there is a tendency for some employees to prioritize personal interests over public service.

Public services within the South Kalimantan Regional Government are generally assessed as having been conducted following procedures, fairly, and transparently, particularly through the use of social media and digital services such as online registration and cashless payments. However, there are still challenges in its implementation, such as rigid service at SAMSAT, long queues at hospitals, delays in service at some departments, and the continued practice of extortion (pungli) at the staff level.

Based on information from these informants, efforts to prevent corruption have been made through socialization, budget transparency, and the provision of complaint mechanisms. However, the effectiveness of socialization is still considered less than optimal, especially in terms of disseminating information about corruption complaint media. There are differing views among

informants: some have not encountered any bribery or embezzlement, while others have reported that illegal fees are still being charged and that there are indications of price manipulation in the procurement of goods and services.

In general, the South Kalimantan Regional Government has demonstrated its commitment to clean and transparent public services, but there is a need to increase the intensity of socialization, supervision of illegal fees, and improvement of service quality to make it more responsive and efficient. The government has taken strategic steps, but has not yet maximized efforts to build a two-way communication system with stakeholders, especially the public who wish to report corruption. According to stakeholder theory, public participation will not be effective without recognized and trusted reporting channels, indicating the need for improvements in information transparency and government interaction with external stakeholders (Putra & Rasmini, 2019).

CONCLUSION

Based on the results of the analysis of the three perceptions above, it was found that the internal control system in the South Kalimantan Regional Government has shown positive developments, particularly in terms of employee integrity, simplification of procedures, and utilization of technology. This indicates that the South Kalimantan Regional Government is striving to meet the expectations of the community as the main stakeholders.

However, several areas require improvement by the South Kalimantan Regional Government, such as budget transparency, public awareness of complaint mechanisms, and strengthening interactive communication. Additionally, there is still a lack of efficiency in service delivery, resulting in slow service processes. Furthermore, there are still instances of illegal fees being collected by certain individuals and employees who prioritize personal interests over public interests. The limitations of this study include the need to add more informants and expand the research area.

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