The influence of business strategy, leadership style, and effectiveness of internal control system on implementation of good government governance and its implication on organizational performance

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C H R O N I C L E	A B S T R A C T
	This research conducted testing on the influence of business strategy, leadership style, and internal control system (IC) on implementation of Good Government Governance (GGG) and its implication on organizational performance of Social Security Administrator for Health (known as BPJS Kesehatan). Data analysis was performed using a descriptive method, assisted by a statistical tool Structural Equation Modeling (SEM)-Lisrel. The data was tabulated from distributed and returned questionnaires from 325 deputy offices, branch offices, and service offices. The results showed that business strategy, leadership style, and the effectiveness of IC influenced the implementation of Good Government Governance. The result also provides evidence that leadership style had a positive significant influence on performance. Conversely, the business strategy and effectiveness of IC did not have a positive significant influence on BPJS performance.

1. Introduction

1.1 Background of Research

Organizational performance is related to productivity like using resources effectively and efficiently to achieve the result (Jowett & Rothwell, 1988). Jowett and Rothwell, (1988) further stated that government performance measurement is a comprehensive measurement of the process of providing good services so that they are categorized as effective and efficient.

BPJS performance in business governance is categorized as poor. This is stated by Annisa et al. (2020) BPJS experienced a deficit of IDR 11,69 trillion in 2018. This is also supported by BPJS' own published data, namely the recognition of a deficit of IDR 11.21 trillion in 2021 (BPJS Kesehatan, 2022). The deficit in funding for the implementation of the JKN Program continues even though the government has provided financial assistance to the Health Social Security Fund, because BPJS Health does not yet have effective governance or contribution collection mechanisms, especially to ensure the collectibility and validity of the contribution amount for the Wage Recipient and Non-Wage Worker segments (BPK RI, 2021).

Health service reform related to governance and management has become the concern of governments in various countries (Uddin et al., 2020). Stoker and Stoker, (1998) stated that the essence of good governance focused on its mechanism that does not depend on the rights and penalties from authorities. Good governance is about contract potential, agencies, and a new form of regulation. In short, it is about contemporary public management. However, good governance is more than a new set of managerial rules. Governance is also more than achieving bigger efficiency in public service products.

Arunruangsirilert & Chonglerttham, (2017) provides empirical evidence that the characteristic of corporate governance is significantly influenced by two aspects such as participation and company strategy, while Cuevas-Rodriguez et al. (2016) found that the companies that carry out privatization with new ownership are required to be clear on the strategy to be applied. To carry out the strategy, clear corporate governance is required.

Jain, (2000) stated that strategy is a pattern of a goal or main target and policies as well as the plan to achieve those goals stated in a way that allows a company to know its present condition and desired outcomes in the future. From the accounting management point of view, strategy management is acts taken by top management related to the establishment and achievement of company performance for the long term (Wheelen & Hunger, 2012).

Adams, (2002) found that effective business strategy has a positive influence on company performance in the future. Therefore, business strategy must have a framework and measures reviewed continuously to adapt to complex, dynamic, interrelated issues. Meanwhile, Nawaz, (2017) researched 174 banks in several countries by analyzing the financial reports taken from 67 sample Islamic banks which applied corporate governance. The result concluded that increasing and investing in resources development influenced corporate governance significantly. Besides business strategy, good government governance is also influenced by leadership style.

Appelbaum et al. (2009) stated that leadership style has a significant influence on corporate governance. The same result was shown by Rooney & Cuganesan, (2015) who stated that the leadership model applied by a company influences the successful implementation of governance and company performance in the future. Meanwhile, the research conducted by Yu et al. (2013) found that the performance of the financial service provider sector is not only influenced by service, new product types but also by leadership and governance.

Mulyani & Arum (2016) found that effective implementation of the internal control system has a significant influence on organizational goals. Cuevas-Rodriguez et al. (2016) found that the companies who carry out privatization with new ownership are required to be clear on the implementation of information systems and internal control will determine the successful implementation of corporate governance. Doyle et al. (2007) found that organizations with low internal control will result in low-quality financial reports and bad good governance. Abbas and Iqbal (2012) in their study also found the importance of internal control systems in supporting organizations to minimize the operational risks and increase the reliability of financial reports to build shareholders' confidence.

Based on the phenomena above, it is clear that there are issues related to good government governance in BPJS in Indonesia. Therefore, research is necessary to empirically prove the influence of business strategy, leadership style, and effectiveness of internal control systems on the implementation of good government governance and its implication on BPJS performance in Indonesia.

1.2 Identification of the problem

The identification of the problem of this research is: how big is the influence of business strategy, leadership style, and effectiveness of internal control systems on the implementation of good government governance and its implication on BPJS performance?

2. Review of Literatures

2.1 Business Strategy

Strategy is the company's way of determining the main goals and objectives in the long term and also determining the various activities that must be carried out and allocating the necessary resources to achieve these goals Robbins et al., (2012). Jain, (2000) stated that strategy is a pattern of a goal or main target and policies as well as the planning to achieve those goals which are stated in a way that allows a company to know its present condition and desired outcomes in the future. From the accounting management point of view, strategy management is acts taken by top management related to the establishment and achievement of company performance for the long term (Wheelen & Hunger, 2012). Business strategy (Laudon & Laudon, 2014; O'Brien & Marakas, 2010; Aaker & McLoughlin, 2010; Zahra & Covin, 1993) is measured by:

    a.   Quality operational dimension i.e. Standard Operating Procedures and quality technology
    b.   Market-oriented dimension i.e. Network strategy design and service strategy

c.   Competitive advantage dimension i.e. membership services with innovative ways of paying using PPOB, market place and so on, low-cost strategies, and Differentiation of Participation Services through online (JKN Mobile).

2.2 Leadership Style

Luthans (2010) stated that leadership style is a leader's way to influence others or subordinates. While Boin & Hart, (2003) stated that leadership style can be varied depending on individual preferences, company preferences, or cultural paradigm and because of the situation itself. According to the contingency model Fiedler et al. (1969), an effective unit business performance depends on a proper match between the degree to which the situation dictates the leader's control and the leader's style.

Leadership style is measured by the behavior of the leader in influencing the subordinates. According to Northouse, (2017); Avolio et al., (1999); Luthans, (2010); Yukl, (2006) leadership style consists of:

a.   Directive i.e. receive inputs from subordinates and direct the subordinates on how to complete the tasks
b.   Supportive leadership i.e. pay attention to the needs of the subordinated and treat subordinates in a friendly manner.
c.   Participative i.e. involve the opinions of subordinates in decision making and using the suggestions before making decisions.
d.   Achievement Oriented i.e. give opportunities to subordinates and also give confidence to subordinates.

2.3 Effectiveness of Internal Control Systems

Simons, (1995) stated that internal control is a systematic procedure and protection for information handling, transaction processing, and recording. Mulyani (2017) stated that internal control is a plan, method, and procedure designed by management to provide sufficient assurance for the achievement of operational efficiency and effectiveness, financial reporting reliability, asset security, and compliance with laws. Foster, (2019) defined internal control in the healthcare provider industry as a process influenced by the Board of Directors, management, and other personnel to provide sufficient assurance about the achievement of operating, reporting, and compliance objectives.
Effectiveness of internal control systems in Messier et al., (2008); Arens et al., (2013); Mulyani (2017); Moeller, (2013) dan PP No 60, (2008) is measured by:

a.   Control environment i.e. enforcement of integrity and ethical values, commitment to competence, and conducive leadership.
b.   Risk assessment i.e. risk identification and risk analysis
c.   Control activities i.e. separation of functions, authorization of transactions, and accurate and timely recording.
d.   Information and communication i.e. access to information and development/maintenance of information systems.
e.   Monitoring i.e. continuous monitoring and follow-up on audit results and other reviews.

2.4 Implementation of Good Government Governance

Kaufmann (2007) stated that governance is a way of state power used in managing the economy and social resources for development and society. Meanwhile Asian Development Bank, (2022) defined governance as a way where power is exercised in managing a country's economy and social resources for development. According to Stoker and Stoker, (1998), governance is defined as a set of tools to assist new managers so that the government can achieve great efficiency in providing services to the community.
According Undang-Undang Republik Indonesia No 30, (2002); Hout, (2007); Jinarat & Quang, (2003); Umar, (2006) Good Government Governance is measured by:

a.   Transparency i.e. operational transparency and financial transparency
b.   Accountability i.e. reporting and accountability
c.   Participation i.e. democratic decision-making and community involvement.

2.5 Organizational Performance

Verweire & Berghe, (2004) defined performance as a measure that can be made by an organization using productive assets compared to the value expected by the owners of capital. Saragih and Mulyani (2018) using Upper Echelon Theory stated that organizational performance and organizational strategy choices are viewed as reflections of manager background characteristics.

Performance is a measure of productivity by using outputs and inputs i.e. all goods and services and resources used in achieving organizational goals, and therefore productivity improvement efforts are performance improvement Manzoni & Islam, (2009). Savoie, (2013) also stated that performance is related to organizational efficiency.

In addition, performance, according to Mardiasmo, (2021; Lusthaus et al., (2002) is measured by the following dimensions and indicators:

a. Economical i.e. elements of cost (comparison of the purchase price with the budget) and timeliness.
b. Efficient i.e. resource utilization, low cost with high yield, work planning, and scheduling.
c. Effective i.e. the vision is understood and comprehended by the staff, the effectiveness of the organization is always monitored and the organization uses feedback to improve the vision.

2.6 Influence of Business Strategy on the Implementation of Good Government Governance

Nawaz (2017) researched on 174 sample banks in the world. By analyzing financial reports, 67 samples were obtained on the banks that applied corporate governance. The result concluded that the business strategy of Islamic banking companies done by increasing and investing in resource development has a significant influence on corporate governance. The same result of a study by Cuevas-Rodriguez et al., (2016) found that the companies that carry out privatization with new ownership are required to be clear on the strategy to be applied. To carry out the strategy, clear corporate governance is required.

According to Appelbaum et al. (2009), company strategy is basic in implementing corporate governance. Initially, the company can perform organizational fragmentation in the form of level grouping or departmentalization to ensure that each department can carry out its strategy and each level of the organization or department is required to carry out predetermined procedures. Arunruangsirilert & Chonglerttham, (2017) conducted a study on companies listed on the Thai stock exchange 2011-2013. The result showed that the characteristics of corporate governance were significantly influenced by two aspects i.e. participation and corporate strategy.

2.7 Influence of Leadership Style on the implementation of Good Government Governance

The result from Appelbaum et al., (2009) showed that leadership style gives a positive influence on the implementation of corporate. Rooney and Cuganesan, (2015) stated that the leadership model applied by the company influences the successful implementation of good governance and company performance in the future. Arnold et al., (2001) also found that transformational leadership can direct the company to operate accordingly as the implementation process of corporate governance and to improve the company productivity. Yu et al., (2013) found that the performance of banking sectors is not only influenced by services, types of new products but also influenced by transformational leadership and governance. Lee, (2005) conducted a study with a population from R & D Manufacturing Company in Singapore. The result showed that transformational leadership style gives a significant influence on corporate governance through the commitment of the organization.

2.8 Influence of Effectiveness of IC Systems on Implementation of GGG

According to Hayes, (2005), control is necessary to ensure that all relevant economic events are captured by the accounting system and the process of modifying and summarizing financial information does not allow errors. The same result was also shown by Doyle et al., (2007) who found that an organization with a low internal control system will result in low-quality financial reports. Foster, (2019) stated that internal control allows the organization effectively and efficiently to develop internal control systems that adapt to changes in the business and operating environment, reduce risks to an acceptable level, and supports decision-making and Good Government Governance of the organization.

Mulyani (2017) also found that the effectiveness of internal control influenced the achievement of organizational goals. Al-zeaud, (2012) who conducted a study on internal auditors in 142 public companies also found that the implementation of internal control carried out by the company's internal auditor team could effectively realize the company's goal.

2.9 Influence of Implementation of Good Government Governance on Performance

Lockwood (2010) conducted a study by using seven Good Government Governance indicators such as legitimacy, transparency, accountability, inclusiveness, fairness, connectivity and resilience. The result showed that the principles of Good Government Governance are closely related to the achievement of performance.

Achim et al. (2020) who conducted a study on companies listed in stock trading in Rumania found that there is a positive relationship between qualities of corporate governance with company market value. Amba, (2012) found corporate governance influenced the company's financial performance. Another study conducted by Bhagat & Bolton, (2008) used the variable of the board of directors as a proxy for Good Government Governance, performance, ownership, and capital structure. The result showed that good government governance has a positive influence on future stock market performance.

2.10 Influence of Business Strategy on Performance

A study conducted by Adams, (2002) found that business strategy is related to organizational performance. With a clear business strategy, an organization can run more effectively. (Allen & Helms, 2006) conducted a study on companies in the USA in which the respondents are 226 middle-rank managers and upper-rank managers. The result showed that the application of a business strategy called Peter's Concept has a positive significant influence on a company's performance. This is supported by Anwar & Hasnu, (2016) who conducted a study on 396 companies listed in Karachi Stock for 7 consecutive years. The criteria in this study were the unit of analysis must be at least 7 years old and there must be sales for 7 consecutive years. The result showed overall the elements of business strategy has a significant influence on a company's performance

2.11 Influence of Leadership Style on performance

The leadership model applied by the company mainly transformational leadership influences the successful implementation of governance and the company's performance in the future Rooney and Cuganesan, (2015). Besides this fact, transformational leadership is also related to the external environment and organizational performance (Jansen et al., 2009). Hu et al., (2010) conducted a qualitative study on 123 members of the marketing team in a manufacturing company in Taiwan. The result showed that there is a positive significant relationship between the marketing manager's transformational leadership on teamwork patterns and marketing team performance. In this study, performance measurement was carried out using the Balanced Scorecard.

According to Quinn and Dalton (2009), adopting a leadership style will influence the ability and the mindset of management in implementing corporate governance to realize an increment in company performance. This finding is added by findings by Yu et al., (2013) which showed that the performance of the banking sector is not only influenced by services, a new type of products but also influenced by transformational leadership and governance.

2.12 Influence of Effectiveness of Internal Control System on Performance

Mulyani (2017) stated that the targets of internal control applied by the company are:

    a.   Support effective and efficient high-performing company operations
    b.   Reliable and accountable financial reports
    c.   Asset protection
    d.   Check the accuracy and accounting reliability
    e.   Assist in managerial policies

A study conducted by Lashgari et al. (2015) showed the strong influence between internal control and the company's financial performance. Likewise, the findings by Lee, (2005) showed that effective internal control will help in monitoring the quality of a company's financial performance. The result of a study by Abbas & Iqbal, (2012) showed that the internal control systems help organizations to reduce operational risk and improve company performance. Doyle et al., (2007) also found that companies with weak internal control will produce low performance and can also affect the quality of companies' financial reporting. Cao et al., (2010) who conducted a study on 152 companies in Nasdaq OMXS found that the internal control system has a positive influence on a company's performance. A study conducted by (Lane, 2005) also found that the lack of competence and effectiveness of internal control done by the company's internal audit indicated various frauds that resulted in decreased performance. Based on the statements above, the theoretical framework of this research can be seen below.
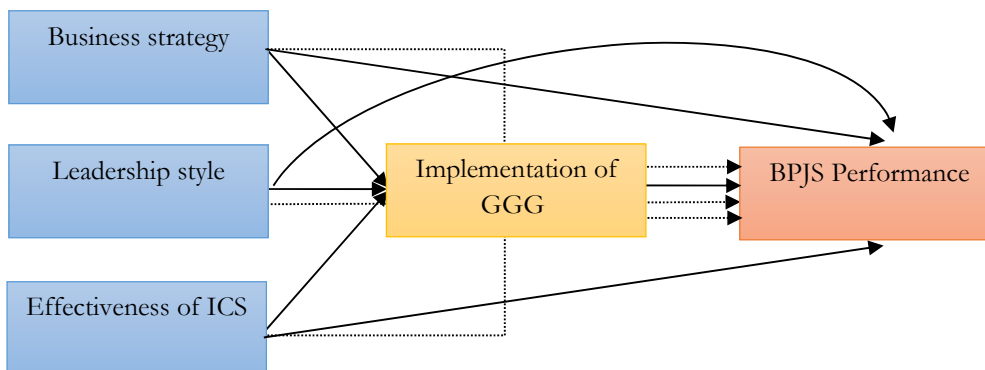
Fig. 1. Influence of business strategy, leadership style, and effectiveness of IC on implementation of GGG and its implication on BPJS performance

2.10 Hypotheses

Hypothesis 1: *Implementation of business strategy has a positive influence on GGG implementation.*

Hypothesis 2: *Leadership style has a positive influence on the implementation of GGG.*

Hypothesis 3: *Effectiveness of internal control systems has a positive influence the implementation of GGG.*

Hypothesis 4: *The implementation of GGG has a positive influence on organizational performance.*

Hypothesis 5: *Business strategy has a positive influence on performance through the implementation of GGG.*

Hypothesis 6: *Leadership style has a positive influence on organizational performance through the implementation of GGG.*

Hypothesis 7: *Effectiveness of internal control has a positive influence on organizational performance through the implementation of GGG.*

Hypothesis 8: *Business strategy implementation has a positive influence on organizational performance.*

Hypothesis 9: *Leadership style has a positive influence on organizational performance.*

Hypothesis 10: *Effectiveness of internal control has a positive influence on organizational performance.*

3. Research Method

3.1 Research Object

The objects in this research are business strategy implementation, leadership style, the effectiveness of internal control, GGG, and BPJS performance. Data was collected from 325 deputy offices, branch offices, and service offices throughout Indonesia.

3.2 Operationalization of Research Variables

Table 1
Operationalization Variables

Variables	Dimensions	Indicators
Business strategy (X1) (Robbins et al., 2012; Jain, 2000; Wheelen & Hunger, 2012;).	**Quality operations** (Laudon & Laudon, 2014)	a. There are SOPs b. Quality Technology
	Service orientation (O'Brien & Marakas, 2010; Aaker & McLoughlin, 2010; Zahra & Covin, 1993)	a. Designing network strategy b. Marketing strategy
	Service excellence (O'Brien & Marakas, 2010; Aaker & McLoughlin, 2010; Zahra & Covin, 1993)	a. Membership service Diversification b. Low-cost strategy c. Membership service differentiation
Leadership style (X2) (Northouse, 2017; Avolio et al., 1999; Luthans, 2010).	**Directive** (Northouse, 2017); Avolio et al., 1999; Luthans, 2010;)	a. Tell subordinates what the leader expects b. Directing subordinates
	Supportive leadership (Northouse, 2017); Avolio et al., 1999; Luthans, 2010)	a. Attention to subordinates b. Treat subordinates well
	Participative (Northouse, 2017); Avolio et al., 1999; Luthans, 2010)	a. Involve subordinates in decision-making b. Accept subordinates suggestions
	Achievement Oriented (Northouse, 2017; Avolio et al., 1999; Luthans, 2010)	a. Provide opportunities for subordinates b. Give confidence to subordinates
Effectiveness of Internal Control Systems (X3) (Simons, 1995); (Foster, 2019); Bagranoff, 2010; Mulyani (2017)); Messier et.al, 2008; Champlain, 2003).	**Control environment** (Messier et al., 2008; Arens et al., 2013; PP No 60, 2008)	a. Values integrity and morals b. Commitment to competence c. Conducive leadership
	Risk assessment (Messier et al., 2008; Arens et al., 2013; Mulyani, 2017; PP No 60, 2008)	a. Risk identification b. Risk analysis
	Control activities (Messier et al., 2008; Arens et al., 2013; Mulyani, 2017; PP No 60, 2008)	a. Function separation b. Transaction authorization c. Accurate and timely recording
	Information and communication (Messier, 2008; Arens et al., 2013; Mulyani, 2017; PP No 60, 2008)	a. Information access b. information system development and maintenance
	Monitoring (Messier, 2008; Arens et al., 2013; Mulyani, 2017; PP No 60, 2008)	a. Continuous monitoring b. Follow up on audit/review results
Good Government Governance (Y) (Numayer, 2003: Kaufmann, 2007); Graham, et.al, 2003; Umar, 2006; Kooiman, 1993; Undang-Undang Republik Indonesia No 30, 2002).	**Transparency** (Blunt, 1995; Undang-Undang Republik Indonesia No 30, 2002; Jinarat & Quang, 2003, Umar, 2006)	a. Operational transparency b. Financial transparency
	Accountability (Blunt, 1995; Undang-Undang Republik Indonesia No 30, 2002; Jinarat & Quang, 2003, Umar, 2006)	a. Reporting b. Accountability
	Accountability (Blunt, 1995; Undang-Undang Republik Indonesia No 30, 2002; Jinarat & Quang, 2003, Umar, 2006)	a. Democratic decision-making b. Community involvement
Organizational performance (Z) (Carton & Hofer, 2006; Sohail, 2007; David & Rober, 2008; (Manzoni & Islam, 2009); Perpres. No 29 Tahun 2014)	**Economical** (Mardiasmo, 2002; Perpres No 29, 2014)	a. Cost element b. Punctuality
	Efficient (Mardiasmo, 2002; Perpres No 29, 2014)	a. Resources utilization b. Low cost but high results c. Work planning and scheduling
	Effective (Mardiasmo, 2002; Perpres No 29, 2014)	a. Vision understanding b. Effectiveness monitoring c. Feedback utilization

4. Data Analysis

After the model was developed theoretically, a flow chart is drawn up whose purpose is to examine the independent variables (exogenous variables) on the dependent variable (endogenous variables) both on direct and indirect effects. The research model that has been formed from the theoretical study is shown in Fig. 2.
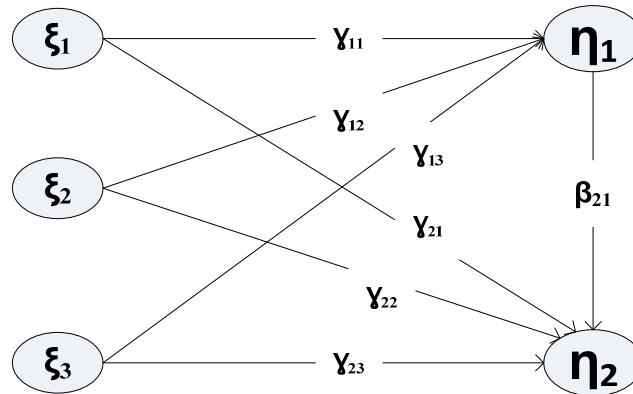
Fig. 2. Structural Model Influence of business strategy, leadership style, and effectiveness of internal control systems on implementation of GGG and its implication on BPJS performance Source: Processed Data (2023)

The structural model equation is as follows:

a) $\eta_1 = \gamma_{11}\, \xi_1 + \gamma_{12}\, \xi_2 + \gamma_{13}\, \xi_3 + \zeta_1$
b) $\eta_2 = \gamma_{21}\, \xi_1 + \gamma_{22}\, \xi_2 + \gamma_{23}\, \xi_3 + \zeta_1$
c) $\eta_2 = \beta_{21}\, \eta_1 + \zeta_2$

Explanation:
ξ_1 = business strategy variable
ξ_2 = leadership style variable
ξ_3 = effectiveness of the internal control system variable
η_1 = implementation of *good government governance* variable
η_2 = organizational performance variable
β = path coefficient between latent variables
ζ = measurement error

4.1 Result and Discussion

Descriptive Analysis

From 273 returned questionnaires, the respondents' answers were categorized based on the respondent's answer scores. Categorization of respondents' answer scores is based on the range of maximum and minimum scores divided by the number of categories desired. Respondents' answer on each statement was classified into 5 categories i.e. very good, good, sufficient, not good, and bad with the following calculations:
Maximum index value   = 5
Minimum index value   = 1
Interval range   = [maximum index value – minimum index value] : 5
                                          = (5 –1) : 5
                                          = 0,8
The following is the result of calculating the average scores, standard deviation, and relative frequency of each variable:

Table 2
Score Analysis on Research Variables

No	Variables	Avg Score	% Realization	%GAP	Criteria
1	Business strategy	3,10	62,08%	37,92%	Pretty Good
2	Leadership style	3,17	63,50%	36,50%	Pretty Good
3	Organizational effectiveness	3,19	63,88%	36,12%	Pretty Good
4	Good Government Governance	3,10	62,05%	37,95%	Pretty Good
5	Organizational performance	3,18	63,66%	36,34%	Pretty Good

Source: Result of data processing (2023)

Based on Table 2, all variables had a total score and average value and were categorized as Pretty Good.

4.2 Compatibility Test Result on Structural Model

The next test after CFA testing was structural model testing which would produce the value of evaluation results on the fit model and the estimated parameter value of the structural equation model. The full structural model estimation analysis aimed to provide an overview of the relationship between latent variables and can be done if the measurement model had been analyzed through confirmatory factor analysis. This was because each indicator could be used to define a latent variable. The estimation results of the full structural model using Latent Variable Score are presented in the following figure:
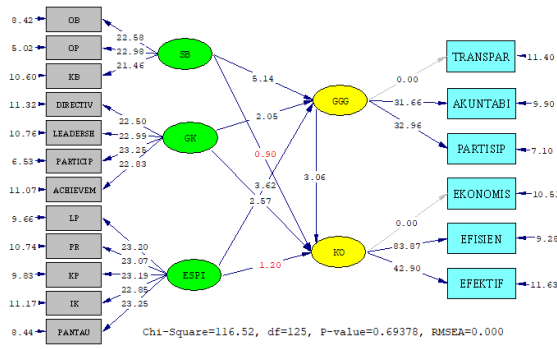

Fig. 3. LVS test result and t-value (Standardized)
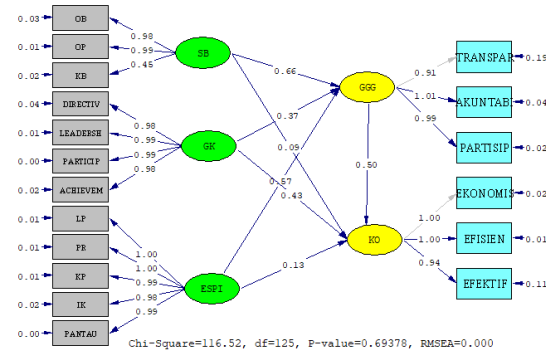

Fig. 4. Calculation results on Coefficient Line
Source: Processed Data (2023)

The test results on the structural equations are presented in Fig. 3. The full test of the SEM Model was carried out with two kinds of tests i.e. compatibility model and hypothesis testing model. The full SEM model tests were used to see the feasibility or the suitability of the model. Evaluation of the good fit of the structural equation model by comparing the recommended fit indices as presented in the following table:

Table 3
Model Compatibility Testing

Fit Index	Results	Recommended values	Model evaluation
Chi-Square	116.52		
Probability	0.69378	> 0.05	*Good* fit
RMSEA	0.000	< 0.08	*Good* fit
Chi-Square/DF	125	< 2	*Good* fit
GFI	0.95	> 0.90	*Good* fit
NNFI	1	> 0.90	*Good* fit
NFI	1	> 0.90	*Good* fit
AGFI	0.94	> 0.90	*Good* fit
RFI	1	> 0.90	*Good* fit
IFI	1	> 0.90	*Good* fit
CFI	1	> 0.90	*Good* fit

Source: Result of data processing (2023)

The table above shows the overall model fit test results using a X^2 (chi-square) test obtained a value of 116,52 with a p-value of 0,69378 and RMSEA of 0,000. The model has sufficiently met the required fit index required.

4.2 Path Coefficient Analysis

The path coefficient calculation results can be presented in Fig. 4. Also Table 4 shows the results of testing the hypotheses.

Table 4
Summary of Path Coefficient Estimation Results and Statistical Test

Sub Structure	Relation	Path Coefficient	T$_{count}$	Partial R-Square	Simultaneous R-square	Hypotheses
	X.1-BS → Y-GGG	0.66	5.14	0.051		Accepted
First	X.2-LS → Y-GGG	0.37	2.05	0.49	0.99	Accepted
	X.3-EICS → Y-GGG	0.57	3.62	0.48		Accepted
	X.1-BS → Z-OP	0.09	0.90	0.06		Rejected
Second	X.2-LS→ Z-OP	0.43	2.57	0.48	1	Accepted
	X.3-EICS → Z-OP	0.13	1.2	0.16		Rejected
	Y.GGG → Z-OP	0.5	3.06	0.56		Accepted
	X.1-BS → Y.GGG → Z-OP	0.045	0.90			Rejected
Indirect Effect	X.2-LS → Y.GGG → Z-OP	0.215	2.57		1	Accepted
	X.3-EISC → Y.GGG → Z-OP	0.065	1.2			Rejected

Source: Result of data processing (2023)

4.3 Influence of Business strategy on Good Government Governance

The first tested hypothesis was the influence of X.1-Business strategy (BS) on the quality of Y-Good Government Governance (GGG). From the evaluation result on the structural model, it can be seen that the path coefficient of X.1-Business strategy (BS) on quality of Y-Good Government Governance (GGG) is 0,66 in a positive direction. It means the better the business strategy, the better the Good Government Governance would be. Next, the path coefficient was tested to prove whether the business strategy variable had a significant influence on Good Government Governance or not.

4.4 Influence of leadership strategy on Good Government Governance

The second tested hypothesis was the influence of X.2-Leadership Style (LS) on the quality of Y-Good Government Governance (GGG). From the results of structural model testing, the path coefficient value between Leadership style (LS) on Y-Good Government Governance (GGG) is 0,37 in a positive direction. It means the better the leadership style, the better Good Government Governance would be. Next, the path coefficient was tested to prove whether leadership style had a significant influence on Good Government Governance or not.

4.5 Influence of Effectiveness of ICS on Good Government Governance

The third tested hypothesis was the influence of X.3- Effectiveness of ICS (EICS) on Y-Good Government Governance (GGG). From the results of structural model testing, the path coefficient value between X.3- Effectiveness of ICS (EICS) on Y-Good Government Governance (GGG) is 0,57 in a positive direction. It means the better the Effectiveness of ICS, the better Good Government Governance would be. Next, the path coefficient was tested to prove whether the effectiveness of the ICS variable had a significant influence on Good Government Governance or not.

4.6 Influence of Quality of Good Government Governance on Organizational Performance

The fourth tested hypothesis was the influence of Y-Good Government Governance (GGG) on Z-Organizational Performance (OP). From the results of structural model testing, the path coefficient value between Y-Good Government Governance (GGG) on Z-Organizational Performance (OP) is 0.50 in a positive direction. It means the better the Good Government Governance, the better the organizational performance would be. Next, the path coefficient was tested to prove whether the Good Government Governance variable had a significant influence on organizational performance or not.

4.7 Influence of Business Strategy on Organizational Performance

The fifth tested hypothesis was the influence of X.1-Business strategy (BS) on the quality of Z-Organizational performance (OP). From the evaluation result on the structural model, it can be seen that the path coefficient between X.1-Business strategy (BS) on Z-Organizational performance(OP) is 0,09 in a positive direction. It means the better the business strategy is, the better the organizational performance would be. Next, the path coefficient was tested to prove whether the business strategy variable had a significant influence on organizational performance or not.

4.8 Influence of Leadership Style on Organizational Performance

The sixth tested hypothesis was the influence of X.2-Leadership style (LS) on the quality of Z-Organizational Performance. From the evaluation result on the structural model, it can be seen that the path coefficient between X.2-Leadership style (LS) on Z-Organizational Performance is 0,43 in a positive direction. It means the better the leadership style, the better the organizational performance would be. Next, the path coefficient was tested to prove whether the leadership style variable had a significant influence on organizational performance or not.

4.9 Influence on Effectiveness of ICS on Organizational Performance

The seventh tested hypothesis was the influence of X.3- Effectiveness of ICS on Z- Organizational Performance. From the evaluation result on the structural model, it can be seen that the path coefficient between X.3- Effectiveness of ICS on Z-Organizational Performance is 0,13 in a positive direction. It means the better the effectiveness of ICS, the better the organizational performance would be. Next, the path coefficient was tested to prove whether the effectiveness of the ICS variable had a significant influence on organizational performance.

4.10 Influence of Business Strategy on Organizational Performance through Good Government Governance

The eighth tested hypothesis was the influence of X.1-Business Strategy (BS) on the quality of Z-Organizational Performance (OP) through Y-Good Government Governance. From the evaluation result on the structural model, it can be seen that the path coefficient between X.1-Business Strategy (BS) on quality of Z-Organizational Performance through Y-

Good Government Governance is 0,045 in a positive direction. It means the better the business strategy, the better Z-Organizational Performance (OP) through Y-Good Government Governance would be. Next, the path coefficient was tested to prove whether the Business Strategy variable had a significant influence on Organizational Performance through Good Government Governance.

4.11 Influence of Leadership Style on Organizational Performance through Good Government Governance (GGG)

The ninth tested hypothesis was the influence of X.2-Leadership Style (GK) on the quality of Z-Organizational Performance (KO) through Y-Good Government Governance (GGG). From the evaluation result on the structural model, it can be seen that the path coefficient between X.2- Leadership Style (GK) on Z-Organizational Performance (KO) through Y-Good Government Governance (GGG) is 0,215 in a positive direction. It means the better the leadership style, the better the organizational performance would be. Next, the path coefficient was tested to prove whether the Leadership Style variable had a significant influence on Organizational Performance through Good Government Governance.

4.12 Influence on Effectiveness of ICS on Organizational Performance through Good Government Governance

The tenth tested hypothesis was the influence of X.3- Effectiveness of ICS on Z- Organizational Performance (KO) through Y-*Good Government Governance* (GGG). From the evaluation result on the structural model, it can be seen that the path coefficient between X.3- the Effectiveness of the ICS on Z- Organizational Performance (KO) through Y-Good Government Governance (GGG) is 0,065 in a positive direction. It means, the better the Effectiveness of ICS, the better Organizational Performance would be. Next, the path coefficient was tested to prove whether Effectiveness of the ICS variable had a significant influence on Organizational Performance through Good Government Governance.

5. Discussion

The result of hypothesis testing is done by using a statistical approach. Discussion is required to confirm descriptively the goal of this research.

5.1 Hypothesis 1

Based on hypothesis testing, it is shown that Business Strategy has a significant influence on Good Government Governance in a positive direction. This result supports the theory from (Chamberlain, 2010) who stated that strategy is composed of a combination of four factors i.e. the construction of the strategy, the results of the interaction of internal and external factors, interconnecting individuals, and strategies influenced by the environment. In this case, BPJS Kesehatan has attempted to compose a business strategy that can make BPJS Kesehatan an organization that manages its activities transparency and accountability by involving the community. The real examples of implementing a good Business Strategy by BPJS Kesehatan are:

a. BPJS Kesehatan is one of the organizations that adapt through its Business Strategy in the latest Information Technology development sector. BPJS Kesehatan is the only Government Agency that widely used Machine Learning (Supervised Learning) in its business process;
b. BPJS Kesehatan seeks to strengthen Knowledge Management as indicated by the Circular Letter of the Director of Health Service Insurance Number 07 of 2018 concerning Technical Instructions for Control of Referral Fees for 2018. The purpose of this letter is to realize quality and equitable health insurance and to achieve JKN sustainability. One of the efforts to control costs is to announce best practices on auditing claims; and
c. BPJS Kesehatan also attempts to strengthen its annual strategy through the Work Plan and Budget (known as RKAT) which is prepared annually by accommodating recommendations from the findings of the Internal or External Examiners regarding the setting of performance targets.

In addition, the result of this research also shows that the establishment of the correct Business Strategy can improve Good Government Governance as stated by the experts and the results of the previous research. (Robbins et al., 2012; Jain, 2000; Nawaz, 2017; Cuevas-Rodriguez et al., 2016; Appelbaum et al., 2009; Arunruangsirilert & Chonglerttham, 2017).

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5.2 Hypothesis 2

Based on hypothesis testing, it is shown that Leadership Style has a significant influence on Good Government Governance in a positive direction. This finding supports the result from Appelbaum et al., 2009; Rooney & Cuganesan, 2015; Arnold et al., 2001; Lee, 2005. These researchers mentioned an example of leadership style i.e. transactional and transformational leadership in their effort to establish Good Government Governance at BPJS Kesehatan.

BPJS Kesehatan is an organization that started operating in 2014 as a Non-Profit Social Security Administering Body, so it often faces new issues such as the formation of non-profit model technical reserve and managing health insurance with a full claim. However BPJS Kesehatan also has several business processes that have not changed from when BPJS Kesehatan

was in the form of a Limited Liability Company (PT) Askes, for example, the claims audit process, investment office management. Therefore, the role of BPJS Kesehatan Leaders must be flexible to realize Good Government Governance at BPJS Kesehatan. This is indicated by the directive and transactional (authoritarian) leadership style on the part of the Board of Directors for new decision-making. For example, in the cancellation of the MA fee increase, every branch and regional office is waiting for the central direction. Meanwhile, during a routine process like claiming audits, BPJS Kesehatan provides a leeway for each Branch Office to innovate in the preparation of audit programs on claim audits.

5.3 Hypothesis 3

Based on hypothesis testing, it is shown that the Effectiveness of ICS has a significant influence on Good Government Governance in a positive direction. This result supports the previous research that the effectiveness of the internal control system has a significant influence on Good Government Governance, (Hayes, 2005; Doyle et al., 2007; Foster, 2019; Abbas & Iqbal, 2012; Mulyani, 2017; Al-zeaud, 2012)).

The government is committed to strengthening the Internal Control System through Government Regulation Number 60 of 2008 concerning SPIP as one of the embodiments of Article 58 of Law Number 1 of 2004 which states that to improve the performance, transparency, and accountability of state financial management, the President as the Head of Government regulates and administers internal control system within the government as a whole. Thus, this applies to BPJS Kesehatan as a government agency to organize SIP to improve Good Government Governance through transparency and accountability of state financial management.

5.4 Hypothesis 4

Based on the hypothesis testing, it is shown that Good Government Governance has a significant influence on Organizational Performance in a positive direction. This finding supports the previous research that state effectiveness Good Government Governance has a positive influence on performance (Savoie, 2013; Lockwood, 2010; Bhagat & Bolton, 2008; Sanusi & Pel, 2015; Achim et al., 2020; Amba, 2012).

Health Financing Working Paper Number 8 published by WHO in 2017 recommends the development of financial financing reforms to accelerate the progress of the JKN program. One of these financial financing reforms is a change towards Strategic Purchasing. This is important for JKN where it is not only the amount of money that plays the role in the success of JKN but also supply chain management. In the Strategic Purchasing approach, accountability is needed in carrying out the complexity of spending on the JKN program. Purchases made by BPJS Kesehatan, Ministry of Health, and Health Facilities are looking for the right price and supplier. For this reason, the first step in implementing Strategic Purchasing also requires transparent data through an information system that can unify all health information. This shows that BPJS Kesehatan as one of the front lines of the JKN program must always be transparent and accountable so that it can improve its performance through the following ideas:

a. BPJS Kesehatan can provide feedback with accurate information to policymakers. Policymakers will issue more harmonious regulations and be able to improve the quality of JKN services and the performance of BPJS;
b. BPJS Kesehatan can provide documents and accurate information for Performance Audits as from 2015 until now, BPK is trying to increase its role from oversight to insight and foresight so accurate data and information are needed to produce appropriate audit recommendations;
c. BPJS Kesehatan can provide accurate and relevant information, especially liquidity issues and clarity of payment schedules at FKRTL. This makes it easier for FKRTL to make cash planning and determine whether financing is needed through financial institutions or not. If FKRTL liquidity is maintained, customer satisfaction as one of the targets of the JKN roadmap can be improved.

BPJS Kesehatan also has difficulty in collecting PBPU contributions. Therefore, community participation (participants) is needed to increase the PBPU collectability. Every year, BPJS Kesehatan increases the community participation especially in JKN cadres in collecting contributions. This shows that community participation (one of the dimensions of Good Government Governance) can improve organizational performance.

5.5 Hypothesis 5

Based on hypothesis testing, it is shown that Business Strategy does not have a significant influence on Organizational Performance although it has a positive direction of influence. Further exploration reveals the reasons why the Business Strategy of BPJS Kesehatan does not have a significant influence on increasing BPJS Kesehatan performance:

a. BPJS Kesehatan operates based on the principle of social insurance so that utilization theory affects organizational performance where Utility Theory and Insurance states that insurance exists because of the willingness of people to pay for insurance based on mathematical expectations of the insured loss (Kaas et al., 2008). One effort done by BPJS

Kesehatan to improve the organizational performance related to the collectability of PBPU contributions is also influenced by this theory;

b. BPJS Kesehatan is an extension of the government in the State in protecting, educating, and prospering all people as well as implementing social insurance but does not fully control policies related to organizational performance, for example:

1) BPJS Kesehatan cannot determine its benefit adjustment based on its liquidity condition and negative assets;

2) BPJS Kesehatan cannot select or determine the contributions participants who will become BPJS Kesehatan participants based on the health condition of the participants;

3) BPJS Kesehatan cannot independently determine the capitation amount, but only the payment of the capitation amount through the KBK and must be approved by the Ministry of Health; and

4) BPJS Kesehatan cannot be alone in cleaning up the Contribution Assistance Recipients (PBI) data. The changes of participants from PBI to PBPU or PPU costs more than remaining as PBI.

5.6 Hypothesis 6

Based on the hypothesis testing, it is shown that Leadership style has a significant influence on Organizational Performance in a positive direction. This finding supports the findings from (Rooney & Cuganesan, 2015; Jansen et al., 2009; Hu et al., 2010; Quinn & Dalton, 2009; Yu et al., 2013).

5.7 Hypothesis 7

Based on the hypothesis testing, it is shown that the Effectiveness of ICS does not have a significant influence on Organizational Performance although it has a positive direction of influence. Further exploration reveals several reasons why the Effectiveness of ICS does not have significant influence on BPJS Performance:

a. BPJS Kesehatan does not have adequate control over cost control, especially on health service claims with the following details:

1) BPJS Kesehatan requires uniformity in the National guidelines for medical Services (known as PNPK) to strengthen control activities in the Vedka application, especially the use of machine learning. However, not all Medical Professions have compiled a PNPK to be ratified by the Ministry of Health; and

2) BPJS Kesehatan cannot issue separate regulations related to coding rules but it must cooperate with the Ministry of Health. In this case, the use of Knowledge Management results as in the previous example depend on the response from the Ministry of Health;

b. BPJS Kesehatan does not have control over the weakness of control activities, both in controlling input, output, and processes in the INACBGs Grouper Application. Until now, the application is an application from Malaysia so the coordination path for improving control of input, output, and process takes a longer time. However, the Ministry of Health is trying to develop its INACBGs Grouper Application to further accelerate the control of inputs, outputs, and processes including through coordination with BPJS Kesehatan.

5.8 Hypothesis 8

Based on the hypothesis testing, it is shown that Business Strategy does not have a significant influence on Organizational Performance Good Government Governance although it has a positive direction of influence. The explanation on the direct influence of business strategy variables on organizational performance has shown that the existence of utilization theory and the absence of direct control over policies that should be owned by conventional insurance but not by BPJS Kesehatan causes the business strategy to have no significant influence on organizational performance. This also applies when moderated by the Good Government Governance variable. Although BPJS Kesehatan has attempted business strategy in such a way, some performance targets such as the collectability level of PBPU contributions and the BPJS net asset deficit cannot be formulated without coordinating with policymakers. As an example in increasing the collectability of PBPU, BPJS Kesehatan has coordinated with policymakers by imposing public service sanctions and also with the Financial Services Authority (known as OJK) to those arrears of contributions entering the Debtor Information system (known as SID). However, until now there has been no regulation on the imposition of public service sanctions or the recording of arrears in contributions to SID.

5.9 Hypothesis 9

Based on the hypothesis testing, it is shown that Leadership style has a significant influence on Organizational Performance through the implementation of Good Government Governance in a positive direction. This finding supports the findings from (Rooney & Cuganesan, 2015); Jansen et al., 2009, Hu et al., 2010; Quinn & Dalton, 2009; Yu et al., 2013).

This finding strengthens the previous findings which state that the effectiveness of Good Government Governance has a positive influence on performance (Savoie, 2013; Lockwood, 2010; Bhagat & Bolton, 2008; Achim et al., 2020; Amba, 2012).

5.10 Hypothesis 10

Based on the hypothesis testing, it is shown that the Effectiveness of ICS does not have a significant influence on Organizational Performance through Good Government Governance although it has a positive direction of influence. The explanation on the direct effect of the effectiveness of ICS variables on organizational performance has shown that there are control activities such as cost control and application control of INACBGs Grouper. Thus, efforts to increase the effectiveness of ICS especially in controlling fraud in the payment of health benefits for JKN participants are very limited. For example, in determining the type of illness due to an accident should be covered by BPJS Ketenagakerjaan (if there is a work-related accident) and Jasa Raharja (if there is a traffic accident), they still have issues in Manual Coding and PNPK on the cause of disease based on diagnosis codes and clear separations procedures related to the cause.

6. Conclusion and Recommendation

6.1 Conclusion

Based on the phenomenon, research questions, hypotheses, and results of the research done BPJS, the conclusion can be drawn as follows:

a.   Business strategy has a significant influence on the implementation of Good Government Governance.
b.   Leadership style has a significant influence on the implementation of Good Government Governance.
c.   The Effectiveness of ICS has a significant influence on the implementation of Good Government Governance.
d.   Good Government Governance has a significant influence on Organizational Performance
e.   Business strategy does not have a significant influence on Organizational Performance.
f.   Leadership style has a significant influence on Organizational Performance.
g.   The effectiveness of ICS does not have a significant influence on Organizational Performance.
h.   Business strategy does not have a significant influence on Organizational Performance through the implementation of Good Government Governance.
i.   Leadership style has a significant influence on Organizational Performance through the implementation of Good Government Governance.
j.   The effectiveness of ICS does not have a significant influence on Organizational Performance through the implementation of Good Government Governance.

6.2 Limitation of the Research

The population for this research consists of the BPJS office which serves the bigger number of participants and the most FKTP/FKRTL. The conclusions made in this study only apply to the unit analysis under study. This will lead to different research results if carried out in different units of analysis. Besides that, the approach used in this research is cross-section i.e. the data used in this study obtained at a certain time so that the observed situation will be different at different times. This can lead to a different conclusion if a different approach is used.

The sample used in this research is relatively small, amounting to 4 Regional Deputy Offices, 40 Branch Offices, and 40 KLOK so the generalization of the conclusion of the results is limited.

This research needs to be expanded with additional variables related to utilization theory, organizational learning, and the need to expand the effectiveness of ICS not only to BPJS but to all entities involved in the implementation of the JKN program. This is necessary so that the results of the research obtain an overview that the overall effectiveness of the ICS has an influence on the implementation of the JKN program or not, as studied by Uskara, et all (2019) who stated that the effectiveness of internal control has a significant influence in reducing fraud in the management of village funds.

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