

Exploring The Effects of Good Local Governance on Citizens' Trust in Malaysia

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Abstract

Citizens' trust and confidence in politicians and governments at all levels, be it local or national in all countries, has been on the decline for some time. Various studies have revealed that the current widespread public adverse perceptions towards local government are not solely the result of a weak service delivery system but also the absence of a transparent method for public participation and consultation. Therefore, this study seeks to examine the relationship between the elements of good local governance practices (accountability, responsiveness, transparency, and the rule of law) and citizens' trust. A quantitative approach is employed in this study whereby questionnaires had been distributed to residents in the district of Kuantan, Pahang, Malaysia. The study's findings show that the elements of good local governance such as accountability, responsiveness, transparency, and the rule of law are positively associated with citizens' trust. This study is vital as it supplements the existing knowledge on good local governance in the Malaysian Local Government, particularly in Kuantan, Pahang.

Keywords: Citizen trust; Good local governance; Local government; Transparency

INTRODUCTION

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Good governance was first used in 1989 by political administration scholars (Aeknarajindawat, 2017). This principle leads to better outcomes for citizens and service users, better management, and better stewardship of public funds (OPM & CIPFA, 2004). According to Kaufman et al. (2010), governance is shaped by the traditions, values, and institutions that exercise authority in a country. Good governance is based on transparency, accountability, effectiveness, efficiency, and responsiveness to the needs of society (Kjaer, 2004).

Good governance and citizen trust have always been thought to be causal (Yousaf et al., 2016). The International Monetary Fund (IMF) (1997) defined good governance as

upholding the rule of law, improving public sector efficiency and accountability, and combating corruption. The UNDP (2007) added eight attributes to the good governance practices: political participation, the rule of law, transparency, responsiveness, consensus, equity and inclusion, efficiency, effectiveness, and accountability.

More recently, the term good governance has become popular (Graaf & Asperen, 2018). According to Yousaf et al. (2016), implementing social welfare programs can increase public trust and economic efficiency. To meet citizens' expectations, it must first identify the factors required to increase trust. When the government applies and practices good governance principles, it provides quality service to the public, informs them about the services, and builds trust in the government. Transparency, effectiveness, and inclusiveness are all aspects of good governance that go beyond corruption and inefficiency (Graham et al., 2003).

According to Cheema & Popovski (2010), citizens' trust in developing and developed countries has dwindled in recent years. The absence of good governance can undermine public institutions and policy objectives (Beh, 2007). Various studies have shown that current negative perceptions of local government are due to a lack of transparency in public participation and consultation (SiewNooi, 2008). Citizens who lack trust in government are less likely to participate in governance processes, which can weaken society's cohesiveness and ability to effectively address common problems (Makorere, 2012) and lead to issues like tax evasion (Fjeldstad, 2004). Hence, this study attempts to examine the relationship between good governance practices and citizens' trust in Majlis Bandaraya Kuantan (Kuantan City Council), formerly known as the Majlis Perbandaran Kuantan (MPK / Kuantan Municipal Council).

LITERATURE REVIEW

Transparency

Transparency was thought to produce good governance by the late 2000s. According to Grimmelikhuijsen et al. (2013), transparency is the availability of information about an organization that allows external actors to monitor its performance. Many international and supranational organizations promote transparency and openness

as essential elements of good governance, even requiring it as a condition for economic cooperation, financial aid, or membership in certain organizations (Kim et al., 2005).

Citizens can easily access public files if they are released for public viewing. For example, the internet has been used globally to find government data (Margetts, 2006). Also, publishing information on the internet is cheaper than printing it (Ahn & Bretschneider, 2011). Many people believe that government transparency is a key to better governance. It can help legitimize, prevent corruption, improve government efficiency, and promote good governance. Transparency also refers to the sharing of relevant information (Vogelgesang & Crossley, 2006). It refers to the clarity and accessibility of decisions and information to those seeking it. The basic idea is that more government transparency builds public trust (Grimmelikhuijsen & Meijer, 2012). Thus, an opaque public administration rife with unethical practices threatens good governance and public trust (Yousaf et al., 2016).

Tolbert & Mossberger (2006) investigated the link between transparency and citizen trust in local governments in the U.S. They discovered a strong link between citizens' trust in local government and their use of e-government services. However, Worthy (2013) found no reliable link between transparency and trust in local government, leading him to conclude that transparency does not affect trust. Grimmelikhuijsen et al. (2013) investigated whether national culture influences the relationship between transparency and trust in government. The authors concluded that transparency has no impact on public trust in government.

Transparency also helps people learn about the government, connect, and understand each other (Nye et al., 1997). This is based on the idea that citizens will not trust the government if they do not understand it. Nonetheless, Bovens (2003) explains the ramifications. When citizens have full access to government information, they may be disappointed. According to Bovens, a government error is constantly visible to the public, and thus the media or politicians can profit from it. Thus, the public trust may erode. Various studies have shown that current negative perceptions of local government are due to a lack of transparency in public participation and consultation (SiewNooi, 2008). Untransparent public administration with unethical practices endangers good governance and public trust (Yousaf et al., 2016). Hence, based on the discussion above, a hypothesis is offered:

H¹: Transparency is positively related to citizens' trust.

Accountability

"Officials must answer to stakeholders on the disposal of their powers, duties, and decisions; act on criticisms or requirements made of them; and accept responsibility for their failure, incompetence, or deceit," say Saunier & Meganck (2009, p. 49). Devaney (2016) defines accountability as being responsible for decisions and actions. Accountability means being accountable to a higher authority or the public for one's actions (Shafritz & Russell, 1997). Furthermore, accountability enables citizens and policymakers to identify an agency's responsible group (Duffy, 2019). So the government will be liable to someone. According to Fard & Rostamy (2007), public trust is influenced by the organization's accountability.

Accountability in the public sector makes authorities accountable to the public for rationalizing resource consumption (Jorge de Jesus & Eirado, 2012). This is because people recognize the government's inefficiency and lack of service delivery (Hui et al., 2011). Currently, increasing scrutiny on how the government spends taxpayer dollars puts pressure on the government to manage resources wisely (Abu Bakar et al., 2011).

In other words, the concern is that the public sector demonstrates its competence, trustworthiness, and integrity in a way that allows the public to judge its credibility in using public funds and resources (Van Ryzin, 2011). In other words, to be accountable, the government must explain and justify its actions (Duffy, 2019). Thus, it provides transparency in decision-making, allowing citizens and policymakers to understand how decisions affecting their daily lives are made. Duffy (2019) explains that when the government fails to perform its duties, accountability requires an explanation, a punishment, and a remedy. For example, Kilby (2006) found a link between declining accountability and declining NGO performance in India.

The findings of Yousaf et al. (2016) study hypotheses testing show that accountability has a positive relationship with citizens' trust (2007). According to Yousaf et al. (2016), accountability promotes good governance and citizen trust. Moreover, Fard

& Rostamy (2007) discovered that public accountability increases citizens' trust by increasing satisfaction. Hence, based on the discussion above, a hypothesis is offered:

H²: Accountability is positively related to citizens' trust.

Responsiveness

Responding purposefully and quickly to significant events, opportunities, or threats to gain or maintain a competitive advantage is responsiveness (Bernardes & Hanna, 2009). Responsiveness means that government institutions and processes try to serve all stakeholders quickly. Salminen & Ikola-Norrbacka (2010) defined it as the degree to which public officials promptly correct errors and addressed citizens' concerns. Government responsiveness is linked to citizen trust (Yousaf et al., 2016). In local government, responsiveness means being open, able, and willing to respond to unexpected and unpredictable community demands (Nor Zaini et al., 2018). Rumbul (2016) defines government responsiveness as the belief that the government will quickly respond to citizens' concerns and demands. External political efficacy is another name for responsiveness.

Social media is now considered a valuable tool to improve responsiveness. For example, Panagiotopoulos et al. (2013) claim that social media allows people to access government information, share it, and comment on it. This will help the government respond quickly to citizen requests (Al-Aufi et al., 2017). Tarrow (2011) found that people who believe the government is responsive believe their input will influence policy decisions and other political outcomes. An e-government initiative can also improve interactions and responsiveness, according to Siraj & Nasir (2020). Hence, based on the discussion above, a hypothesis is offered:

H³: Responsiveness is positively related to citizens' trust.

Rule of Law

The rule of law refers to a fair and impartial legal framework. Dion (2010) included impartiality in the definition of the rule of law, stating that laws should be applied equally to all people. According to Tamanaha (2007), the rule of law ensures that

the law protects all members of a society (both citizens and rulers). The government should follow the laws and not act arbitrarily (Locke, 1988). De Filippi et al. (2020) state that good governance implies respect for the law. Waldron (2010) states that laws must be transparent, balanced, widely known, and used prospectively. The law must also be applied fairly and consistently. Bjrnkov (2012) stated that a strong rule of law could protect current social trust from a hostile surprise because a fair legal system may include social developments that may cause a loss of trust in countries with weaker systems.

Knack and Keefer (1997) suggested that formal institutions, such as a strong rule of law, could form trust (Bjrnkov, 2012). In their hypothesis, Yousaf et al. (2016) stated that the rule of law is associated with citizen trust, aligning with Connell and Mannion's (2006) findings. Trust is the degree to which the public or individuals can rely on "rule-following." It shows that citizens' trust in how blindly and relying on the rules they can follow is linked to the rule of law (Connell & Mannion, 2006). When law enforcement fails to uphold the rule of law, people lose trust in both the authorities and society as a whole (Rothstein & Stolle, 2002). Bjrnkov (2012) found a strong positive correlation between social trust and the rule of law, confirming previous findings (Uslaner 2002; Knack 2002). Hence, based on the discussion above, a hypothesis is offered:

H⁴: The rule of law is positively related to citizens' trust.

Citizens' Trust

Trust is confidence in another's integrity, veracity, justice, friendship, or other sound principles (Abu Hasanein, 2017). Citizens who trust the government are more likely to follow their rules and regulations (Ackerman, 2001, Caillier, 2010, Tsang et al., 2009). Trusted public officials have more discretion and autonomy (Fard & Rostamy, 2007). Trust is one of the essential components for any political system's legitimacy and sustainability (Yousaf et al., 2016). Governments with greater public trust can operate more efficiently and effectively (Chen & Shi, 2001).

Transparency, efficiency, and effectiveness are among the factors that influence trust in government. Kim et al. Bouckaert (2012) identified three levels of government trust. Trust in political institutions and the democratic process is macro-level. At the medium-level, trust relates to policymaking, or governments' ability to manage economic

and social issues and generate positive future expectations. Finally, micro-trust refers to the impact of government on people's daily lives. Citizens dissatisfied with the current system or order may become disaffected and withdraw from the political process, leaving a fragile state unable to carry out any national development (Diamond, 2007). The general public's lack of trust discourages investment, resulting in higher transaction costs and stifling business and economic activity (Yousaf et al., 2016).

Corruption erodes citizens' trust in the political system, undermines the rule of law and legal equality (Dion, 2010). Citizens lose faith in their government's ability to solve problems and thus are less likely to vote (Fard & Rostamy, 2007). Citizens' trust is required because it increases social cohesion, affecting governments' ability to govern efficiently. It also found that "trust in government seems to be especially critical in crises, such as natural disasters, economic crisis or political unrest that focuses attention on the core functions of public governance" (OECD 2013). Governments' ability to manage crises and implement successful exit strategies is often a survival and re-election requirement. Poor trust may hinder emergency and recovery efforts after major disasters. Public trust is vital to developing and implementing public policies and thus to effective cooperative compliance (Abu Hasanein, 2017). The public trust symbolizes the government's efficiency and strength in ensuring the community's happiness. Trust is essential for persuasive functions to run the government in the community's best interest (Ward et al., 2016).

RESEARCH METHODOLOGY

The current study employs a non-probability purposive sampling technique, with citizens from the Kuantan district of Malaysia answering a questionnaire. G*Power (Faul et al., 2007, 2009) preliminary power analysis revealed that the proposed sample size for the study model is 85 based on the input parameters of medium effect size (f^2), with an of 0.05, power of 0.80, and four predictors for the study model. The sample size of the study collected for this study is 222. According to Kline (2004), a sample size of more than 200 is generally adequate and appropriate for most study models. Before embarking on data analysis, the G*Power (Faul et al., 2007, 2009) post hoc power analysis revealed that 222 usable datasets yielded a power of 0.9986 for four predictors, which exceeds the recommended power of 0.80. As a result, the 222 datasets gathered have the required

power to reject the null hypothesis (Faul et al., 2007). This study describes the precise influence of power on the confidence in the results (McQuitty, 2004).

This study's questionnaire is based on the work of Salminen and Ikola-Norrbacka (2010). The questionnaire is broken down into six sections. The first section includes the respondents' demographics, such as gender, age, occupational sectors, and ethnicity. The second and final sections of the questionnaire were designed to elicit respondents' general opinions about the functioning of good governance in the Kuantan City Council. It starts with the first component of good governance, responsiveness, and then moves to the rule of law, transparency, accountability, and citizen trust. A four-point scale ranging from "strongly disagree" to "strongly agree" was used in these sections. Respondents were approached in various settings, including MBK parking lots, public universities, and personal contacts. Respondents were approached in a variety of settings, including offices, universities, hotels, and parking lots, as well as through personal contacts. SmartPLS 3.3.3 (Ringle et al., 2015) and SPSS 23.0 statistical software were used to conduct the study's analysis. The presentation of data analysis begins with an examination of the measurement model's reliability and validity. After verifying the measurement model according to the recommended threshold, the study examined the structural model and answered the hypotheses.

FINDINGS OF THE STUDY

Demographic Profile of Respondents

Table 1 depicts the demographics of those who took part in the survey. This study included 222 respondents from the Kuantan district. Before data collection, respondents were informed and explained the purpose of the study and the study's contributions to the community. According to the descriptive statistics, most respondents (54.5 percent) were female, with males accounting for the remaining 45.5 percent. The most populous age group was 18-24 years old (51.4 percent), with most students (43.7 percent). Malays made up the majority of the population (82.9 percent), followed by Chinese (12.6 percent) and Indians (4.5 percent).

Table 1: *Demographic Profile of Respondents*

Items	Frequency	Percentage
Gender		
Male	101	45.5
Female	121	54.5
Total	222	100.0
Age		
17and below	3	1.4
18-24	114	51.4
25-39	78	35.1
40-59	25	11.3
60 and above	2	0.9
Total	222	100.0
Occupation		
Government	38	17.1
Private	60	27.0
Own Business	18	8.1
Housewife	6	2.7
Student	97	43.7
Pensioner	3	1.4
Total	222	100.0
Ethnicity		
Malays	184	82.9
Chinese	28	12.6
Indian	10	4.5
Total	222	100.0

Measurement Model

As demonstrated in Table 2, all the indicators' loadings are above the recommended threshold of > 0.70 (Hair et al., 2010). The indicators' loading values ranged from 0.716 to 0.908. Hence, the results showed that all indicators are loaded significantly on their constructs and less on the other constructs (Henseler, 2017). Thus, no indicators are further removed. The internal consistencies of the measurement are tested by looking at the composite reliability (CR). Hair et. al. (2010) claimed that reliability denotes the degree to which a set of indicators displays internal consistency to the construct. Table 1.2 showed all reliability values of CR ranged from 0.897 to 0.949 for all constructs, which surpasses the lowest suggested value of 0.7 (Nunnally & Bernstein, 1994).

This study also examines the value of the average variance extracted (AVE). AVE refers to the cluster of indicators from similar constructs in which the threshold values should be larger than 0.50 (Fornell & Larcker, 1981). The results in Table 1.2 showed that the constructs' AVE values ranged from .654 to .700, This indicated a sufficient degree of convergent validity. A valid and reliable measure is essential for the data constructed in social work research (Cabrera-Nguyen, 2010). Henseler (2017) stated that the two main conditions used to examine the goodness of measurements are reliability and validity.

Table 2: Measurement Model for Convergent Validity of the Reflective Indicators

Construct	Indicators	Loading	CR	AVE
Transparency	Transp1	0.819	0.913	0.676
	Transp2	0.849		
	Transp3	0.791		
	Transp4	0.836		
	Transp5	0.815		
Accountability	Acct1	0.808	0.908	0.665
	Acct2	0.908		
	Acct3	0.868		
	Acct4	0.762		
	Acct5	0.716		
Responsiveness	Res1	0.728	0.929	0.654
	Res2	0.846		
	Res3	0.850		
	Res4	0.818		
	Res5	0.812		
	Res6	0.754		
	Res7	0.842		
Rule of Law	RoI1	0.805	0.897	0.686
	RoI2	0.790		
	RoI3	0.861		

	Rol4	0.855		
Citizens' Trust	CT1	0.757	0.949	0.700
	CT2	0.817		
	CT3	0.839		
	CT4	0.889		
	CT5	0.891		
	CT6	0.808		
	CT7	0.849		
	CT8	0.835		

Note1: CR = composite reliability; AVE = average variance extracted.

Note2: $AVE = (\text{summation of the square of the factor loadings}) / [(\text{summation of the square of the factor loadings}) + (\text{summation of the error variances})]$.

Note3: $CR = (\text{square of the summation of the factor loadings}) / [(\text{square of the summation of the factor loadings}) + (\text{square of the summation of the errorvariances})]$.

The discriminant validity is verified via the Fornell-Larcker criterion (1981) and Heterotrait-Monotrait Ratio (Henseler et al., 2015). Fornell-Larcker criterion showed in Table 3 indicated that the square root of the AVE for each construct is larger than the values of the correlations with other constructs horizontally and vertically. Fornell & Larcker (1981) claimed that for the validity of the discriminant to be established, the related construct should share more variance of its indicator. Referring to Table 3, the result indicated that the diagonal elements of the square roots of AVE are higher than all the off-diagonal elements, both vertically and horizontally, thus ascertaining the Fornell-Larcker criterion and the validity of the discriminant is verified.

Table 3: *Fornell-Larcker Criterion*

Construct	1	2	3	4	5
1. Accountability	0.815				
2. Citizens' Trust	0.783	0.837			
3. Responsiveness	0.730	0.833	0.809		
4. Rule of Law	0.683	0.785	0.764	0.828	
5. Transparency	0.732	0.798	0.780	0.779	0.822

Note: Diagonals (in bold) represent the squared root of AVE while the other entries represent the inter-correlation values between constructs

In Table 4, the values of HTMT are less than 0.90 (ranging from .790 to .899). Thus, the findings obtained advocate that all the constructs are realistically diverse (Henseler et al., 2015), thus establishing the validity of the discriminant.

Table 4: *Heterotrait-Monotrait Ratio (HTMT)*

Contract	1	2	3	4	5
1. Accountability					
2. Citizens' Trust	0.864				
3. Responsiveness	0.815	0.899			
4. Rule of Law	0.790	0.872	0.861		
5. Transparency	0.829	0.874	0.868	0.894	

* Discriminant validity is established at HTMT 0.90

Based on the above criterion, the discriminant validity and convergent validity of the constructs are established. The construct validity is referred to as "the degree of which a measurement is used to assess a construct as it is purported to be assessed" (Peter, 1981, p. 134). The confirmatory factor analysis model results supported that the study variable is verified distinctively for further analysis as the measurement model showed a satisfactory discriminant and convergent validity.

Structural Model

Table 5: *Path Coefficient for Main Model*

Relationship	β	Se	t-values	LL	UL	VIF	f^2	Decision
H ¹ Transparency → citizens' trust	0.175	0.071	2.456	0.070	0.307	3.527	0.043	Supported
H ² Accountability → citizens' trust	0.260	0.060	4.304	0.159	0.356	2.552	0.129	Supported
H ³ Responsiveness → citizens' trust	0.352	0.072	4.872	0.233	0.473	3.343	0.181	Supported
H ⁴ Rule of law → citizens' trust	0.203	0.063	3.219	0.100	0.306	3.081	0.065	Supported

Before embarking on the structural model, it is essential to ensure no collinearity threat. Table 1.5 demonstrates that VIF values are lower than the threshold value of 5.0 (Hair et al., 2011), thus indicating that there is no collinearity drawback in this study. To calculate the structural model (Table 1.5), beta value, se, t-values, VIF, and f^2 thru bootstrapping technique with a resample of 5,000 were analyzed. The results reveal that transparency, accountability, responsiveness and rule of law construct have a significant relationship with the citizens' trust towards MBK with transparency ($\beta = 0.175$, $t = 2.456$: LL = 0.070, UL 0.307), accountability ($\beta = 0.260$, $t = 4.304$: LL = 0.159, UL 0.356), responsiveness ($\beta = 0.352$, $t = 4.872$: LL = 0.233, UL 0.473), and rule of law ($\beta = 0.203$, $t = 3.219$: LL = 0.100, UL 0.306). Thus, H¹, H², H³, and H⁴ were supported. Cohen (1988) suggests f^2 value of 0.02 as small, 0.15 as a medium, and 0.35 as a large effect size. Hence, this study found that transparency, accountability, and the rule of law construct have a small effect size, while responsiveness has a medium effect size. In addition, the value for R square (R^2) of the study model is 0.795. This suggested that the exogenous variables in this study, i.e., transparency, accountability, responsiveness and rule of law account for 79.5 per cent of variances in citizens' trust.

DISCUSSION

According to the findings of this study, all elements of good governance (transparency, accountability, responsiveness, and the rule of law) are positively associated with citizens' trust in MBK. The findings are consistent with those of Farad and Rostamy (2007), Yousaf et al. (2016), and Connell and Mannion (2007).

Transparency, as previously discussed, is positively associated with citizen trust. It means that the MBK's decisions and enforcement are carried out following the established rules and regulations. All information is freely available and easily accessible to those who such decisions and their implementation will impact. It also implies that sufficient information is provided in an easily understandable format and through the media. The majority of respondents believed that the MBK transparently makes decisions. For example, MBK's official website displays the annual balance sheet, income statement, and expenditure. Citizens now have access to the local government's financial information. Citizens have the right to do so because they are the ones who pay the assessment tax and other local government taxes. This is a commendable effort that has

the potential to increase people's trust in local government. Citizens can learn where their money comes from and where it goes. This will help to reduce corruption at the local government level.

Furthermore, it is implied that accountability is related to citizens' trust. In other words, Kuantan residents believed that the local government (MBK) was accountable to them and accepted responsibility for their position. As a result, the findings are consistent with Yousaf et al. (2016) and Fard & Rostamy (2016). In terms of responsiveness, the findings revealed that responsiveness is related to citizens' trust in MBK. As a result, people in Kuantan believe that public officials responded to citizens' problems promptly. They also believe that the local government will respond quickly to their concerns, grievances, and needs. The findings are similar to those of Karp and Banducci (2008), Tarrow (2011), and Siraj and Nasir (2020), who discovered that responsiveness can increase public trust.

Finally, it is intriguing to discover that citizens' trust in MBK is positively related to the rule of law. The rule of law in local government implies that all members of society, including the people and the governing institution, are protected by the law. As a result of this study, people believe that MBK could uphold the rule of law, earning their trust. The findings are similar to those of Bjrnkov (2012), Uslaner (2002), and Knack (2002), who established a significant relationship between public trust and the rule of law.

CONCLUSION

Good governance practices are required to keep the public informed about policy, increase participation opportunities, increase resource allocation efficiency in both the public and private sectors, and reduce corruption and unethical practices. It improves government stability, consensus, and trust. The study concludes that good governance practices increase citizens' trust in governance, one of the fundamental pillars upon which justice and political systems are built. Poor governance practises, exacerbated by corruption, erode citizens' trust. All of this has a cumulative effect on the capacity of social or civil institutions to function for the common good. Citizens who lack trust in government are less likely to pay taxes and follow the law (Tyler, 2004; Nor Zaini et al., 2018). Good governance necessitates that institutions and processes strive to serve all

stakeholders in a timely and efficient manner. The local government is the governmental cog that is closest to the people. Because the number of educated people continues to rise, they place a high demand and expectation on the local government. As a result, if there are any grievances, the local government must respond and resolve them within a reasonable time frame. If the local government does not promptly respond to the local people's grievances or complaints, the local people are more likely to fail to pay the assessment tax.

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