

## **The influence of accountability, transparency, participation, and characteristics of satya on the management of village funds**

**Gede Sanjaya Adi Putra <sup>1✉</sup>, Gde Deny Larasdiputra <sup>2</sup>**

<sup>1,2</sup> Accounting Department, Universitas Warmadewa, Indonesia

✉ Address correspondence: Terompong Street No 24, Sumerta Kelod Denpasar, Bali – 80239

E-mail: sanjaya.adiputra@warmadewa.ac.id

### **ABSTRACT**

This study aims to determine the effect of accountability, transparency, and community participation on the management of village funds with Satya as a moderating variable. The population in this study was the people of Sading Village with the following criteria: village officials (village government organizations) and hamlet representatives (banjar adat) who were involved in village fund management meetings with a sample of 82 people. The theory used in this research is stewardship theory and agency theory. The data analysis technique used in this study is Multiple Linear Regression Analysis and Moderated Regression Analysis (MRA). The results of the study stated that H1, H2, H3, and H6 were accepted while H4 and H5 were rejected. This shows that accountability, transparency, and participation have a positive effect on the management of village funds. The nature of Satya is not able to moderate the effect of Accountability and Transparency on management and villages. However, the nature of Satya is able to moderate the positive influence of community participation on management and villages.

Keywords: accountability, transparency, participation, satya, village fund management

### **1. Introduction**

#### **Research Background**

The development of public sector accounting in Indonesia is growing rapidly after the reform era, there is a demand to improve the performance of public sector organizations to create good public and corporate governance. There are greater demands from society for transparency and public accountability by government sector institutions [1]. The reform era brought changes to the implementation of government policies, one of which was in terms of regional autonomy and decentralization of local government. Regional autonomy is the right, authority, and obligation of an autonomous region to regulate and manage its government affairs and the interests of the local community according to its initiative based on the aspirations of the community by statutory regulations.

The village is the main focus of the Indonesian government in enhancing national development. [2] conveys that this development is carried out by granting authority to each village to manage and run its government system. Development sourced from village funds underscores President Jokowi's commitment to developing Indonesia from the periphery, borders, and villages. Village funds allocated by the government are the main source of village income. The allocation of village funds for each village varies, this is based on several factors, namely population size, poverty rate, area size, and level of geographical difficulty. Allocation of funds by the district government for villages comes from revenue sharing from regional taxes, revenue sharing from regional levies, and regions received by the district government except for special allocation funds (Directorate General of Fiscal Balance, 2016).

Village fund corruption cases continue to increase every year. Indonesia Corruption Watch (ICW) said that there were at least 154 cases of corruption in the village fund budget

sector in 2021, with a potential state loss of IDR 233 billion. This figure has tended to show an increase since 2015, at that time there were only 17 corruption cases in the village fund budget with a loss of IDR 40.1 billion (data from Indonesia Corruption Watch, 2022).

A similar case also occurred in 2022 in the Sading Traditional Village, Mengwi District, Badung Regency. In this case, Bendesa Adat Sading was fired from his position because he could not be accountable for managing village funds. This was confirmed by I Wayan Wiasthana Ika Putra as Chair of the Five Signs of the Sading Traditional Village. Therefore, it is necessary to have stricter supervision so that similar problems do not occur again in the future.

The number of problems that arise as a result of receiving village funds, the government issued Minister of Home Affairs Regulation (Regulation of the Minister of Home Affairs in Indonesian is abbreviated as Permendagri Number 113 of 2014 in article 2 which refers to village finances in their management which is based on the principles of transparency, accountability, participation and is carried out in an orderly manner and budget discipline [2]. Accountability is related to accountability to the public for the activities and activities carried out by the giver of responsibility. Transparency relates to the freedom to obtain information relating to the public interest. With the freedom to obtain information, it will indirectly create community involvement or participation in it.

This study uses the nature of Satya Dharma as a moderating variable. As in Hinduism, it is explained that the nature of Satya dharma is very important to have and has serious effects if it is not carried out when you have responsibility for the task that has been entrusted. Satya is related to morals/behaviors such as honesty, patience, and courage. By having the nature of Satya, a person will avoid actions that cause negative things for many people and will always uphold the character of being honest, brave, and responsible. In addition, Satya gives us the ability to discriminate, allows us to set boundaries, and gives us a sense of morality. Someone who has a high Satya character is expected to have a good sense of morality and be able to distinguish between bad and good deeds and how he should behave towards others according to his moral values.

Based on the description of the research background above, the researcher is interested in raising this problem to become a research topic by taking the title " The Influence of Accountability, Transparency, And Participation On The Management Of Village Funds To Realize Good Governance With The Characteristics Of Satya As A Moderating Variable IN Sading Village, Mengwi District".

### **Stewardship Theory**

Stewardship Theory developed [3] is a new paradigm to examine the relationship between owners and management of an organization. In applying Stewardship Theory, the organization is focused on harmonization between capital owners (principles) and capital managers (stewards) in achieving common goals. This theory explains the situation of managers (management) to be motivated to achieve the most important organizational goals and success compared to personal interests. In this theory, management (steward) is motivated to take action based on the wishes of the principal. Apart from that, management tends to have loyal behavior toward the organization because it tries to achieve the goals the organization wants. This theory can be applied to public sector accounting research such as government organizations [4] from the beginning of its development, public sector organization accounting has been prepared to meet the information needs for the relationship between stewards and principals. With increasingly complex conditions and increasing demands for accountability in public sector organizations, it is increasingly difficult for principals to carry out their management functions.

### **Agency Theory**

According to [5], the agent is the maker of a contract to perform certain tasks for the principal. While the principal is a contract maker to provide rewards for agents. Agency relationships also arise in public sector organizations. The society acts as principal while public officials act as agents. Public officials are responsible for public service activities by appointing State Civil

Apparatuses (ASN). This also occurs in village government, where the village government as an agent is given the authority to manage village funds for the welfare of the people, and the people as the principal parties who delegate their authority to local governments [6]. With this theory, the patterns of agency relationships in village governance can be well explained. The principal party wants the village administration to be managed properly.

#### **Accountability**

[1] defines accountability as the obligation of the holder of responsibility/trust (government) to provide accountability, present, report, and disclose all activities and activities that are his responsibility to the party giving the responsibility/trust (community) who has the right and authority to request this accountability. The accountability of the village government shows the involvement of all parts of the village government in being accountable for all activities that have been carried out related to village governance and development. Accountability to the village government as a forum for realizing responsibility related to activities that will be or have been carried out as an effort by the village government to provide reports to the community [7]. Reporting is not only about finance but includes other information in economic, social, and political aspects [8] The existence of accountability is reflected in the provision of access to all interested parties to ask questions or challenge the accountability provided by the village government.

#### **Transparency**

Transparency covers many aspects regarding the freedom to obtain information related to governance, namely information about policies, the process of making and implementing them, and the results that have been achieved [9]. Regarding transparency in the management of village funds, the village government must be transparent in its implementation, from the planning stage to the accountability stage. In realizing the principle of transparent governance, the village government must be willing to provide information to the public promptly and take into account the ease of obtaining information and information that can be easily understood, presented as it is, accurate, adequate, and complete.

#### **Society participation**

Participation is consciously involved and interacts socially under certain conditions [10]. Community participation is a state where the community is involved in the process of identifying problems and potential that exist in the community and taking the most effective solutions. Community participation in the management of village funds is regulated in Law Number 6 of 2014 concerning village meetings. Village deliberation is a deliberative forum that is attended by village deliberative bodies, village government, and elements of the village community to deliberate strategic matters in governance. With the participation of the community in village administration, the village government can obtain program ideas and input from the community to jointly realize village development.

#### **Satya Nature**

Satya is faithful, honest, and responsible which is stated as a truth that will bring people peace. Loyalty and honesty are very important capitals in living life. The importance of "loyalty and honesty" as mentioned in Nawa Sanga is the concept of devotion, one of which is mentioned as "dare to act based on the law" so that for a leader based on the attitude of Satya Asta Brata leadership which is by leadership in Hinduism, it is also stated that a leader must have 5 attitudes of loyalty, namely, Satya Heradaya (honest to oneself), Satya Wacana (honest to words), Satya Semaya (faithful to promises), Satya Mitra (faithful to friends), and Satya Laksana (honest in deeds).

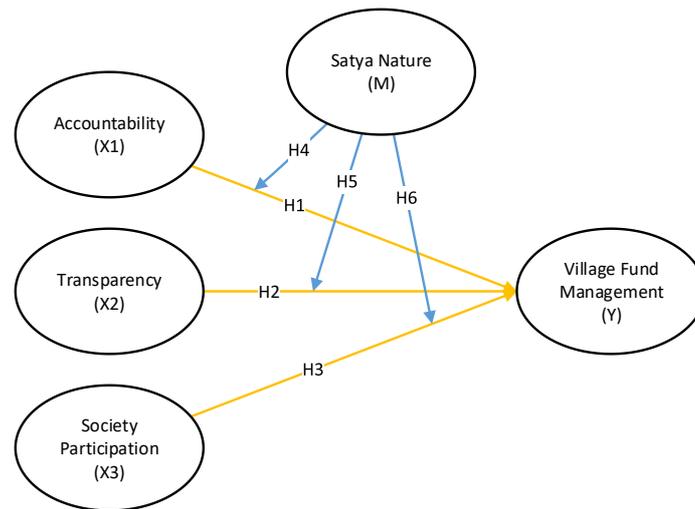
#### **Village Fund Management**

According to the Regulation of the Minister of Home Affairs of the Republic of Indonesia Number 20 of 2018 concerning Village Financial Management Article 1 paragraph 9, Village Funds are funded originating from the State Revenue and Expenditure Budget (APBN) intended for villages that are transferred through the Regency/City Regional Revenue and

Expenditure Budget and used to finance government administration, implementation, development, community development, and community empowerment.

## 2. Method

This research is quantitative research, which is in the form of associative research where research examines the effect of an independent variable on the dependent variable or knows the relationship between variables.



**Figure 1.** Conceptual Framework

The population used in this study were the people of Sading Village aged over 17 years as respondents with the following criteria: village officials (village government organizations) and hamlet representatives (banjar adat) who were involved in village fund management meetings. Sading Village has 13 hamlets with a population of 8,376 people. The sampling technique used in sampling is purposive sampling. The sample criteria used in this study are:

- 1) Village apparatus (village government organizations) involved in village fund management meetings, as well
  - 2) Hamlet representatives (banjar adat) who are involved in village fund management meetings.
- Based on these criteria, the sample used from Sading Village was 82 respondents

The type of data used in this research is quantitative data. Quantitative data is data in the form of numbers or numbers. This data type then processed and analyzed with mathematical or statistical calculations to get the necessary information. While the source of data in this study primary data and secondary data. Primary data is data obtained by means straight from the source by taking measurements, calculating yourself within the form of numbers, observations, interviews and so on. Data secondary is a source of research data obtained indirectly through the media intermediaries (obtained and recorded by other parties)

## 3. Results and Discussion

### Multiple Regression Analysis

Multiple regression tests were conducted to determine the effect of each independent variable individually on the dependent variable. The independent variable is said to be influential in terms of the sig <0.05 Based on table 4.18 above shows the estimation model as follows:

$$Y = 8.741 + 0.427X1 + 0.059X2 + 1.373X3 + e \dots \dots \dots (1)$$

**Information:**

- Y = Village Fund Management
- a = constant
- X1 = Accountability
- X2 = Transparency
- X3 = Society Participation
- e = error

**Table 1. Results of Multiple Linear Regression Analysis**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	8.741	1.434		6.097	.000
1					
Accountability	.427	.069	.619	6.162	.000
Transparency	.059	.020	2.811	3.021	.003
Society Participation	1.373	.503	1.384	2.728	.008

Source: Processed data, 2023

The multiple linear regression equation shows the direction of each independent variable to the dependent variable. The multiple linear regression equation can be described as follows:

- 1) A constant value of 8.741 means that if the accountability, transparency, and community participation variables are declared constant at 0, then the village fund management level value is 8.741.
- 2) The value of regression coefficient of the accountability variable (X1) has a positive value of 0.427 which indicates that there is a positive influence between the accountability variable on village fund management. In other words, if the accountability variable increases it will cause an increase in the level of village fund management, assuming the other independent variables are held constant.
- 3) The regression coefficient value of the transparency variable (X2) has a positive value of 0.059 which indicates that there is a positive influence between the transparency variable on village fund management. In other words, if the transparency variable increases it will cause an increase in the level of village fund management, assuming the other independent variables are held constant.
- 4) The regression coefficient value of the community participation variable (X3) has a positive value of 1.373 which indicates that there is a positive influence between the community participation variable on village fund management. If the community participation variable increases, it will cause an increase in the level of village fund management, assuming the other independent variables are held constant.

**Moderated Regression Analysis test (MRA)**

The results of the Moderated Regression Analysis (MRA) test aim to find out the role of the Satya variable for transparency, accountability, and participation in village financial management, so it can be seen as follows.

Based on the table above, the estimation model can be shown as follows:

$$Y = 2.635 + .097X1 + .11X2 + .04X3 + .17M + .01X1M + .00X2M + .38X3M + e \dots \dots \dots (2)$$

**Information:**

- Y = Village Fund Management
- a = constant
- X1 = Accountability
- X2 = Transparency
- X3 = Society Participation

M = Satya Nature  
 X1.M= Accountability - Satya Nature  
 X2.M= Transparency - Satya Nature  
 X3.M= Society Participation - Satya Nature  
 e = error

**Table 6.** Partial Regression Test Results (T test)

Model	Coefficients <sup>a</sup>				t	Sig.
	Unstandardized Coefficients		Standardized Coefficients			
	B	Std. Error	Beta			
1 (Constant)	2.635	.910			2.896	.005
X1_M	.009	.015	.271		.635	.527
X2_M	.039	.056	.194		.693	.490
X3_M	.560	.072	.365		7.801	.000

Source: Processed data, 2023

The results of the interpretation in the above research are:

- 1) The nature of Satya in moderating the effect of transparency on the financial management of village funds. The results of the absolute difference value test shown in table 6 show that the X1\_M variable has a count of 0.635 < t table 1.98118 with an unstandardized beta coefficient of 0.009 and a significance level of 0.527 which is greater than 0.05 then H4 is rejected.
- 2) The nature of Satya in moderating the influence of accountability on village financial management. The results of the absolute difference value test shown in Table 6 show that the X2\_M variable has a t count of 0.693 < t table of 1.98118 with an unstandardized beta coefficient of 0.039 and a significance level of 0.490 which is greater than 0.05 then H5 is rejected.
- 3) The nature of Satya in moderating the influence of accountability on village financial management. The results of the absolute difference value test shown in Table 6 show that the X3\_M variable has a t count of 7.801 > t table of 1.98118 with an unstandardized beta coefficient of 0.560 and a significance level of 0.000 which is less than 0.05 then H6 is accepted.

**Test of the coefficient of determination (R<sup>2</sup>)**

Coefficient of Determination (R<sup>2</sup>) measures how far the ability of the regression model in explaining the variation in the dependent variable. Value of (R<sup>2</sup>) which is close to one means that it provides almost all the information needed to predict the variation in the dependent variable. The results of the coefficient of determination can be seen in table 7 below:

**Table 7** Results of Determination Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.768 <sup>a</sup>	.590	.575	3.797

Source: Processed data, 2023

Based on these results it is known that the value of R<sup>2</sup> = 57.5 percent, which means that 57.5 percent of village fund management (Y) is influenced by the variables of accountability (X1), transparency (X2), community participation (X3), and the remainder is (100% -57.5%) = 42.5 percent influenced by other variables not examined in this study. Other variables that have the potential to influence the level of management of village funds include apparatus competence, clarity of targets [11], and supervision [12].

### **The effect of accountability on the management of village funds in Sading Village, Mengwi District**

The results of testing the first hypothesis (H1), namely accountability have a positive and significant effect on the management of village funds in Sading Village, Mengwi District. The regression value shows a positive coefficient value of 0.427 with a significance value of  $0.000 < 0.05$ , so H0 is rejected and H1 is accepted. This means that the more accountable the management of village finances, the more accurate the reports will be. Because accountability is the obligation of individuals who are entrusted with managing public or related resources by those entrusted and accounted for. This research is in line with the stewardship theory which has given the trust to the principal. In stewardship theory, it is explained that in achieving its vision and mission goals, one of which is being able to manage finances well. Thus, stewards as government and principals in society will be more motivated in carrying out their duties rather than doing deviant or self-serving things. The results of this study strengthen research from [13] which show that accountability influences village financial management.

### **The effect of transparency on the management of village funds in Sading Village, Mengwi District**

The second hypothesis proposed in this study is to test the effect of transparency on the management of village funds in Sading Village, Mengwi District. Based on the test results using multiple linear analysis, it is known that the transparency variable has a positive and significant effect on the management of village funds in Sading Village, Mengwi District. The regression value shows a positive coefficient of 0.059 with a significance level of  $0.003 < 0.05$ , so H0 is rejected and H2 is accepted. The results of this study indicate that transparency is an important thing for the village government to do in managing village funds. In implementing this transparency, the Sading Mengwi village government also provides important information related to finance and non-finance which is posted on village notice boards as well as on bale boards or banners. The village government is also always open and never closes in providing information regarding village financial management and other information, because the Sading Mengwi village government is fully aware that the community has the right to know about village financial information.

### **The effect of community participation on the management of village funds in Sading Village, Mengwi District**

Results The results of testing the third hypothesis are that community participation has a positive and significant effect on the management of village funds in Sading Village, Mengwi District. The regression value shows a positive coefficient value of 1.373 with a significance value of  $0.008 < 0.05$ , so H0 is rejected and H3 is accepted. In theory, community participation is one of the factors that influence the success of development programs and rural community development. Community participation is needed to realize village development by the needs of the village itself. Without community participation, any development activity will fail. Likewise, community participation in the use and management of village funds, this involvement is important so that their use and management can be more targeted, and the benefits will be more in tune with the real interests of the community. Community participation is very much needed for the success of development in the village towards a better direction, the role and performance of the village government are also highly expected to be able to carry out the main tasks of leading and coordinating in carrying out village household affairs, conducting community development and development and fostering the village economy.

### **The Nature of Satya Moderates Accountability for Village Financial Management**

The fourth hypothesis proposed in this study is Satya's nature of moderating accountability for village financial management. Accountability is the embodiment of one's obligation to be accountable for managing village finances controlling resources and implementing policies entrusted to him to achieve a goal. Village apparatus in carrying out accountability in managing village finances tends to be satya. Judging from the regression value, it shows a coefficient value of 0.009 with a significance value of  $0.527 > 0.05$ . Based on the results of this analysis,

shows that the nature of Satya cannot moderate accountability for village financial management or is rejected. This is because many village officials admit that they have carried out village financial management in an accountable and Satya manner, but in general, many people consider that several village officials are not Satya and even some village officials consider such a thing that there are still several village officials dishonest in reporting village finances.

#### **The Nature of Satya Moderates Transparency in Village Financial Management**

The fifth hypothesis proposed in this study is Satya's nature of moderating transparency in village financial management. Judging from the regression value, it shows a positive coefficient value of 0.039 with a significance value of  $0.490 > 0.05$ . Based on the results of the analysis, shows that Satya cannot moderate the effect of transparency on village financial management, or H5 is rejected. Transparency creates mutual trust between the public and the government in obtaining information and ensures easy access to information. When the government or village officials show to the public that in carrying out financial management in an open and good manner, village officials must have satya characteristics, but the results of this study show that the existence of Satya characteristics has no significant effect in moderating transparency on village financial management. This is due to the phenomenon that occurs in the villages where several officials in each village do not know how each apparatus is open or transparent about village financial management so the results of the data received are that several village officials in each village have a negative opinion on financial management transparency village can be done openly.

#### **The Nature of Satya Moderates Participation in Village Financial Management**

The sixth hypothesis proposed in this research is Satya's nature of moderating participation in village financial management. Judging from the regression value, it shows a positive coefficient value of 0.560 with a significance value of  $0.000 < 0.05$ . Based on the results of the analysis, it shows that the nature of Satya can moderate the effect of participation on village financial management or H6 is accepted. Community participation is one way to minimize the occurrence of information asymmetry, namely by monitoring costs. Community participation in managing village fund allocations functions as internal control over the supervision of programs related to funding. Community involvement in the context of making decisions on every activity organized by the village government can assist and monitor the village government in preparing the budget. In this study, the nature of Satya was able to moderate the effect of community participation on the management of village funds. The results of the analysis show that the Satya variable strengthens the relationship between community participation and village fund management.

## **4. Conclusion**

Based on the results of data analysis and discussion, the conclusions obtained from the research results are as follows: 1) Accountability has a positive and significant influence on the management of village funds. 2) Transparency has a positive and significant impact on management and villages. 3) Community participation has a positive and significant influence on village fund management. 4) The nature of Satya is not able to moderate the effect of Transparency on management and villages. 5) The nature of Satya is not able to moderate the positive effect of Transparency on management and villages. 6) The nature of Satya can moderate the positive influence of community participation on management and the village.

## **Acknowledgment**

We wish to thank the associate editors and three anonymous reviewers who helped review their comments and suggestions. Finally, we express our gratitude to the director of Warmadewa University, who has supported the funding of this research.

## References

- [1] Mardiasmo, *Public Sector Accounting*. Yogyakarta: Andi, 2018.
- [2] S. Septiana and S. B. Hermanto, “The Effect of Good Corporate Governance on Village Fund Management Performance,” *Journal of Accounting Science and Research*, vol. 10, no. 1, pp. 131–138, 2021.
- [3] L. Donaldson and J. H. Davis, “CEO governance and shareholder returns: Agency theory or stewardship theory,” in *The Annual Meeting of the Academy of Management, Washington, DC*, 1989.
- [4] D. Thornton and Deborah, “Stewardship in Government Spending: Accountability, Transparency, Earmarks, and Competition,” *Policy Study Public Interest Institute*, vol. 1, no. 09, 2009.
- [5] E. S. Hendriksen and V. M. F. Breda, *Accounting Theory, 5th Edition*. Homewood Illinois: Irwin, 1992.
- [6] C. V. Situmorang, A. Simanjuntak, and D. M. Elisabeth, “The Role of Community Participation, Accountability, and Transparency in Realizing Good Governance for Village Development”, *Journal of Finance and Banking (JIKA)*, vol. 9, no. 2, pp. 131–142, 2020.
- [7] E. S. Hendriksen, and V. M. F. Breda, *Accounting Theory, 5th Edition*. Homewood Illinois: Irwin, 1992
- [8] P. S. Nugroho, P. Wahyuningsih, and S. Alliyah, “The Effect of Accountability, Transparency, and Community Participation on Village Fund Management (Case Study of 10 Village Governments in Tahunan District, Jepara Regency),” *Journal Of Accounting And Tax*, vol. 23, no. 1, pp. 1–19, 2022.
- [9] Malumperas, M. H. Jani, “Accountability of Village Fund Allocation Management (Case Study in Bowongkali Village, Central Tabukan District, Sangihe Archipelago Regency, North Sulawesi Province),” *Jurnal EMBA*, vol. 9, no. 1, 2021.
- [10] K. R. Aprilia, and F. Astri, “The influence of competence, organizational commitment, transparency, and community participation on village fund management accountability,” *Journal of Accounting Science and Research (JIRA)*, vol. 9, no. 2, 2020.
- [11] A. Masruhi and M. E. Kaukab, “The Influence of Apparatus Competency, Organizational Commitment, Community Participation, and Clarity of Budget Targets on Village Fund Management (Empirical Study of Village Officials in Mojotengah District, Wonosobo Regency),” *Journal of Economic, Business and Engineering*, vol. 1, no. 1, pp. 118–130, 2019.
- [12] A. A. L. Making and N. Handayani, “The Effect of Accountability, Transparency, and Supervision on Village Fund Management,” *Journal of Management and Business Research*, vol. 10, no. 10, 2021.
- [13] I. Ngakil and M. E. Kaukab, “Transparansi dan akuntabilitas pengelolaan keuangan desa di kabupaten wonosobo,” *Journal of Economic, Management, Accounting and Technology*, vol. 3, no. 2, pp. 92-107, 2020.