

Transparency and Accountability Based on The Concept of “*Pada Gelahang*” Enhancing Village Financial Management

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ABSTRACT

Along with the increase in the amount of village funds and the efforts to decrease the mismanagement carried out by the government, the Government strives to defend the WTP opinion by adapting local wisdom in managing finances. This study aims to analyze the variables of transparency and accountability based on the concept of *pada gelahang* in the village financial management. The research was a quantitative with SEM (Structural Equation Modelling) analysis tool and using PLS (Partial Least Square) method. The sample of this study is 57 Village in Buleleng Regency. The results showed that transparency had an effect on the management of village finances ($t_{count} > t_{table} = 3,501 > 1,960$) and accountability had an effect on the management of village finances ($t_{count} > t_{table} = 5,571 > 1,960$). Thus, it is found that transparency and accountability based on the concept of *pada gelahang* have an effect on village financial management. The concept of the *pada gelahang* has the meaning of equality, togetherness and mutual assistance reflected in the financial management of the village that is *transaparan* and accountable.

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1. Introduction

Village financial management by the village government will certainly influence the opinion of the Supreme Audit Agency (BPK). (Nafidah & Anisa, 2017; Triani & Handayani, 2018). Transparency and accountability of regional finances are the responsibility of local governments in relation to local financial management to the public openly and honestly through the media. In addition, according to (Wardiana & Prastiti, 2016), transparency and accountability are also able to create *good governance* so that there is an increase in the quality of public services.

Transparency and accountability are clearly contained in (PERMENDAGRI (113), 2014; UU (6), 2014), Village finances are managed based on the principles of principles of transparency, accountability, participatory and budgetary discipline. The financial management of local government transparency and accountability to the presentation of financial statements, is expected to be accessed by the various parties concerned with the assumption that the public is entitled to know the information that (Hehanussa, 2015; Meutia & Liliana, 2017). So good village financial management is open and honest management in accordance with the principles of transparency and accountability. Given the amount of funds provided, it is very important for the competent authorities to carry out proper financial management. Regarding this phenomenon, (Umami & Nurodin, 2018) has conducted research related to village financial management in Surade District, namely the villages of Jagamukti, Gunung Sungging, Cipeundeuy and Sukatani, which found that transparency and accountability have a simultaneous or partial effect on village financial management. So, transparency and accountability do have an important role in managing village finances. In addition, (Sukmawati, Fitri & Nurfitriani, 2019), conducted research in Garut Regency, which found that transparency and accountability simultaneously had a significant effect on village financial management in 30 Village Governments in Garut Regency. However, partial transparency has no effect on village financial management.

Previously, (Darmada et al., 2016; Sari & Khaerani, 2016), conducted a qualitative research on accountability in *subak* organizations based on the local wisdom philosophy *in pada gelahang*, which found that the practice of accountability was inseparable from the concept of *pada gelahang*. The condition of the Balinese people, especially Buleleng, is familiar with the concept of *pada gelahang*. The concept of *pada gelahang* is able to foster a sense of togetherness, regardless of one's background and becomes the root in strengthening relationships between people who integrate themselves. If the management of village finances is based on this philosophy, then management to accountability for village finances is a shared responsibility and must also be known by the public or village community.

Now the Buleleng Regency Government is trying to oversee the use of funds utilized by the village through the initiation of the "Village Jaga Jaga" program, the Regency Government together with the Buleleng Kejari District Government have signed a cooperation (MoU) between the two parties. This collaboration concerns the handling of Civil and State Administrative law issues This condition reflects that the Buleleng Regency Government is aggressively overseeing village financial management in Buleleng Regency. This is because the management of village finances is one of the determinants for the Supreme Audit Agency (BPK) of the Republic of Indonesia, in providing opinions on the accountability of financial management of the Buleleng Regency Government. The Buleleng Regency Government seeks to maintain the WTP opinion (unqualified), of course by maximizing transparent and accountable village financial management.

The existence of transparency will create a reciprocal trust between the government and the community by providing adequate and accurate information. In addition, transparency is also able to minimize errors in decision making. This is because the public is also given the opportunity to make decisions and minimize opportunities for misuse of funds (corruption) because the delivery of information is open and easily accessible to the public (Dwiyanto, 2015; Sangki et al., 2017) also believes that transparency is the provision of information about pemerintahan to the public and guaranteed by the ease in obtaining information that is accurate and adequate. one example is a form of transparency of decision-making in the village meeting through deliberation. Accountability is one of the conditions needed for an organization to achieve the title of *good governance* (Darmada et al., 2016). Accountability will be better if it is supported by an accounting system that produces accurate, reliable, timely and accountable information (Lestari et al., 2014). Village government accountability is reflected in the planning, implementation and reporting stages that can be accounted for technically, administratively and legally (Kurnia et al., 2019). Accountability in this study relates to the accountability of the village government for village financial management, for example, management of Village Fund Allocation (ADD), and Village Fund (DD).

Based on the phenomena and previous research, a test of the effect of transparency and accountability on village financial management will be conducted again by synergizing the concept of *pada gelahang*. Through this research, it will be known the role of transparency and accountability in village financial management which is synergized with the concept of Balinese local wisdom, namely the concept of *pada gelahang*

2. Methods

This study is a quantitative research. This research explores the causality between variables. This study examines the causal relationship between transparency, accountability and village financial management. Where in the management of village finances, especially in Buleleng Regency, Bali, which has a concept of *pada gelahang* which can be used as an added value in managing village finances that are more transparent and accountable. Transparent and accountable village financial management is very important because it reflects an organization that has achieved the title of *good governance*. The research model of this study presented in Figure 1.

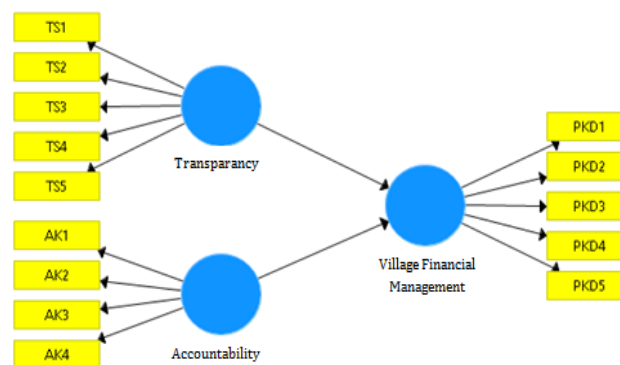


Figure 1. Research Model

The targets of this research are villages in Buleleng Regency, Bali. Villages in Buleleng were the target of research, considering that the Buleleng Regency Government was trying to defend the WTP opinion. Village funds disbursed have also increased, so it is important to manage them well. There are 129 villages in Buleleng Regency, so the population in this study was 129 villages. The sampling method used is the technique *probability sampling* with the aim of providing equal opportunity for every member of the population. The village that will be the target of the research sample uses an error rate of 10%. Based on calculations, the samples used in this study were 57 villages in Buleleng Regency. So that the questionnaire as a research instrument will be distributed to 57 villages.

The data was collected by distributing questionnaires and documentation. Documentation is needed to collect data in the form of financial reports and village financial management data. Meanwhile, the questionnaire will be used to collect answers from respondents (Village Treasurer) using a Likert scale with intervals of 1 to 5. The questionnaires were distributed in 57 villages in Buleleng Regency, the answers to the questionnaires were tested for reliability using *Cronbach's Alpha*, while the validity test was carried out by conducting a correlation test between item scores and total scores or comparing the correlation value (r count) with r table.

The data analysis technique uses SEM (Structural Equation Modeling) analysis using the PLS (Partial Least Square) method. The stages of data analysis according to (Ghozali, 2015), namely: The first stage is to evaluate the measurement model (*outer model*). Test the validity and reliability by performing *Convergent Validity*, *Discriminant Validity*, *Composite Reliability*, *Cronbach's Alpha* and AVE. The formative indicators were tested with *significance of weights* and *multicollinearity*. The second stage is to evaluate the structural model (*inner model*). *Inner evaluation of this model* will be seen from the coefficient of determination (R^2), *predictive relevance* (Q^2), *goodness of fit index* (GoF). Hypothesis testing is seen from the t-statistic value and probability value. Hypothesis testing uses statistical values, so for 5 % alpha the t-statistic value used is 1.96.

3. Results and Discussions

Results

This study examines endogenous variables, namely village financial management and exogenous which consists of transparency and accountability. Village financial management variables are measured by 5 (five) indicators PKD1, PKD2, PKD3, PKD4, and PKD5. For exogenous variables, transparency is measured by 5 (five) indicators, namely TS1, TS2, TS3, TS4, and TS5. Meanwhile, the accountability variable is measured by 4 (four) indicators, namely AK1, AK2, AK3, and AK4.

Assess the Outer Model or Measurement Model

A construct can be declared to have high reliability if the Composite Reliability value is above 0.70, the Cronbachs Alpha value is above 0.60, rho_A is above 0.70, and AVE above 0.50 (Ghozali 2015) . In table 1 are presented the value Cronbachs Alpha, rho_A, Composite Reliability d an Average Variance Extracted (Ave) for all variables.

Table 1. Value of Cronbach's Aplha, rho_A, Composite Reliability, Average Variance Extracted (AVE)

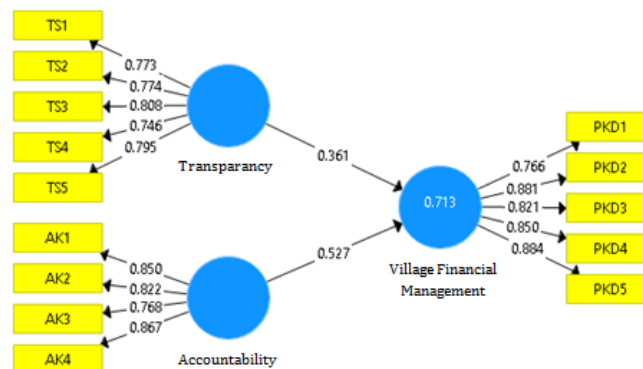
Construct Reliability and Validity				
	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Accountability	0849	0.874	0897	0.685
Village Financial Management	0.896	0.906	0.924	0.708
Transparency	0843	0860	0.886	0.608

Source: Data processed by SEM PLS

Based on the test results, shown in Table 1. n use values Cronbach's alpha and the value of composite realibility three constructs in this study can be expressed reliably, because the test results show the value of Cronbach's alpha greater than 0.60 and the value of composite reability greater than 0.70. The highest Cronbach alpha value in the construct of village financial management is 0.896> 0.60 with a composite reliability value of 0.906> 0.70. In addition, the rho_A value was greater than 0.70, which is the smallest value in the transparency construct of 0.860> 0.70. So it can be concluded that, all indicators used in this study are reliable.

The construct is also declared valid. This statement is implied in the magnitude of the AVE value for the three constructs which are greater than 0.50. The greatest AVE value was in the village financial management construct, namely 0.708> 0.50. While the smallest AVE value was in the transparency construct, namely 0.608> 0.50, so that the three constructs in this study could be declared valid. The test results show that the three constructs are valid and reliable, so that the instruments in this study are already good.

Measuring the magnitude of the correlation between constructs and latent variables can also be seen in Figure 2. The path diagram is as follows:



Source: Data processed by SEM PLS

Figure 2. Algorithm

Based on Figure 2, all indicators have *loading* values greater than 0.5, so that all indicator variables can be declared valid.

Structural Model Testing (Inner Model)

The test on the structural model was carried out in order to examine the relationship between latent constructs in the research model. The assessment of the *inner model* can be seen from the *R Square* for all dependent latent variables (Ghozali 2015). The following Table 2 presents the value of *R Square*:

Table 2. *R Square*

	<i>R Square</i>	<i>R Square Adjusted</i>
Village Financial Management	0.713	0.702

Source: Data processed by SEM PLS (2020)

The *R square* values were 0.67 (strong), 0.33 (moderate) and 0.19 (weak) (Chin, 1998). Based on this classification, if you see the *R Square* value in the village financial management construct of 0.713 > 0.67 or equal to 71,3 % it can be explained by the transparency and accountability construct variables with a classified classified as strong. So as much as 28.7% of the village financial management constructs were explained by other factors, apart from transparency and accountability.

Hypothesis test

The basis used in testing the hypothesis is the value contained in the *output result for inner weight*. The following is Table 3. Mean, STDEV, T-Values, P-Values, which explain the results of the research hypothesis test:

Table 3. Mean, STDEV, T-Values, P-Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O - P / STDEV)	P Values
Accountability -> Village Financial Management	0.527	0.533	0.095	5,571	0.000
Transparency -> Village Financial Management	0.361	0.361	0.103	3,510	0.000

Source: Data processed by SEM PLS

Based on Table 3, it is known that the results of the relationship between the transparency variable and village financial management are influential. This is shown from the results of the parameter coefficient value of 0.361 with a statistical t value of 3.501 which is greater than the t table value of 1.960. Thus, the first hypothesis of this study is accepted. The results of the hypothesis test, the t statistic for the relationship of the accountability variable to village financial management shows the value of the parameter coefficient of 0.527 with a statistical t value of 5.571 and this value is greater than the t table value of 1.960. The test results indicate that accountability has an effect on village financial management, so that the second hypothesis in this study is accepted.

Discussion

Effect of Transparency on Village Financial Management

Transparency affects the management of village finances. In addition, based on research results, transparency has a positive and significant effect on village financial management. This shows that, the better the transparency of the village government, the better the management of village finances.

Transparency is a condition where the community is given open access by the village government regarding village financial management. Information and open access are carried out by conveying information during deliberations up to the delivery of financial management information through the mass media. The definition of transparency is similar to that conveyed by (Fahril et al., 2014; Gayatri et al., 2017), which states that transparency is the opening of access for the community to obtain

information regarding planning, implementation and accountability for managing village funds. Hasil penelitian (Gayatri et al., 2017) found that the transparency effect on the financial management of the village.

Village financial management should be implemented openly, so that village financial management can be known by the public or village community. Through transparency (openness), the goal of realizing democratic *governance* and *good governance* can be realized through transparent (open) village financial management. This opinion was also conveyed by (Hanifah & Praptoyo, 2015; Salle, 2016), transparency being known by many parties or the public is important, in other words all policies and actions must always be implemented openly and known by the village community or the general public.

Effect of Accountability on Village Financial Management

The results showed that accountability had an effect on village financial management. The test results also show that accountability has a significant positive effect on village financial management.

The principle of accountability which demands accountability for how a person or organizational unit uses their authority in managing resources and achievements in managing resources to the consequences of exercising this authority (Frayudha, 2016; Sangki et al., 2017). Accountability in village financial management involves people who not only have the right to know the village fund budget, but also have the right to demand accountability for the planning or implementation of the village financial management budget (Istiqomah, 2003; Sukmawati, Fitri & Nurfitriani, 2019). The existence of accountability in a village financial management is a basis that good financial management has been implemented. Because, with accountable management of funds, the community can find out the use of village funds (Krina, 2003; Nurlinda, 2018). Thus, accountability is very important to realize the financial management of the village were good, with the financial management of the village that will either create a rule the village was good (*good governance*).

The Concept of *Pada gelahang* in Village Financial Management

Accountable financial management is an obligation of every organization for the survival of the organization. In order to create an accountable organization, an organization must be accountable for its performance in a transparent and fair manner (Darmada et al., 2016). Transparency and accountable management of village finances is very important considering the managed resources belong to the public (village community). The village government is given the authority to manage village funds originating from the APBN for the welfare of the village community. (UU (6), 2014) concerning Villages explains that direct autonomy is given to villages in carrying out their own household affairs through disbursement of funds sourced from APB, with the exception that these funds are managed transparently and accountably (Shuha, 2016). So it can be said that the resources managed by the village government are shared property between village communities for the benefit of the community's welfare. This condition creates an obligation to carry out financial management in a transparent and accountable manner. Apart from being publicly owned, village financial management often occurs management irregularities (corruption). (Umami & Nurodin, 2018; Wardani & Utami, 2020), also expressed his opinion that the presence of a transparent management of the possibility of irregularities in the financial management can be minimized. So, managing village finances in a transparent and accountable manner is very important, because these resources are owned by the public for the welfare of the village community.

Managed resources belong to the public, so the involvement of the village community is necessary. This understanding is in line with the concept of Balinese local wisdom, namely *pada gelahang*. In this gap, the village government should involve the village community in managing village finances. The concept of *the pada gelahang* has the values of equality, solidarity and mutual cooperation. For example, when the budgetary decision making and information sharing accountability and reporting are open. If the decision making related to village financial management is carried out by involving the village community, it can be said that the principle of transparency has been applied, and that the village government has carried out accountability for financial management properly, the principle of accountability has been applied. So, if village financial management has been implemented in a transparent and accountable manner, the village government in Buleleng Regency has implemented the concept of *pada gelahang* in carrying out village financial management.

4. Conclusion

Based on the SEM (Structural Equation Modeling) analysis using the PLS (Partial Least Square) method, it is found that transparency and accountability have an effect on village financial management in Buleleng Regency. This shows that transparency and accountability are very important in

the management of village finances. Especially villages in Buleleng Regency-Bali who recognize the concept of *pada gelahang* as local wisdom. Through the concept of *pada gelahang* in transparency and accountability, good financial management is realized, because there is community involvement with the values of equality, togetherness and mutual cooperation in decision making by the Village Government. The limitations of this study, seen from the *R Square* of 71.3%, where 28.7% there are still other factors or variables that influence or explain village financial management. So, further research is expected to be able to develop it again by collaborating with other variables. In addition, the concept of *pada gelahang* that is studied economically is not optimal and needs to be carried out in more depth. This research will be more optimal if it is carried out not only as a statistical test but also carried out by a qualitative method (*mix method*).

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