



Influence of Budgeting Transparency on Village Finance Management

(Study on the Government of Villages in Nganjuk)

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Abstract. This study aims to determine the positive influence/effect of budgeting transparency in the financial management of villages in Nganjuk district. The method used by researchers in this study is research of quantitative methods. The sampling technique used is Disproportionate stratified random sampling. This study was conducted at the village government in Nganjuk Regency by taking a sample of 159 respondents. Respondents in this study are Village Devices that have competence and are directly involved in village finance, namely the Village Head or Village Secretary. The results showed that budgeting transparency had a positive and significant effect on the financial management of the village using the hypothesis test t.

Keywords: Transparence of budgeting · Village/dorp finance management · Village government in Nganjuk region

1 Introduction

To create a strong foundation in implementing village/dorp finance management, the government and the House of Representatives issued Law No. 6 of year 2014 on dorp. The law includes arrangements about dorp finances and dorp assets. Article 72 paragraph 1 letter b mentions that village revenue is derived from the budget of state acquisitions and expenditures. To provide further guidelines on village income, the government issued Government Rule No. 60 of 2014. The dorp income in question is the Village Fund [1].

Based on Permendagri Number 113 of 2014 and PP Number 47 of 2015, the village should be more open (transparent) and responsive to the financial management process. In the provisions of Permendagri number 113 of 2014 it is conveyed that the financial management of the village are all activities that among others: planning, budgeting, management, reporting, accountability and supervision of dorp finances, so that with the autonomous rights it is expected that the village can manage its finances independently, both managing revenue and managing budget spending.

However, transparency of the village's financial management is still considered sensitive for public officials. The cover-up of information and policies, especially related to financial management, is considered sensitive when faced with the obligation of the

village government to meet aspects of transparency. In fact, there are still some governments/village managers who are not transparent/clear in village financial expenditures, village governments/managers does not coordinate with the parties involved in the management. So that there are irregularities regarding the village's financial budgets, the implementation of development activities occurs budget inflating that is not in accordance with the results of the development. The community has a significant role to communicate to the village government to be more transparent about the funds that go to the village so that supervision about village finances is more effectively carried out by the community. The lack of transparency ranging from the budgeting process to reports of the use of funds resulted in accountability of the work carried out in doubt by the community. More specifically, public information is regulated by Law No. 14 of 2008 on Public Information Transparance (KIP). The village became one of the public institutions that also became actors in the KIP Law.

From the description above it can be interpreted that the village government lacks transparency to the financial management of the village to the community in terms of budgeting. So that researchers are interested in doing research in the villages of Nganjuk Regency with the title of the issues raised is:

Does budgeting transparency affect the financial management of villages in Nganjuk Regency?

2 Literature Review

2.1 Transparence

What is meant by the transparency concept in this research is the open access to the community in obtaining information as to village financial management design. This is based on the opinion of several experts, namely as follows:

Lalolo [2] transparency/clarity is the main thing that gives everyone the flexibility and guarantee to get information about government administration, namely information about regulations, implementation processes and results obtained.

Mustopa Didjaja [3] Transparency/clarity is the government's openness in making regulations so that they can be known bo the society. Transparence/clarity is to show the government's accountability to the public.

Mardiasmo [4] conveyed that the purpose of transparency/clarity in the implementation of dorp government, is:

- One from forms of government accountability to the public.
- Activity to became better of government management.
- Activity to became better of good governance management and degrade of the opportunity KKN practices.

According to Kristianten [5], transparency will have a good effect on the management of government. Transparency will foster a sense of responsibility of decision makers so that control by the public over regulatory power holders will be better.

2.2 Village Financial Budgeting

2.2.1 Concept of Budget Transparency

Kristiante [5] formulates information in the general sense as a resource of knowledge and ability that can be used by a person to improve his economic well-being, political power, and social status.

Barrington Moore [6] was among the experts who from the beginning said that a democratic society requires three main things, namely: 1) an effective system of checks against power holders; 2) mechanisms to replace rulers who are no longer legitimate; and 3) participation of the lay community to determine various regulations.

In terms of good governance management, transparency is the main thing in the implementation of good governance management. Transparency here means public understanding in getting easy to find out and get information about the rules, socialization, and work of government employees, both at the highest level and at the regional level.

Budget clarity is defined as the complete delivery of information related to the budget in time and in good detail. Based on that understanding, budget clarity can be concluded as a process carried out by the government in fulfilling and disseminating information, which is related to the budget both at the time of planning, implementation and at the time of evaluation.

In addition to readiness, ease of access, and data delivery, Budget Transparency/Clarity also includes honesty in the process. What is meant by the openness/honesty of the process here is the availability for the community to exercise its right to come (self-sender), observation (observing) or even providing opinions in the initial/planning process, discussion/discussion or decision making, monitoring activities and evaluation or control processes.

According to Kristiansen [5], transparency/clarity will have a good effect on the management of government. Transparency/clarity will foster the responsibility of decision makers so that control by the public over decision-making power holders will be better. Transparency/clarity can overcome the centralization of decision-making power because transparency allows for good useful control and conformity (checks and balances). Transparency/clarity will also reduce the level of budget misappropriation, such as corruption. And transparency/clarity will foster a level of efficiency in the implementation of services to the community.

2.2.2 Village Finance Management

Based on PERMENDAGRI No. 113 of year 2014, village finance management is an overall effort that includes design-planning, budgeting, management, commentary reporting, accountability and supervision of dorp finances. The design mechanism based on PERMENDAGRI No. 113 of year 2014 is as follows:

- The dorp secretary drafted the dorp regulation on APBDesa according to RKPDesa. Then the Dorp Secretary conveyed to the Village Chief.
- The Draft Dorp Regulation on APBDesa was given by the Dorp Head to the dorp Consultative Agency for farther conference.

- The plan was then together agree upon, and the MoU was at the latest in October in this year
- The plan dorp regulation on APBDesa that has been together agree upon, then gived by the dorp Head to the Mayor/Camat or other designation at least three days since it was agreed to be evaluated. Regent/Mayor can delegate the evaluation of the dorp Regulation plan on APBDesa to the Camat or Other Designations.
- The Mayor/Camat determined evaluation result of the APBDesa Plan/Draft for a maximum of 20 working days since acceptance of the Plan Dorp Regulation on APBDesa. If within 20 working days, the Mayor/Camat does not give results of the evaluation then the dorp regulation applies by itself.
- If the village head makes improvements of at least 7 working days from the receipt evaluation results.
- If the Camat declares the evaluation results of the drop Regulation Draft on APBDesa not in accordance with the general interest and supreme laws and regulations, then the village/dorp head makes improvements of at least 7 working days from the accept of the evaluation results.
- If the evaluation results are not followed up by the Village Head and the Village/dorp Head still sets the Draft Village Regulation on APBDesa into Village Regulation, the Mayor cancels the Village Regulation by Regent/Mayor Decree.

2.3 Framework of Conceptual

Framework of Conceptual to the research can be displayed on Fig. 1.

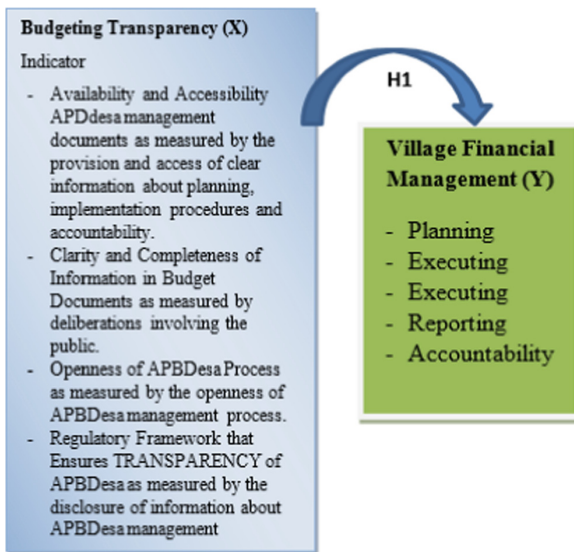


Fig. 1. Framework of conceptual. Source: primary data processed by researchers, 2021.

2.4 Hypothesis

Sugiyono's opinion [7], "a hypothesis is a temporary answer to the formulation of a research problem, where the formulation of a research problem has been expressed in the form of a question sentence, said temporarily because the answers given are based on relevant theories, not yet based on empirical facts obtained through data collection". The hypothetical model of this study is as in the descriptions:

H1: Transparency of budgeting have a good/positive effect on the financial management of villages in Nganjuk Regency.

3 Research Methods

3.1 Research Type

Sugiyono's opinion [8], quantitative method is positivistic method/way because it is based on the positivism philosophy. This way as based on science because it has fulfilled scientific rules that are empirical or concrete, rational, systematic, measurable, and objective.

According to Sugiyono [8] this method is limited to the notion of sample surveys aimed at testing previously formulated hypotheses (testing research). "Research surveys are studies conducted in large and small populations, so relatively occurrence, allocation, and connection between psychological and sociological variables be discovered."

3.2 Population and Sample

According to Sugiyono [8], it says that "In quantitative research the sample is part of the number and characteristics that the population has." In this study, the sample withdrawal using the Slovin formula with an error rate of 10% of the number of villages in nganjuk regency as many as 264 villages, the Slovin formula is as follows [7]:

$$n = \frac{N}{1 + N(\alpha^2)}$$

Information:

n: Sample Size

N: Population Size

α : Level of Signification

$$n = \frac{264}{1 + 264(0,05^2)} = \frac{264}{1,66} = 159,03$$

Based on the results of the calculation above, the number of samples in this study was obtained 159 villages located in Nganjuk Regency. The technique of selecting respondents or members of the respondent sample is by purposive sampling (certain considerations). In this study the considerations used are those who have competition and

are directly involved in village finance, namely the village head or village secretary as respondents. The number of respondents as many as 159 villages × 1 respondent = 159 respondents.

3.3 Sampling Techniques

Sampling technique is probability sampling using Disproportionate stratified random sampling is a sampling technique that is done if the properties or elements in the population are not homogeneous and disproportionately.

By wearing the Disproportionate Stratified Random Sampling technique from the number of samples as many as 159 villages, the number of sample divisions for each sub-district using the formula according to Sugiyono [8].

$$n = \frac{X \times N_1}{N}$$

Information:

- n = The desired number of samples
- N = Number of all villages in Nganjuk Regency
- X = Number of villages in each district.
- N₁ = Sample

4 Research Results

4.1 Multiple Linear Regression Test Analysis

Using SPSS software, the results of multiple linear regression analysis are obtained in Table 1.

From the results of the regression output above obtained the regression equation as follows:

$$\hat{Y} = 1,266 + 0,398 X$$

Table 1. Results of Multiple Linear Regression Analysis

Coefficients ^a		
Model	Unstandardized Coefficients	
	B	Std. Error
1 (Constant)	1,266	1,118
X	0,398	0,118

a. Dependent Variable: Y
Source: SPSS Output Results, 2021

Based on this equation, it can be explained that:

- Village financial management constant of 1,266 means village financial management value of 1,266 if budgeting transparency (constant)
- Budgeting transparency has a positive marked regression coefficient of 0.398 meaning that if there is an enhancement in budgeting transparency by 1 unit it will enhancement village financial management by 0.398.

4.2 Determination Coefficient Analysis

In Table 2, an R2 value of 0.758 is obtained. This shows that independent variables i.e. budgeting transparency are able to explain the variation in village financial management variables of 0.758 or 75.8% and the residing 24.2% is defined by different factors without the variables in the learn (Tables 4 and 5).

Table 2. Analysis of coefficient of determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,871 ^a	0,758	0,755	1,09055

a. Predictors: (Constant), X

Source: SPSS Output Results, 2021

Table 3. Description of respondents by gender

Gender	Total	Percentage
Male	142	89,31
Female	17	10,69
Total	159	100

Source: processed by researcher, 2021

Table 4. Description of respondents based on recent education

Recent Education	Total	Percentage
High School	112	70,44
S1 (Bachelor)	44	27,67
S2 (Postgraduate)	3	1,89
Total	159	100

Source: processed by researcher, 2021

Table 5. Description of respondents by department

Department	Total	Percentage
Village Head	135	84,90
Village Secretary	44	15,10
Total	159	100

Source: processed by researcher, 2021

Table 6. Partial test results (Test t)

Coefficients ^a		
Model	t	Sig.
1 (Constant)	1,133	0,259
X	3,382	0,001

a. Dependent Variable: Y

Source: SPSS Output Results, 2021

4.3 Testing of Hypothesis

4.3.1 Partial Test (Test t)

Hypothesis testing in this study will be tested with a t test (partial test). The results of hypothesis testing are shown in Table 6.

Built upon Table 6 can be concluded regarding the partial hypothesis test of each variable independent of the dependent variable, as follows:

Testing the Effect of Budgeting Transparency on Village Financial Management

Table 3 shows that the significance rate for the budgeting transparency variable is 0.001. Because the significance value is less than 0.05, H_0 is rejected. Aside from the value of significance can also be seen by looking at the value of t_{count} , it can be seen that t_{count} of 3,382 > t_{table} (1,655) then H_0 rejected. So it can be deduced that the transparency of budgeting has a significance influence on the financial management of the village.

4.4 Discussion

Transparency of Budgeting Positively Affects Dorp Finance Management in Dorp Government in Nganjuk Regency.

The outcomes of this study showed that budgeting transparency had a significant and positive influence on dorp finance management as evidenced by a positively marked planning transparency regression coefficient rate of 0.398 and significance of 0.001 less than 0.05. The outcomes of this learn are in accordance by Pertiwi research [9] which states that transparency has a significant and positive influence on the financial management of the village.

Many of the village devices responded to the budgeting transparency of village finances, which in the Dorp Revenue and Expenditure Budget (APBDesa) consisted of dorp revenue, dorp spending, and dorp financing. This village APB format is in accordance with the format set by the Minister of Home Affairs contained in Permendagri 113 of year 2014. The results of this study indicate that transparency of village financial budgeting in Nganjuk Regency can improve village financial management in a better direction.

5 Conclusion

Built upon the outcomes of study and the results analysis of data, some conclusions can be drawn as follows:

The effect from budgeting transparency on the financial management of the dorp. The results of the study found that the transparency of budgeting has a positive effect on the financial management of the dorp/village. Thus, there is a significant and positive effect. This is based on quantitative analysis, where $t_{\text{count}} 3,382$ is greater than the $t_{\text{table}} 1,655$.

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