

The Influence of Community Participation and Institutional Transparency on the Accountability of Village Financial Reports in Tebaban Village, Suralaga District

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ABSTRACT

This study aims to examine the extent to which community participation and institutional transparency influence the level of accountability in village financial reporting. The background of this research stems from the urgency of accountability as a key element in the management of village funds, along with indications that community participation remains limited to formal aspects, and that transparency practices have not yet been fully implemented optimally at the village level. The research was conducted in Tebaban Village, Suralaga District, East Lombok Regency, using a quantitative approach. Data were collected through questionnaires distributed to 57 respondents consisting of village officials and community representatives. Data analysis was carried out using the Partial Least Squares Structural Equation Modeling (PLS-SEM) method, with the assistance of SmartPLS software. The findings reveal that the community participation variable does not have a significant influence on the accountability of village financial reports. This suggests that community involvement in financial management at the village level remains procedural rather than substantive. On the other hand, institutional transparency shows a significant and positive effect on accountability, reinforcing the assumption that open access to information can enhance accountability in the management of public finances. These findings contribute theoretically to the development of literature in the field of village financial governance, while also offering practical recommendations for village governments to strengthen transparency practices and encourage more meaningful and active community participation.

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INTRODUCTION

Public sector accounting has developed rapidly, particularly during the reform era of government policy implementation in Indonesia. Through regional autonomy policies, the central government has granted authority to local governments to manage and administer their own governmental affairs. Nevertheless, its implementation continues to receive support from the central government. The aim of regional autonomy is to strengthen regional independence by emphasizing the empowerment of local potential. Administratively, the central point of regional autonomy lies at the regency/municipal level. However, upon closer examination, the essence of regional autonomy actually begins at the smallest unit of government: the village. According to Law Number 6 of 2014 on Villages, a village is a legal community entity with defined territorial boundaries, granted the authority to manage and govern various governmental matters independently, based on original rights and community initiatives recognized within the system of the Unitary



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State of the (Republic of Indonesia., 2014) In this context, village governments serve as the executors of local community interests.(Bovens, 2015) presents the concept of accountability in the context of public institutions in his article titled "Public Accountability." In this study, Bovens explains that public accountability plays a crucial role in ensuring that public institutions are responsible to society, particularly in terms of the use of public funds and resources. This accountability serves as a key tool in maintaining transparency and public trust in government institutions, which, in turn, can influence the performance and integrity of these institutions. The study delves deeper into how accountability can be realized and measured in the public sector, as well as the various mechanisms that can be used to ensure public institutions act in accordance with established goals and norms. This finding is supported by the study of (Kim, S., & Lee, 2020), which concludes that active community participation in planning and budget oversight can significantly enhance fiscal accountability.

Furthermore, according to Oekley (as cited in (Ariesta, N., & Wijaya, 2014) community involvement in development processes can be categorized into four forms: physical participation, intellectual contribution, financial support, and skill-based participation. Community involvement is a vital element in development, as residents possess a more specific understanding of the challenges and needs within their environment. Physical participation reflects direct involvement in implementing development activities, while intellectual participation includes the contribution of ideas in decision-making. Financial participation refers to monetary contributions, and skill-based participation involves the application of technical abilities or expertise to support the success of development programs. In the context of village fund governance, community participation plays a strategic role. Active involvement in the planning, implementation, and monitoring of village budgets can not only prevent irregularities but also ensure that the use of Village Funds aligns with community needs and priorities. Therefore, it is essential for village governments to encourage citizen engagement at every stage of financial management from planning and implementation to evaluation in order to achieve more accountable and inclusive financial governance. (Cucciniello, 2017) also highlight that public information transparency can strengthen community trust and enhance the relationship between governments and citizens. Within the framework of open government, the integration of transparency, participation, and accountability serves as the foundation of a democratic and responsive administration.

In relation to transparency, this principle serves as a crucial foundation for building trust-based relationships between the government and the public. It is realized through the provision of open and easily accessible information to the public. In the context of village fund management, transparency acts as a key instrument to encourage active citizen participation (Sofiyah, Y., & Tahir, 2020). Transparency itself is an integral part of good governance principles, which must be upheld by public sector institutions. However, research shows that transparency alone is not sufficient to ensure accountability.(Bauhr, M., & Grimes, 2017), in their cross country study covering nations in Eastern Europe and Latin America, found that transparency is effective in curbing corruption and fostering accountability only when it is supported by institutional mechanisms and active civic engagement. They propose two concepts: 'enabling transparency', which empowers citizens to act upon disclosed information, and 'sanctioning transparency', where public officials are pressured to act properly due to fear of social or legal consequences. Their study warns that in the absence of these conditions, transparency may become a mere symbolic gesture without substantive impact.(Mardiasmo, 2002) states that transparency reflects the government's openness in providing information related to the management of public resources to relevant stakeholders. The government is responsible for supplying financial data and other pertinent information to support stakeholders' decision-making processes.

The implementation of this principle also contributes to the establishment of

horizontal accountability a mechanism in which the government is directly accountable to the public. However, the effectiveness of transparency in fostering accountability is not automatic. (Renzio & Wehner, 2017), in their comprehensive review of fiscal transparency literature, emphasize that transparency only yields governance benefits such as improved budget credibility, reduced corruption, and greater public trust when supported by strong media freedom, civil society oversight, and institutional capacity. Their findings suggest that without these enabling conditions, transparency initiatives may have limited or even counterproductive effects. Consistent application of transparency will foster the realization of a clean, efficient, effective, and responsive government. Conceptually, transparency can be understood as the public's right to access information regarding governmental affairs, including the formulation, implementation, and outcomes of policies (Luthfi, 2019). (Cucciniello, 2017) argue that public information disclosure can foster more accountable governance. Their studies across various countries demonstrate that when citizens are granted access to information and are involved in monitoring processes, the potential for public financial misuse can be significantly reduced. Meanwhile, through international comparative studies, (Heald, 2015) show that fiscal transparency is not limited to the publication of financial data, but also involves the public's ability to understand and use that data for monitoring and decision-making purposes.

Based on preliminary observations, it was found that the information board at the village hall has not been optimally utilized as a medium for disseminating public information. The board tends to serve merely as a formality, without regular updates or the inclusion of relevant and up-to-date data. The information displayed is generally outdated and does not reflect the current financial condition of the village. In fact, according to the principle of transparency which emphasizes openness the village government should regularly provide accurate and detailed information regarding the allocation and realization of Village Fund usage whenever budget disbursements occur (Matia., 2019). Such information disclosure is not only a form of accountability to the public but also a means to strengthen public trust and enhance social oversight in village financial management.

Improving the quality of village governance is one of the main focuses in the national development agenda, especially after the enactment of Law Number 6 of 2014 concerning Villages. This policy gives broad authority to village governments to regulate and manage government and financial affairs independently. One form of implementation of this policy is the allocation of Village Funds (DD) and Village Fund Allocations (ADD) which continue to increase every year. The goal is none other than to accelerate development, reduce social inequality, and improve the welfare of village communities.

Tebaban Village, located in Suralaga District, East Lombok Regency, is one of the villages receiving the funds. In the 2024 budget year, Tebaban Village received a village fund allocation of ±Rp1.2 billion which was directed to finance various infrastructure development programs, community empowerment, and village government administration. However, the large allocation of funds has not been accompanied by the quality of accountable and transparent financial management. Problems in village financial management are still a crucial issue that requires academic and policy attention.

One of the fundamental problems that emerged in Tebaban Village was the low level of community participation in the budget planning and monitoring process. Based on the documentation of the Village Deliberation (Musdes) in the last two years (2023 - 2024), it was recorded that on average only 15% of the number of heads of families attended village planning forums. Community involvement in the decision-making process is still a formality, and does not show deliberative participation. This condition indicates the weak role of the community in realizing social accountability for the management of village funds.

On the other hand, the aspect of institutional transparency has not been running optimally. Based on the results of a purposive survey of 30 residents, it was found that around 70% of respondents did not know the amount of village funds received, village work programs, or the realization of budget use. Public information that should be accessible to

the public, such as APBDes reports, activity realization, and accountability reports, are not provided adequately in public spaces or village information media. This is contrary to the principle of transparency in public financial governance which requires openness of information as a form of government accountability to the public.

The problem of village financial accountability is also reinforced by the results of an audit by the East Lombok Regency Inspectorate in 2023 which showed indications of a mismatch in the use of funds amounting to IDR 125 million. The funds were used for physical development activities but were not accompanied by valid supporting documents, such as accountability reports (LPJ), proof of payment, and minutes of activities. In addition, a study of the Village Budget documents showed a deviation between the plan and budget realization of 22% without clear justification documentation. This mismatch raises concerns about the weakness of the internal control system and the potential for deviations in budget use.

This condition is further complicated by the fact that the human resources (HR) capacity of village officials is still limited. Of the total 8 officials responsible for financial management, only 3 people have a Village Financial System (Siskeudes) training certificate until 2023. This low competence is a technical and administrative obstacle in preparing financial reports in accordance with public sector accounting principles.

The issue investigated in this study emerged from preliminary observations and information gathered from residents of Tebaban Village, revealing that most citizens lack a clear understanding of how the Village Fund is utilized and spent. This is primarily due to the village government's lack of transparency in sharing information with the public. As taxpayers, citizens have the right to be informed about how public funds entrusted to the government are being managed. Other recurring issues related to transparency and accountability in Village Fund management often involve the failure to communicate information effectively to the public. Transparency is crucial for fostering trust and encouraging citizen participation in the village's development and empowerment processes. One concrete example is reflected in the Village Activity Work Plan (RKKDes) documents, in which several listed programs were never implemented, yet the Village Fund accountability reports indicated that all activities had been carried out. This situation reflects weak accountability on the part of the Tebaban Village officials. Considering the importance of the Village Fund for the sustainability of future development, village financial management must be carried out in an effective, efficient, and economical manner in order to support the achievement of community welfare in rural areas. Based on the explanation of the problems above, it can be concluded that the accountability of village financial management in Tebaban Village is still not optimal, which can be caused by low community participation, ineffective institutional transparency mechanisms, and low capacity of village officials. Therefore, an in-depth academic study is needed to analyze the extent to which community participation and institutional transparency affect the accountability of village financial reports. This research is not only theoretically important in the development of public sector accounting literature, but also has practical implications in formulating policies and strategies for strengthening village governance based on participation and transparency.

This study addresses a research gap in the literature on village financial accountability. While numerous studies have examined the roles of community participation and institutional transparency, most prior research has primarily focused on the overall quality of financial reporting rather than specifically analyzing financial accountability as the main variable. In many cases, accountability is merely treated as a supporting indicator within broader assessments of report quality, rather than being explored as a distinct and significant construct in the context of village governance. Furthermore, the majority of existing studies have been conducted in urban settings or areas with relatively well-established administrative infrastructures. There remains a lack of research focusing on rural areas that present unique complexities, such as low levels of public literacy, limited

access to information, and diverse capacities among village officials. Tebaban Village in Suralaga District, East Lombok Regency, exemplifies such rural conditions and requires a contextualized analysis to evaluate the effectiveness of community participation and institutional transparency in achieving financial reporting accountability.

Another gap lies in the analytical methods employed. Most prior studies rely on multiple linear regression, which has limitations in capturing relationships between latent variables and in comprehensively testing structural models. This study offers a more robust methodological approach through the use of Partial Least Squares Structural Equation Modeling (PLS-SEM), which enables the examination of construct validity, inter-variable relationships, and the strength of contributions simultaneously. In terms of scholarly contribution, this research reveals a noteworthy finding: community participation does not have a significant impact on the accountability of village financial reports contrasting with the majority of previous studies. This suggests that public involvement is not necessarily effective in improving accountability unless it is substantive rather than merely procedural. On the other hand, institutional transparency shows a significant positive influence, reinforcing the argument that access to open information plays a crucial role in realizing accountable financial governance at the village level. Thus, this study offers novelty in its variable focus, regional context, methodological approach, and empirical findings, contributing to the enrichment of public sector financial governance literature, particularly at the village government level.

(Sofiyah, Y., & Tahir, 2020) conducted a quantitative study in Pamekasan Regency, examining the influence of community participation, accountability, village head knowledge, and transparency on the quality of financial reporting. Their findings indicated that all four variables significantly affect financial report quality, both partially and simultaneously. The study underscores the importance of information disclosure and public involvement as key instruments to improve village financial reporting quality.

(Maria, 2020) in her research within the Government of Gunungkidul Regency, similarly found that accountability, transparency, community participation, and internal control have a positive and significant effect on the quality of local government financial reports. Utilizing a survey method with multiple linear regression analysis, her findings affirm that a combination of internal controls and citizen involvement enhances the quality of financial information.

(Rusmiati, 2023) conducted a case study in Tambakaji Subdistrict, Semarang City, focusing on the influence of accountability, transparency, and community participation on community empowerment. The study concludes that these three factors contribute significantly to achieving inclusive and public-oriented village development programs.

(Hamsinar., 2017) demonstrated that community participation has a significant effect on the quality of village financial reports. This quantitative study reinforces the vital role of citizen engagement in budgeting and reporting processes.

(Kim, S., & Lee, 2020) examined the influence of citizen participation on fiscal accountability in local governments in South Korea. Using panel data and multivariate regression analysis, they found that citizen involvement positively affects accountability, but the effect is only significant when participation is active and accompanied by transparency and sufficient public access to information.

(Cucciniello, 2017) conducted a systematic review of 25 years of transparency literature. They concluded that public transparency does not automatically improve accountability unless citizens have the ability to access, understand, and use the

information. This highlights the importance of transparency usability in promoting good governance.

This research is grounded in Agency Theory, as proposed by (Jensen, M. C., & Meckling, 1976), which describes the relationship between principals (resource owners or citizens) and agents (village government or officials) in managing public funds. In the village governance context, citizens delegate authority to village officials to manage finances for collective welfare. However, due to differences in interests, preferences, and information asymmetry between the principal and agent, there is a risk of deviation, moral hazard, and adverse selection. Accountability thus becomes a vital control mechanism to reduce conflicts of interest. It can only be achieved with effective oversight systems, notably through community participation and financial transparency. The higher the level of public engagement in planning, budgeting, and monitoring, the greater the social and political pressure on village governments to act accountably.

Furthermore, this study is reinforced by Good Governance Theory, particularly the principles of transparency and participation as essential components of effective public administration. According to the (United Nations Development Programme., 2009), transparency involves the openness of public information, enabling citizens to access relevant information, while participation ensures the involvement of communities in decision-making processes. These principles are critical in fostering horizontal accountability, in which citizens serve as watchdogs over governmental performance. To assess the relationships among variables, this study adopts a conceptual framework that positions community participation and institutional transparency as independent variables, and village financial accountability as the dependent variable. These relationships are analyzed using a quantitative approach through Partial Least Squares Structural Equation Modeling (PLS-SEM) to measure the contributions and strength of relationships among constructs simultaneously.

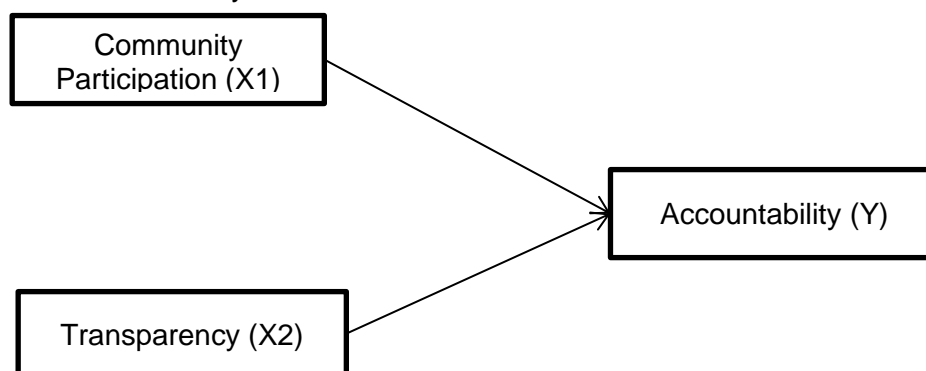


Figure 1. Conceptual Framework

Source: research data, 2025

In this study, two hypotheses are proposed regarding community participation and institutional transparency in relation to the accountability of village financial reporting.

1. The Effect of Community Participation on Village Financial Reporting Accountability

Community participation in village financial management is an essential part of realizing transparency and accountability in governance. The community not only benefits from development but also plays a strategic role in overseeing the use of public funds, especially at the village level. According to Oekley in (Ariesta, & Wijaya, 2014), indicators of community participation include physical participation, ideas, funds, and skills, all of which

indicate that community involvement is an integral component in the development process and budget management. Furthermore, community participation is believed to strengthen accountability by encouraging the village government to be more responsible for the decisions they make. In this context, (Fox, 2007) explains that meaningful community involvement can transform passive transparency into clear accountability, especially when the community can use available information to monitor and assess the village government's performance. (Kim, S., & Lee, 2020) in their study in South Korea also found that citizen participation positively impacted fiscal accountability, especially when supported by sufficient access to information and active involvement.

However, the effectiveness of community participation in improving accountability depends on how substantive the participation is, rather than merely formal. If the community is only involved administratively, for example by being invited to attend village meetings without being provided with an understanding of the budgeting and reporting processes, the participation will not make a real contribution to improving accountability. Based on this explanation, the hypothesis proposed is:

H1: Community participation has a positive effect on the accountability of village financial reporting.

2. The Effect of Institutional Transparency on Village Financial Reporting Accountability

Transparency in public financial management is a fundamental principle in realizing good governance. According to (Mardiasmo, 2002), transparency reflects the government's openness in providing financial information and public policies to the community. In the context of village governance, transparency is realized in the form of publicizing work plans, budget realizations, and financial accountability that are easily accessible and understood by the community. In line with this, (Cucciniello, 2017) explain that effective transparency is not only about providing information but also about the community's ability to access and use that information to monitor government performance. (Meijer, 2013) also emphasizes that transparency can improve accountability when information is not only available but also relevant, timely, and actionable. Informative transparency creates a reciprocal relationship between the village government and the community, encouraging the emergence of horizontal accountability.

In the context of villages, good institutional transparency will compel village officials to work according to procedures, reduce the chances of deviations, and strengthen the community's trust in the village government. Based on the theory and research findings, the second hypothesis proposed is:

H2: Institutional transparency has a positive effect on the accountability of village financial reporting.

METHODS

This study adopts a quantitative approach with an explanatory research type, which aims to test the cause-and-effect relationship between the independent variables of community participation and institutional transparency, and the dependent variable of village financial reporting accountability. The study focuses on identifying the extent to which these two key aspects of village governance support the improvement of village financial management accountability. The research location is centered in Tebaban Village, Suralaga District, East Lombok Regency, West Nusa Tenggara Province, which was purposively selected due to indications of issues related to transparency and financial accountability in the village. Data collection took place from January to March 2025. The population in this study includes all village officials and community representatives in Tebaban Village, including the Village Head, village officials, members of the Village Consultative Body (BPD), religious leaders, and community leaders, with a total of 57

people. The entire population was used as the sample due to its relatively small size, which makes a census study feasible. Respondents were selected using purposive sampling with criteria including those who have an understanding of the planning process, village fund management, and have been involved in village meetings or program evaluations. This approach was chosen to ensure that the data obtained reflects the actual conditions relevant to the issues being studied. The main instrument for data collection was a questionnaire based on a 5-point Likert scale, ranging from score 1 (strongly disagree) to 5 (strongly agree). This questionnaire was designed to cover the indicators of each research variable: community participation (4 indicators), institutional transparency (3 indicators), and village financial reporting accountability (4 indicators). In addition to primary data, secondary data were also collected from village financial reports and village development work plans. Data analysis was conducted using Structural Equation Modeling (SEM) based on Partial Least Squares (PLS), with the assistance of SmartPLS software version 4.0. The PLS-SEM method was chosen because it can accommodate small sample sizes, does not require normal data distribution, and is effective for exploratory models involving both formative and reflective latent variables.

RESULTS AND DISCUSSION

Descriptive statistics are used in this study to describe the characteristics of each variable being studied, presenting information about the minimum value, maximum value, mean, and standard deviation. This analysis aims to provide an overview of the data distribution and central tendency of each variable before further testing is conducted. The results of the descriptive statistical analysis are presented in detail in the following table:

Table 1: Results of Descriptive Statistical Test

Variable	N	Min	Max	Mean	Std. Deviation
Community Participation (X1)	48	3	5	3,8	0,589
Transparency (X2)	48	3	5	4,7	0,445
Accountability (Y)	48	3	5	4,4	0,557

Source: Data processed 2025

Based on Table 1, it can be seen that the average value for the community participation variable (X1) is 3.8, which falls on the 4-point scale, categorized as "agree." This finding indicates that, generally, respondents provided positive feedback, agreeing with statements related to community participation. Therefore, it can be indicated that the level of community participation, according to the respondents' perceptions, is relatively high in the context studied.

The average value for the transparency variable (X2) is 4.7. This score is placed on the 4-point scale, which is classified in the "agree" category. This indicates that, on average, respondents tend to agree with the statements provided in the questionnaire. It suggests that respondents consider transparency to be very important, as it contributes to clearer understanding and openness. Thus, respondents support the importance of transparency to improve accountability and trust.

The average value for the accountability variable (Y) is 4.4. This value falls on the 4-point scale, which is classified as "agree." This finding shows that, in general, respondents tend to give answers that express agreement with the statements presented in the research instrument. Accountability is considered important by the respondents, and they support the application of accountability principles in various processes, which include responsibility, transparency, and clarity in decision-making.

Partial Least Square (PLS) Analysis

The procedure conducted in this study is based on the Partial Least Square (PLS) approach. Testing was done using SmartPLS 4. The first step in PLS-SEM is the conceptualization of the structural model. The structural model of this study is presented in Figure 2.:

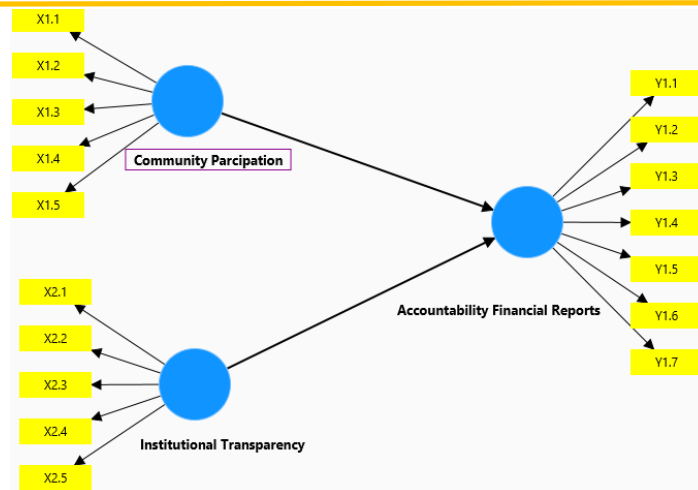


Figure 2. Initial Structural Model
Source: Data processed 2025

Figure 2 shows that the constructs of community participation and accountability are each measured with 4 indicators, while transparency is measured with 3 indicators. The arrows connecting the indicators to the constructs indicate that this study uses formative indicators for the variables of community participation, transparency, and accountability. The evaluation of the Partial Least Square (PLS) model is analyzed through two main stages: the assessment of the outer model and the inner model. The evaluation of the outer model aims to test the validity and reliability of the measurement constructs, while the assessment of the inner model focuses on testing the structural relationships between latent variables in the model. According to (Ghozali, 2015), the analysis of the inner model is used to predict and measure the strength of the causal relationships between the latent variables established in the research model

Table 2: Results of the Validity and Reliability Test of Constructs (Outer Model)

Variable	Indikator	Loading Factor	AVE	Composite Reliability	Cronbach's Alpha
Community Participation	PM1, PM2, PM3, PM4	> 0,70	0,625	0,850	0,782
Institutional Transparency	TK1, TK2, TK3	> 0,70	0,684	0,872	0,795
Accountability Financial Reports	AK1, AK2, AK3, AK4	> 0,70	0,657	0,865	0,812

Source: Data processed 2025

This table shows that all indicators used in the constructs have a loading factor value above 0.70, indicating that each indicator individually meets the validity criteria. In addition, the Average Variance Extracted (AVE) value for all variables is above the minimum threshold of 0.50, which suggests that the constructs used have achieved convergent validity. The research instrument also demonstrates a good level of reliability, as shown by the Composite Reliability and Cronbach's Alpha values for all constructs exceeding 0.70. This proves that the instrument used is reliable and consistent in measuring the intended constructs.

Tabel 3: Results of Discriminant Validity Test (Fornell-Larcker Criterion)

Konstruk	Community Participation	Institutional Transparency	Accountability Financial Reports
Community Participation	0,791	0,642	0,619
Institutional Transparency	0,642	0,827	0,701

Konstruk	Community Participation	Institutional Transparency	Accountability Financial Reports
Accountability Financial Reports	0,619	0,701	0,811

Source: Data processed 2025

The numbers on the thick diagonal represent the square root of the AVE of each construct. Discriminant validity is considered met if these values are greater than the correlations with other constructs in the respective rows and columns. This means that each construct in the model (community participation, institutional transparency, and accountability) is empirically distinct and can be statistically differentiated.

Table 4: R-Square Values and Effect Size (f^2)

Endogenous Variable	R-Square	Predictor Effect	f^2 Value	Description
Financial Accountability	0,609	Community Participation	0,041	Small Effect
		Institutional Transparency	0,325	Large Effect

Source: Data processed, 2025

The R-square value of 0.609 indicates that 60.9% of the variation in village financial accountability is explained by community participation and institutional transparency, with the remaining variation influenced by other factors outside the model. The f^2 value reflects the predictor effect size: community participation has a small effect ($f^2 < 0.15$), while institutional transparency has a large effect ($f^2 > 0.35$) on accountability, making it a dominant factor in the model.

Hypotheses are tested using the structural model by examining the R-Square value as a goodness of fit indicator. The testing is also conducted by evaluating the total effects, which reflect the parameter coefficients and the significance values based on the t-statistic of 1.96. For statistical testing in each hypothesis, SmartPLS uses simulations and bootstrapping methods to minimize data non-normality. The results of significant parameter estimates provide important insights into the interaction between variables. The following hypothesis test table presents the results of the bootstrapping analysis in SmartPLS.

Table 5: Hypothesis Testing

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
COMMUNITY PARTICIPATION -> FINANCIAL ACCOUNTABILITY	0.207	0.223	0.112	1.843	0.065
-> ACCOUNTABILITY	0.664	0.666	0.099	6.705	0.000

Source: Data processed, 2025

Analysis of Hypothesis Testing Results (as presented in Table 5):

1. Testing Hypothesis 1 (H1)

The first hypothesis in this study posits that community participation does not significantly influence the improvement of village financial accountability. The statistical analysis shown in Table 5 reveals that the t-statistic for the community participation variable is 1.843, which is lower than the t-table value of 1.99 at the 5% significance level. Therefore, this hypothesis is rejected. Additionally, the p-value of 0.065, which exceeds the

significance threshold of 0.05, strengthens the conclusion that community participation does not have a statistically significant effect on village financial accountability. However, the regression coefficient of 0.207 indicates a positive correlation. This suggests that although the relationship is in the expected direction, the level of community participation has not yet contributed significantly to improving the accountability of village financial reporting.

2. Testing Hypothesis 2 (H2):

The second hypothesis asserts that higher levels of transparency will contribute to improving accountability in village financial reporting. The analysis results presented in Table 5 show a t-statistic value of 6.705. This far exceeds the t-table value of 1.99 at the 5% significance level, indicating that the hypothesis can be accepted statistically. Furthermore, the p-value of 0.000 is smaller than the significance threshold of 0.05, providing strong evidence that transparency significantly influences accountability. The coefficient value of 0.664 demonstrates a substantial positive effect, meaning that as the level of information transparency provided by the village government increases, so does the level of financial accountability.

DISCUSSION

1. The Effect of Community Participation on Village Financial Accountability

The first hypothesis test results show that community participation does not have a significant effect on village financial accountability. The t-statistic value of $1.843 < 1.96$ and a p-value of $0.065 > 0.05$ indicate that community involvement in the budgeting process does not directly increase the level of financial accountability in Tebaban Village. This finding suggests that although the community is involved in the deliberation or socialization stages, the quality of participation is not strong enough to drive improvements in accountability. This is in line with the findings of (Michels, A., & De Graaf, 2017), who indicate that public participation is only effective when it is deliberative, involving citizens in meaningful dialogue rather than mere symbolic presence. They emphasize that non-substantive participation such as merely attending village meetings without understanding the policy context fails to promote genuine public accountability.

Furthermore, (Kim, S., & Lee, 2020) in their study in South Korea noted that low participation levels combined with low public budget literacy are major barriers to achieving transparency and financial accountability at the regional level. This aligns with the situation in Tebaban Village, where many residents do not fully understand the mechanisms of village fund reporting, let alone critique or actively supervise it. Similarly, This is in line with the findings of (Michels, A., & De Graaf, 2017), who stated that community involvement in public financial planning will only be effective if it is conducted in a deliberative manner, through meaningful dialogue between citizens and the government, rather than merely as an administrative formality. Therefore, the results of this study can be interpreted that the weak impact of community participation on the accountability of village financial reports in Tebaban is caused by the lack of substantive community involvement in the budget planning and evaluation process. In a study by (Smith, 2015), it was found that strengthening the role of the community is not only dependent on attendance at forums but also on improving financial literacy capacity, access to data, and active involvement in evidence-based decision-making. This further emphasizes the importance of the community's role in ensuring substantial accountability in resource management.

2. The Effect of Institutional Transparency on Village Financial Accountability

Based on the second hypothesis test, institutional transparency has a significant positive effect on village financial accountability. The t-statistic value of $6.705 > 1.96$ and a p-value of $0.000 < 0.05$ confirm that when information related to village finances is communicated openly and is easily accessible, accountability improves. This finding is

supported by theories and empirical evidence from several international studies. (Cucciniello, 2017) state that transparency is the foundation of good governance. In their study on public transparency over the last 25 years, they emphasized that providing relevant, accurate, and easily understandable information is key to building public trust and promoting fiscal accountability.

Additionally, (Meijer, 2013) mentioned that the effectiveness of transparency depends on the social context and the public's ability to access and use the information. This means that in addition to providing budget data, village institutions must ensure that the information is presented in a form that is understandable to the general public. This study is also aligned with (Schillemans, & Bovens, 2011), who emphasize the importance of horizontal accountability in local governance. Transparency creates space for the public to act as active monitors, and in the context of Tebaban Village, greater financial information transparency can encourage improved behavior in village financial management. However, transparency must be maintained consistently. (Heald, 2015) noted that transparency will only have an impact if it is systematically and integrally implemented in verifiable financial reporting systems, not merely uploading information to bulletin boards or social media without regular updates.

CONCLUSION

Based on the research conducted in Tebaban Village, Suralaga District, it can be concluded that both community participation and institutional transparency play important roles in enhancing the accountability of village financial reporting. Active community involvement in the planning, implementation, and monitoring of village activities promotes more responsible financial management. However, community participation does not significantly influence village financial accountability in Tebaban, possibly due to a lack of public knowledge about accounting and finances, preventing them from understanding and analyzing the village financial reports effectively. This may result in the community being unable to monitor and evaluate village financial performance effectively. On the other hand, transparency significantly affects village financial accountability in Tebaban. Transparency in presenting financial information provides broad access to the public to understand the use of village funds, thus strengthening public trust in the village government. Institutional transparency becomes a very important factor in enhancing the accountability of village financial reports. High institutional transparency allows the public to effectively monitor and evaluate village financial performance. These two factors complement each other in forming an accountable village governance system that is oriented towards public interests.

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