

# The Effect of Participation and Accountability on Regional Financial Management in Terban Village, Yogyakarta City

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## ABSTRACT

Transparent and accountable regional financial management is a key prerequisite for achieving good governance. One of the crucial elements that contributes to this is community participation. This study aims to analyze the influence of community participation and accountability on the financial management of the Terban Sub-district, Yogyakarta City. This research uses a quantitative approach with primary data obtained through questionnaires distributed to 40 community respondents. The data analysis technique applied was multiple linear regression, preceded by validity, reliability, and classical assumption tests. The results indicate that community participation has a positive and significant effect on financial management, while accountability does not show a significant influence. The simultaneous test reveals that both variables jointly influence financial management, with an adjusted R<sup>2</sup> value of 18.8%. This suggests that 81.2% of the variation in financial management is influenced by other factors not included in the model. These findings emphasize the importance of strengthening participatory mechanisms and enhancing public literacy in financial systems. The implications of this study provide recommendations for local governments to improve information transparency and encourage inclusivity in budget decision-making processes.

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## 1. INTRODUCTION

Transparent and accountable regional financial management is an important foundation for good governance. In the context of fiscal decentralization, community participation is a strategic instrument that not only strengthens policy legitimacy, but also increases the efficiency and accountability of the use of public funds (Putra, 2020). However, realities on the ground often show that community involvement in the budgeting cycle—especially at the planning and oversight stages—is still far from optimal. This condition is also seen in Terban Village, Yogyakarta City, which despite having a strategic

geographical position and high socio-cultural dynamics, still faces challenges in the implementation of participatory and accountable financial governance.

Terban Village is a densely populated area, consisting of 4 villages, 59 RTs, and 12 RWs. The potential for community participation in development is huge, considering the intensive social, economic, cultural, and educational activities in this region. However, the results of initial observation and data tracing show that there is not enough public information available on public involvement in the financial management decision-making process. There is no official graphic documentation or tables related to community participation, either on the village website or in other information media, which reflects a lack of transparency and accountability (Safitri & Nugroho, 2021).

A number of studies have shown that community participation has a significant influence on the financial accountability of local governments. For example, a study by Rahmawati (2019) in Sleman Regency showed that the involvement of residents in the musrenbang forum was proven to be able to increase public trust and reduce the potential for budget abuse. Similarly, Nurdin and Yuliani (2020) emphasized the importance of strengthening participation mechanisms through education and access to public information. However, there are still limited studies that specifically examine the relationship between community participation and financial accountability at the village level as the closest government unit to the community.

Based on this background, this study aims to analyze the level of community participation in regional financial management and evaluate the extent to which this participation contributes to increasing accountability in Terban Village, Yogyakarta City. Thus, this study is expected to fill the research gap related to the practice of community participation in the context of financial management in urban areas with complex socio-cultural characteristics.

## 2. METHODS

This study uses a quantitative descriptive approach to measure and analyze the relationship between community participation and accountability in regional financial management in Terban Village, Yogyakarta City. This approach was chosen because it is able to provide an objective and measurable numerical picture of the social phenomena being studied (Sugiyono, 2018). The data collected includes both primary and secondary data. Primary data was obtained through field observations, direct interviews, and the distribution of questionnaires to residents and village officials, while secondary data came from official documents, academic literature, and documentation of relevant government activities. Observations were carried out to recognize social conditions directly, while interviews with residents and village officials aimed to explore their perceptions and experiences related to involvement in the regional financial management process.

The main data collection technique in this study is a survey through a closed questionnaire which is systematically designed based on participation and accountability indicators. To process the data, descriptive statistics are used to map the level of community participation in the aspects of planning, implementation, and evaluation of the use of public funds. Furthermore, to analyze the relationship between variables, a simple linear regression was used with independent variables in the form of community participation levels and dependent variables in the form of accountability levels (Sekaran & Bougie, 2016). The purpose of this analysis was to test the significance of the influence of participation on accountability and assess the strength of the relationship between the two.

The research was conducted in Terban Village, Yogyakarta City, which was chosen because of its characteristics as a strategic urban area with a high level of socio-economic activity but still faces the challenge of public information transparency. This location offers a relevant context for assessing the dynamics of community participation in local financial management. The time for the research to be carried out is from January to April 2025, chosen so as not to collide with the government's annual agenda and community activities that can interfere with the data collection process. With a structured time design, it is hoped that the research process can run effectively and produce valid data that is useful practically and academically (Bryman, 2016).

### 3. FINDINGS AND DISCUSSION

#### Respondent Characteristics

##### Last Education Level

All respondents in this study had varying levels of education. Most of them, 22 people or 55% of the total respondents, had a high school degree. Then, as many as 8 respondents (20%) were undergraduate graduates, followed by 7 respondents (17.5%) who completed their education at the diploma level. Meanwhile, only 3 people (7.5%) had the last junior high school education.

##### Gender

The distribution of respondents by gender shows male dominance. A total of 32 people or 80% were men, while female respondents amounted to 8 people or 20%. This indicates that the majority of respondents in this study are men.

##### Work

Respondents have quite varied work backgrounds. A total of 15 respondents (37.5%) work in the private sector, while 13 respondents (32.5%) do not work. On the other hand, 11 respondents (27.5%) were entrepreneurs, and only 1 respondent (2.5%) had the status of Civil Servants (PNS).

##### Age

The majority of respondents in this study were in the age group over 50 years old, which was 31 people or 77.5%. The age group of 41–50 years consists of 8 people (20%), while only 1 person (2.5%) is in the age range of 31–40 years. This data shows that the respondents in this study are dominated by individuals with advanced age.

##### Validity Test

Validity tests are performed to determine how well each questionnaire item has the ability to measure the variables in question. This method uses the *Pearson Product Moment correlation* between the total scores for each item. Based on the results shown by the SPSS displayed on the correlation table, almost all of the value of the item's correlation coefficient to the total score has a significant value (Sig. 2-tailed < 0.05) This indicates that each question item has a fairly strong and linear relationship with its variable total score.

##### Reliability Test

If the respondent's answers are consistent, the statement is considered reliable or reliable, and a reliability test is used to evaluate the consistency of all variables.

According to the above test data, all instruments were considered reliable and suitable for use in this study because Cronbach's Alpha value was more than 0.7. Cronbach's Alpha value of 0.794 also indicates that the instrument has good reliability, and in general, items with an alpha value of more than 0.70 are feasible for use in the study.

#### Classical Assumption Test Results

##### Normality Test

The normality test is used to determine whether the data used in the study is spread normally.

In this study, one sample of the *Kolmogorov-Smirnov Test* was used. The results of the normality test showed that Kolmogorov-Smirnov Asymp. Sig. (2-tailed) = 0.949, and the regression model meets the assumption of normality because the significance value is more than 0.05.

##### Multicollinearity Test

The multicollinearity test was performed to find out whether there is a strong relationship between independent variables in the regression model and to ensure that each independent variable in the model is independent and does not experience information overlap. From the test results, it is known that all independent variables have a *Tolerance value* of 0.473 and VIF of 2.112. Since these values are within the permissible limits, it can be concluded that **there is no multicollinearity** in this regression model.

### Heteroscedasticity Test

Heteroscedasticity tests were performed to find out whether the variance of the regression model was different for each observation. According to the results of *the scatterplot graph*, this assumption is also fulfilled because the distribution of residual data does not form a specific pattern and spreads randomly.

### Results of Multiple Linear Regression Analysis

In this study, multiple linear regression analysis was carried out to determine the magnitude of the influence of community participation and accountability on financial management. The test results were obtained from the output of the regression coefficient table in the SPSS program which is shown as follows:

Based on the results of the calculation, the following regression equations were obtained:

$$Y = 6,454 + 0,334(X_1) - 0,177(X_2)$$

Information:

Y = Financial Management

X1 = Community Participation

X2 = Accountability

Coefficient Interpretation:

A constant value of 6.454 indicates that if community participation and accountability are zero, then the value of financial management is 6.454. Variable With a regression coefficient of 0.334 and a significance value of  $0.004 < 0.05$ , community participation has a significant and positive influence on financial management. In other words, the greater the participation of the community, the greater the financial management.

The regression coefficient of the accountability variable was -0.177 with a significance value of  $0.186 > 0.05$ , which means that accountability has a negative but not significant effect on financial management. This indicates that even if the direction of the influence is negative, it is not statistically strong enough.

### Pengujian Hypothesis

#### Partial Test (t)

The partial test (t) is used to Measure the influence of each independent variable on the individually bound variable

The result of the significance value of variable X1 is  $0.007 < 0.10$ , then the hypothesis is accepted, which means that the variable X1 has a positive and significant effect on the variable Y.

The result of the significance value of variable X2 is  $0.13 > 0.10$ , then the hypothesis is rejected, which means that the variable X2 has no effect on variable Y.

#### Model Feasibility Test (F)

The F test or commonly known as the model feasibility test is usually used to find out whether the regression made is significant or not.

The Regression Model is expressed as FIT if the Sig. Value ( $< 0.05$ ). It is known that the Sig. value is ( $0.008 < 0.05$ ), so it is concluded that the Independent Variable has a significant effect simultaneously (together) on the Dependent Variable.

#### R2 Determination Coefficient Test

The determination coefficient (R2) test is usually used to measure how far a model is able to explain variations in dependent variables. The adjusted R Square result is 0.188, or 18.8%, which means that the contribution of independent variables to the dependent variables simultaneously is 0.188, or 18.8%.

## Discussion

### Community Participation Has a Significant Influence

These results show that when the community is involved in budget deliberation, planning, and evaluation, financial management becomes better and more transparent. This proves Suharno's (2015) theory that public participation is the heart of the success of regional development.

Impact; The village government can use this result as a basis for expanding participatory schemes such as the village Musrenbang; Participation is able to reduce the potential for corruption because the community becomes a direct supervisor;

### Insignificant Accountability in the Model

Statistically, accountability has not shown to be effective in financial management. There are two potential reasons for this: the public does not fully understand or see firsthand the accountability system, or information about the budget is not open enough.

The impact is that there is a potential for ineffectiveness of accountability policies if they are not accompanied by information disclosure; Public financial education is needed so that the public can understand the budget accountability carried out by the government.

### Limited Collective Impact ( $R^2$ only 18.8%)

The model is only able to explain 18.8% of variations in financial management, meaning that there are 81.2% of other variables that are influential but have not been researched.

Impact; Factors such as village leadership, organizational culture, digitalization system, and quality of human resources may be variables that need to be explored further in further research.

### Practical Implications

The Village Government should form a permanent citizen forum that is active and transparent in every financial activity. Increasing people's financial literacy is needed so that participation is not formal, but substantive; The use of information technology such as village websites or e-budgeting applications can be used to increase access to public information.

Based on data and discussions, it can be concluded that community participation is an important factor in improving regional financial management. Although accountability has not shown a strong influence, the role of the community remains a key pillar that drives budget transparency and efficiency at the local level. Therefore, participatory and educational strategies must be further developed in Terban Village.

## 4. CONCLUSION

According to the results of the regression analysis, community participation has a positive and important effect on the financial management of the Terban Village area. The higher the community's involvement in planning, deliberation, and budget supervision, the better the regional financial management in Terban Village. This supports the idea of Suharno (2015) who emphasizes that participation is an important part of good governance.

Accountability does not show a significant influence on regional financial management. These findings indicate that while accountability is theoretically important, in practice it has not had a real impact on the quality of financial management. This may be due to limited public access to financial information or low public understanding of financial statements prepared by the village government.

The simultaneous effect of participation and accountability on financial management is significant, but still limited the value of the determination coefficient (Adjusted  $R^2$ ) of 18.8% indicates that the two independent variables explain only a small part of the variation in financial management. This means that there are still other factors that are more dominant and have not been revealed in this model, such as the digitalization of the financial system, the quality of human resources, and local leadership.

The demographic profile of the respondents showed the dominance of the elderly and male groups. This shows the potential for inequality in participation, especially from women groups and the younger generation. Therefore, inclusivity in involvement is very important to pay attention to the community so that financial management is more representative.

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