

# The Influence Of Community Participation And The Implementation Of Standard Unit Price Settings On The Quality Of Village Financial Reports In Moutong District

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## ABSTRACT

**Research Aims:** This study aims to determine the effect of community participation and the application of standard unit pricing on the quality of village financial reports in the Moutong District, both partially and simultaneously.

**Design/methodology/approach:** This research uses a quantitative method with a descriptive quantitative approach. The primary data was collected through questionnaires distributed to village officials in the Moutong District. The study involved a sample size of 100 respondents, and the data was analyzed using multiple linear regression analysis.

**Research Findings:** The results show that (1) community participation has a positive and significant effect on the quality of financial reports, (2) the application of standard unit pricing has a positive and significant effect on the quality of financial reports, and (3) simultaneously, community participation and the application of standard unit pricing significantly affect the quality of financial reports. The determination coefficient is 43.1%, indicating that 43.1% of the variability in the quality of financial reports can be explained by community participation and the application of standard unit pricing.

**Theoretical Contribution/Originality:** This study contributes to the understanding of how community engagement and adherence to pricing standards impact the quality of financial reporting in village administrations, providing insights for improved governance and accountability in rural financial management (Book Antiqua 10pt).

**Research limitation and implication:** The study is limited to village administrations in the Moutong District, and the findings may not be generalizable to other regions. Future research could explore additional factors influencing financial report quality or expand the geographic scope of the study. The results have implications for policymakers in enhancing community involvement and standard compliance to improve financial reporting practices.

**Keywords:** Community Participation, Standard Unit Pricing,

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## INTRODUCTION

Government Accounting Standards (SAP) are guidelines used in the preparation and presentation of government financial reports, both at the central (LKPP) and regional (LKPD) levels. SAP is designed to ensure transparent, accountable, and regulation-compliant financial reporting, which is crucial for efficient management of state finances. The implementation of SAP is particularly relevant in the management of Village Funds (DD), which is a budget allocation from the central government to support development at the village level, as regulated in the Ministry of Village Regulation No. 22 of 2016. Village Funds are expected to be used effectively in various participatory development programs that aim to improve the welfare of the village community in an accountable manner.

However, despite the implementation of SAP, many government financial reports, particularly at the village level, face various challenges. One of the main issues often encountered is the incompleteness and inaccuracies in the reporting of fixed assets by regional governments, such as found in several

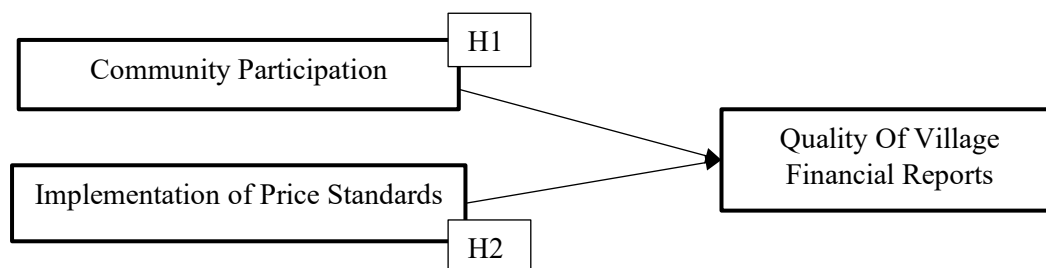
financial reports that fail to properly list or report fixed assets (Monica, 2019). In addition, the application of unit cost standards used in village construction often does not align with what is recorded in the village financial reports. This reflects a discrepancy between the unit prices recorded in the field and the financial reports prepared, potentially lowering the quality of these financial reports.

An important factor contributing to good financial management is public participation. This participation plays a crucial role in ensuring transparency and accountability in decision-making and financial reporting processes. However, despite the expectation that public participation can enhance the quality of village financial reports, it is often still suboptimal, which results in poor village financial management (Mikkelsen in Rie Vay Pakpahan, 2018).

Previous studies have explored various factors influencing the quality of government financial reports. Studies such as those conducted by Mahardini & Miranti (2018) show that the implementation of SAP and the competence of human resources have a significant impact on the quality of government financial reports. Other research by Wardani & Andriyani (2018) and Nantingkaseh et al. (2019) indicates that the quality of human resources, information technology, and internal control systems affect the reliability of village government financial reporting.

However, most of these studies have not focused on how the interaction between public participation and the application of unit cost standards can impact the quality of village financial reports.

Therefore, this study aims to fill this gap by analyzing the impact of public participation and the implementation of unit cost standards on the quality of village financial reports, particularly in Moutong District. This research is expected to contribute scientifically by providing a more comprehensive approach to improving the quality of village financial reports through strengthening public participation and implementing better unit cost standards. **The aim of this study is to analyze the influence of public participation and the implementation of unit cost standards on the quality of village financial reports in Moutong District.**



**Figure 1.** Framework Draft Study

H1: Public participation influences the quality of financial reports

H2: The application of price standards affects the quality of reports finance

## RESEARCH METHODS

This study uses a quantitative research design with a survey approach. The population in this study amounted to 211 people, and the sample taken was 100 people. The data collection technique used was through the distribution of questionnaires distributed to employees of Moutong District, Parigi Moutong Regency. The data obtained are primary data, which are collected directly from respondents using a questionnaire instrument that has been prepared previously..

## RESULT AND DISCUSSION

Multiple linear regression testing is useful to determine the level of influence of independent variables (community participation and Implementation of Unit Price Standards) on the dependent variable (Financial Report Quality). Based on testing with the help of the SPSS version 21 program, the results obtained can be presented in the following table:

Table 1. Multiple Linear Regression Calculation Results

Variabel	Koef. Regresi	t hitung	Sig.	Keterangan
Konstanta	8,930	2,176	0,032	-
X1	0,263	2,822	0,006	Signifikan
X2	0,531	6,327	0,000	Signifikan
	R =			0,657
	R Square =			0,431
	F hitung =			36,767
	Sig =			0,000
	N =			100

Source: Data Processed by Researchers (2024)

Based on the linear regression analysis, the following equation was obtained:

$$K = 8.930 + 0.263 X_1 + 0.531 X_2 + e \quad K=8.930+0.263X_1+0.531X_2+e$$

The interpretation of the regression results is as follows: a. The constant of 8.930 indicates that the average value of the Employee Performance variable is 4.640, assuming that the Incentive and Reward variables are held constant (*ceteris paribus*). b. The coefficient of X1 is 0.263, which means that a 1% increase in the community participation variable will improve the quality of financial reporting by 26.3%. c. The coefficient of X2 is 0.531, meaning that a 1% increase in the application of unit price standards will improve the quality of financial reporting by 53.1%. Multiple Determination Coefficient (R<sup>2</sup>) The multiple determination coefficient (R<sup>2</sup>) is used to measure the contribution of the independent variables in explaining the variation in the dependent variable. R<sup>2</sup> values range from 0 to 1. If R<sup>2</sup> = 1, the regression model fully explains the variation in the dependent variable. On the other hand, if R<sup>2</sup> = 0, the model does not contribute to the variation in the dependent variable. The closer R<sup>2</sup> is to 1, the better the model fit. Based on the analysis results presented in Table 4.13, an R<sup>2</sup> value of 0.431 was obtained, meaning that 43.1% of the change in the quality of financial reporting can be explained by the community participation variable and the application of unit price standards. Meanwhile, the remaining 56.9% of the change in financial reporting quality is explained by other factors not included in the regression model used in this study.

Based on the results of the regression test, community participation in the preparation of financial reports has been proven to have a positive and significant effect on the quality of financial reports in Moutong District. Community participation factors, such as involvement in village program decision-making, budget proposals, supervision, and assessment of budget implementation, contribute significantly

to improving the quality of financial reports. Although community participation is relatively good, there are obstacles in budget advocacy, which need to be improved. The results of this study are in line with Adisasmita (2020), who stated that community participation in the planning and implementation of development programs affects the quality of financial reports. Atiningsi (2019) also stated that community participation is an important factor in the success of village development. Previous studies by Anam Masruhin, M. Elfan Kaukab (2019), and Emilianus Jaa (2019) showed similar results, confirming the positive effect of community participation on the quality of financial reports.

The results of the regression test show that the implementation of standard unit price settings has a positive and significant effect on the quality of financial reports. The implementation of good standard unit prices is very important in village financial management to support the quality of accurate and precise financial reports. According to Mulyadi (2012) and Hansen & Mowen (2009), a budget is a financial plan that allocates resources to achieve certain goals, and standard unit prices are a reference in preparing the budget. The implementation of standard unit prices that pay attention to the principles of efficiency and fairness will improve the quality of financial reports. The results of this study are in line with the findings of respondents who showed that the implementation of standard unit price settings in Moutong District has been implemented well, with an average score of 4.41. These results support the importance of implementing standard unit prices in budget management and improving the quality of village financial reports, in accordance with applicable local government policies.

Based on the research results obtained Community Participation and Implementation of Standard Unit Price Regulations simultaneously have a significant effect on the quality of financial reports. Community participation reflects community involvement in the process of identifying problems and potentials that exist in the community, choosing and taking the most alternative solutions in dealing with problems, implementing efforts to solve problems and being involved in the process of evaluating changes that occur. Without community participation, every development activity will fail or not run effectively. Community participation will encourage transparent village financial management where in financial management, the village government can disclose material matters periodically to interested parties.

## **CONCLUSION**

Based on the research findings, it can be concluded that community participation in the preparation of financial reports significantly influences the quality of these reports, as it allows the community to obtain information about fund distribution for village development, thus enhancing welfare. Additionally, the implementation of unit price regulations positively affects the quality of financial reports by ensuring better management of village finances. Furthermore, both community participation and the application of unit price standards, when considered together, have a significant impact on the quality of financial reports. For future research, it is recommended to explore other factors affecting financial reporting in rural areas and to suggest improvements in community involvement and financial management practices to enhance transparency and accountability.

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