

Problems of Public Accountability in Village Government Business Management

(Study on Village Business Enterprises in Banyumas, Indonesia)

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Abstract

The modern government is required to be able to run the business for the social welfare improvement. By utilizing public funds for business, public accountability mechanisms must be well-executed. The Indonesian Government is currently actively encouraging the village government to develop the business based on local potency. However, with various limitations, the process of managing the Village Owned Enterprise has not been accompanied by adequate public accountability. Therefore this paper discusses the problematic of carrying out public accountability mechanisms at the village level. The phenomenon of public accountability deficit can be seen from the vertical and horizontal dimensions. Through quantitative and qualitative research, the results show that business management in village

government has not been accompanied by adequate public accountability. Responsibility mechanisms conducted either vertically, or horizontally have not run optimally. headman still dominates the village government, as a result the spirit of corporation in the management of the village business can not be realized. Therefore, in the future, accountability mechanisms in managing the Village Government Business should be directed towards optimizing the role of stakeholders through a governance approach. Through this approach, it is expected that public accountability will lead to the involvement of all stakeholders in the management of public wealth.

Keywords: government business management, local competitiveness, public accountability, public enterprise, social businesses, village government.

1. Introduction

An important phenomenon in the management of public finances today is how to realize accountability and generating public trusts on government financial performance (Hupe & Hill, 2007: 22; Brusca & Montesinos, 2006: 205; Koppell, 2005: 95; Dubnick, 2003: 407; Kloby, 2009: 367; Amstrong, 2005: 5; Stanley, Jennings, & Mark, 2008). The challenge is being faced by village governments in Indonesia. Indonesian Government has rolled out the rural budget called “dana desa” who managed by the village government. It makes accountability to the public as a consequence.

Village wealth management through a village-owned enterprise called BUMDes has been implemented by a number of villages in Indonesia, especially Banyumas District. Village wealth management through a village-owned enterprise called BUMDes has been implemented by a number of villages in Indonesia, especially Banyumas District, which currently has 88 BUMDes from 301 villages in Banyumas. Although not yet reached 50 percent, but with policy support from the central government and local governments, the potential for BUMDes will be very large. Although not yet reached 50 percent, but the probability of BUMDes formation is very large with policy support from the central government and local government. The Village Ministry targets 40,000 villages to have BUMDes by 2017, therefore by 2017, it is expected that Banyumas Regency with 301 villages will have BUMDes as a whole. Currently Banyumas District Government is conducting assistance to 44 BUMDes candidates.

However, managing BUMDes accountably in building the productive economy is still difficult to do by the village government. The main problem facing the village is the lack of accountability mechanisms owned by the village government, so the management of BUMDes still seems less transparent. The results of previous research explain that the performance of government business management tend to be low. It is marked by the lack of activities of various business entities owned by the village so that the contribution to society can not be realized (Kurniasih, et.al. 2015). The village government's business objective is to empower the community, but until now the goal has not been able to be realized. One of the causes of the low performance of the village government business management is the weak role of the community in participating in managing the business.

Lack of public participation in managing the business. The lack of accountability pattern and mechanism to the rural community has become a significant factor causing the village programs to be less effective. Then, the lack of enthusiasm and public participation is also indicated to be influenced by the vertical tendency mechanism. A more detailed explanation of the problems of public accountability in business management of village governments is explained through the dimensions of vertical and horizontal accountability.

2. State of the Art

Public administration studies have undergone many changes and transformations (Farazmand, 2012). Public administration has become a discipline of multidisciplinary and interdisciplinary science. This means that the study of public administration not only connects administrative variables but also with variables outside the public administration (Saefullah, 2009: 26). The focus of public administration has been to address the issue of organizational management practices that are not only socially oriented but also the management of profit-oriented organizations. Even in the early period of the emergence of the science of public administration, the thought of governmental organization has been suggested by Woodrow Wilson (Shafritz and Hyde, 1997) to become more businesslike. Then the study was reinforced by the emergence of reinventing government that requires a running government like a business organization (Osborn and Plastrik, 1997). Of course, the review of the issue remains based on the idea of how to manage public interests efficiently, effectively, equity and accountably. In reviewing the issue of BUMDes, this study uses the perspective of public management, because in the concept of public management concerning planning, organizing, supervision and also the mechanism of accountability (Jones and George, 2014). Therefore this research is very appropriate in the realm of public management. The emergence of management in public administration studies is a response to the separation between politics and administration. In order to bridge the concept of thought emerged management as a special material in public administration, known as public management (Keban, 2008). Accountability is an essential requirement in public management developed in a democratic country (Brodkin, 2008). Accountability refers to the mechanisms given to public officials to explain and ensure that they have acted rightly, behave ethically, and are responsible for their performance (Bovens, 2007; Dubnick 2005; Mulgan, 2003; Romzek & Ingraham 2000). Accountability is therefore also concerned with the legitimacy of a government.

BUMDes management must be accountable because they use the public budget. Nevertheless, despite the increasing demand for public accountability, studies show that many government organizations are unable to realize this public accountability. The study by Bovens (2007: 447), Dixon, Ritchi & Siwale (2006: 415), Lodhia & Burritt (2004: 355) on public sector financial accountability practices concluded that although accountability mechanisms were well established, adhered to by program implementers. In view of Bovens (2007: 447 - 448) this phenomenon is referred to as the accountability deficit, the condition of dysfunctional occurrence of various established accountability mechanisms, resulting in the low legitimacy of the government. According to Mulgan (2003: 74), accountability deficits in the current decentralization era are increasingly worrisome as more and more public organizations at the

local level are given autonomy to manage budgets. There are many cases of financial accountability failure of government organizations at lower levels, when they are given the authority to manage the budget.

To measure the level of public accountability in the management of BUMDes, this study used the criteria used by Dixon, Ritchie & Siwale (2006: 408 - 410), Bovens (2007: 459 - 461), Schillemans (2008: 179 - 180), in the form of vertical accountability and horizontal accountability. Vertical accountability refers to the accountability of BUMDes management to the top authorities giving commandments, namely the village and district governments. While horizontal accountability refers to accountability management of BUMDes to rural communities. Public accountability in the overall management of BUMDes will take shape when both dimensions are met. Meanwhile, Kurniasih, et.al (2015) explains that the mechanism of accountability that has been done is still limited to vertical accountability. it means that the role of stakeholders in accountability mechanisms has not been an important part. Similarly, Setyoko (2011) research result that explains that villagers tend to be indifferent to public accountability as long as their needs are met.

In dealing with the vacuum of the stakeholders role, there needs to be a mechanism of accountability based on the governance concept. Public governance is a way in which stakeholders interact with the goal of influencing public policy outcomes (Bovaird & Loffer, 2009). Stakeholders include citizens, community organizations, mass media, public institutions, politicians, non-profit organizations and so forth. They interact in the management of public organizations to meet the various public interests. The change of government to governance paradigm is aimed to democratize public administration (Setyoko, 2011). In the paradigm of government, the government plays an important role in controlling the public. While in the governance paradigm many groups and interests are directly involved in the formulation and implementation of public policy (Nelissen, 2002; Chhotray & Stoker, 2009). The governance concept involves all actors outside the "core executive" to engage in the policy-making process (Richard & Smith, 2002). Governance is a concept that represents the overall quality of relationships between citizens and governments that contain values of responsiveness, efficiency, honesty and fairness (Ferranti, et al., 2009). Through a public management oriented approach to governance, this study can explain the importance of achieving values that are not only related to efficiency, efficiency and economics, but also responsive in the implementation of BUMDes.

3. Method

This study uses a combination of qualitative and quantitative approaches convergently (Creswell, 2014). The results of the different data analyzes were converged by comparing or linking the two results of the analysis (Cresswell, 2014: 293-296). Quantitative interpretation will be supported by qualitative results. Likewise, on the contrary, qualitative interpretation is complemented by quantitative results. The two data analyzes will complement each other to obtain the final conclusion. This research also uses qualitative research design with explanative descriptive approach. It is expected that through this method can be obtained more in-depth information through interviews and observations that support the results of

quantitative descriptive analysis.

The research population is the total BUMDes in 301 villages in Banyumas which amounted to 88 BUMDes, from the population then taken 31 BUMDes to make the respondents research (34%). Methods of data collection using a questionnaire given directly to the manager of BUMDes. Then to obtain information that supports descriptive statistical results conducted through in-depth interview methods to the government and villagers and district governments.

4. Result and Discussion

The purpose of this study is to answer the question of how the current accountability of BUMDes management. Based on the purpose of the study researchers conducted a respondents survey in the study of BUMDes managers in 31 BUMDes existing in Banyumas. The result of the research is based on quantitative descriptive analysis presented in the explanation of per accountability indicators both vertical and horizontal as described in the following research results.

4.1 Vertical Accountability

4.1.1 Level of Compliance

The results showed that the vertical accountability of managers compliance to the rules was relatively low. This is due to the problems experienced in the management of BUMDes, among others: (1) the management of BUMDes does not have a strategic plan and policy direction; (2) Management of BUMDes places the village headman (village government) in decision-making; (3) There are no periodic audit reports; (4) Unavailability of BUMDes published financial statements; (5) Unavailability of BUMDes published performance report. Survey results data to BUMDes managers are described below:

Table 1. Compliance Levels on Rules

No.	Indicator	Answer Options	Frequency (%)
1.	Compliance with strategic plan and policy direction	complying	0 (0%)
		less complying	26 (83,9%)
		not complying	5 (16,1%)
2.	Involvement of Village Government's elements (Headman)	involving	28 (90,3%)
		not involving	3 (9,7%)
3.	Availability of periodic audit reports	available and running effectively	3 (9,7%)
		available but less effective	11 (35,5%)
		not available	17 (54,8%)
4.	Availability of published financial reports	available and running effectively	3 (9,7%)
		available but less effective	22 (71,0%)
		not available	6 (19,4%)
5.	Availability of published performance reports	available and running effectively	1 (3,2%)
		available but less effective	13 (41,9%)
		not available	17 (54,8%)

Based on the results of statistical analysis can be seen that the majority of BUMDes management still tend to involve elements of village government, especially the headman as central position in decision-making. Based on the observation, it is still very difficult to find standard reporting documents in the reporting system in BUMDes. Observations made to the BUMDes Savings and Loans in Samudra Village actually has a document recording customer transactions that make savings and loans. But the document is an internal listing document of BUMDes. As for reporting to commissioners and supervisors have not been done. It means that when asked about accountability can only be seen from the recording of customer transactions, which is actually an internal document.

4.1.2 Timeliness of Reporting

Vertical accountability can also be measured from the timeliness of reporting. The results show that accountability in terms of timeliness of reporting into the low category. This is due to: (1) financial report and progress report of BUMDes not routinely made every month; (2) reports to rural communities through public deliberation forums are not held routinely at least 2 times in 1 year.

Table 2. Timeliness of reporting

No	Indicator	Answer Options	Frequency (%)
1.	Routine financial reports every month	Routine	6 (19,4%)
		less routine	19 (61,3%)
		There is no	6 (19,4%)
2.	Routine preparation of business units progress reports	Routine	3 (9,7%)
		less routine	25 (80,6%)
		There is no	3 (9,7%)
3.	Rutinnya pelaporan kepada masyarakat (melalui musyawarah desa) minimal 2 kali dalam 1 tahun	Routine	4 (12,9%)
		less routine	22 (71,0%)
		There is no	5 (16,1%)

Based on these data can be seen that accountability BUMDes from the timeliness of reporting aspect still tend to be low. This is shown from the results of statistical analysis descriptive that 61.3% BUMDes less routine in financial reporting business units in each month. Other results also show that 80.6% of BUMDes in Banyumas are less routine in reporting the progress of business units activities in the BUMDes. Based on the survey results, it is also found that 71.0% of BUMDes in Banyumas are less routine in reporting to rural communities (through public deliberation forum) at least twice a year.

Based on the observation also found that the condition of BUMDes business place is still very minimal. His business activities are also lethargic. The lack of business activity in BUMDes certainly impact on the absence of material to serve as a report. In the absence of BUMDes activities the manager has no material to report.

4.1.3 Reporting Substance

Vertical accountability can also be measured through the quality of report substance developed by BUMDes managers. The ability of managers to be an important factor in determining the quality of a report. The result of the research shows that BUMDes in Banyumas have financial report specially in the form of cash flow bookkeeping, but not yet

covering substance of reporting of financial report more complete and complex which reflect progress of BUMDes from finance side.

Table 3. Reporting Substance

No	Indicator	Answer Options	Frequency (%)	
1.	Availability of financial report	Available and effectively implemented	16	(51,6%)
		Available but not yet effectively implemented	10	(32,3%)
		Not available	5	(16,1%)
2.	Substance on progress report of business activity and performance	Available and effectively implemented	16	(51,6%)
		Available but not yet effectively implemented	9	(29,0%)
		Not available	6	(19,4%)

Based on these data, it appears that BUMDes accountability from the substance of reporting tends to be good, because 61.3% of BUMDes have prepared financial report, although they only include cash flow bookkeeping and do not cover other aspects of keunagan. Other financial aspects include profit-loss statements, asset reports and progress reports and so on. Not all BUMDes have prepared a complete financial report. This is supported by the opinion of I.M (Secretary of Gebangsari Village) as follows.

"Existing financial report are just like this (cash flow records). So how much money entry, how much out. Yes just about that. Usually the manager of BUMDes shows his cash flow record, it is also if requested only by the village ".

Based on the survey results, it can be seen that 51.6% of BUMDes already have a progress report on business progress, but not yet recorded and reported in writing. That is, substantially existing, but not administrated. This is supported by the opinion of S (Secretary of Pesantren Village) as follows.

"We are constrained to make a report on the progress of the model as what it is also not know because of village human resources. But in the future, God willing, of course, with mentoring from the government or campuses ".

However, some BUMDes already have good financial reporting system. For example, Village Bank in Wlahar Wetan Village, Kalibagor District. This Village Bank has been around since the PNPM program was launched by the government. The management of BUMDes through the Village Bank business has even contributed to the Wlahar Wetan Village Original Income. Some evidence of the existence of village bank accountability mechanisms can be shown from the existence of a good financial reporting system. Every year Wlahar Wetan Village Bank contributes to village income of 20% of net income. This income is certainly very useful for community empowerment Wlahar Wetan Village. The development of Bank Wlahar Wetan's profit for village income can be seen in the following table.

Table 4. Village Bank's Profit Contribution to Wlahar Wetan Village Income

Aspect	Year (in Rupiah)				
	2012	2013	2014	2015	2016
Profit	92.574.890,00	85.109.604,00	103.325.410,00	143.894.921,00	160.128.417,00
Village Income	11.000.000,00	15.000.000,00	13.000.000,00	16.740.000,00	38.500.000,00

Source: Financial Report of Wlahar Wetan Village Bank, 2017.

The table above shows that the Village Bank managers have prepared the financial statements well. Information on the contribution of Village Banks to village revenues has been shown in the financial statements of Wlahar Village Bank. However, not all BUMDES have capability in developing reporting system as conducted by Wlahar Village Bank.

BUMDes is a village business venture that has a spirit of independence, togetherness and mutual cooperation between the government and rural communities to develop local assets to provide services and increase the economic income of rural communities. This will have implications for village government accountability in village wealth management. This change in governance then influences the village government's vertical accountability relationship. This is as stated by Jantz and Jann (2013) which discusses how changes in governance have affected the relationship of accountability. Jantz and Jann (2013) argue that major changes in organizational settings and more managerial information have resulted in more complex forms of accountability in both political and administrative accountability. It further argues that such changes can lead to a change in accountability from concentrated to mutual accountability and political and administrative accountability.

The results show that the accountability of the Management of BUMDes in the vertical accountability side is lower than the manager's compliance level on the rules, the timeliness of reporting and the substance of reporting that is still not in line with expectations. The results of this study reinforce the results of McLeod and Harun (2014) research on the challenges of public sector accounting reform in Indonesia to combat corruption and improve governance. McLeod and Harun (2014) revealed that this reform is severely hampered by a lack of human resources with adequate accounting skills. As a consequence, the report compliance rate is low and it is very difficult for the government to take account of their financial performance.

The results of this study suggest that the low vertical accountability of BUMDes management is also in line with Vesely's (2013: 310) view that low accountability is characterized by a mismatch between the formal existence of many accountability mechanisms known as sleeping accountability. It happens because of frequent changes in political representation and public administration of existing accountability mechanisms, as well as the lack of capable and independent accountants.

The results also indicate that the dominance of the village government, especially the headman, becomes a separate problem in the accountability mechanism of BUMDes. This is in line with the results of Lee and Suh's (2016: 1-20) study which suggests that increased accountability and performance of public organizations are caused by leadership deficits. To

that end, public organizations are required to always provide training and development programs for their executives or leaders. Their results show that organizations whose executives participate in managerial development programs tend to have improved performance and accountability. Furthermore, Lee and Suh (2016) added that giving the executive an opportunity to gain training and development opportunities is as important as recruiting qualified individuals to ensure accountability and organizational performance.

4.2. Horizontal Accountability

4.2.1 Rural Community Involvement Mechanism

Awareness of BUMDes managers to always involve elements of society in every management process BUMDes has been realized by most managers. This is as disclosed by E (Samudra Bank Village managers) below.

"The Savings and Loans Capital of Samodra Village is sourced from the village budget, therefore we are obliged to report its progress to the village government through the headman. Headman is a representative of the rural community, so the involvement of the headman as a supervisor in the savings and loan activities is the same as involving the rural community. If there is no official mechanism unless there are people who come to provide capital".

Meanwhile, the results of interviews with headman of Gumelar village explained that every decision making for the utilization of village funds always involves rural community. The findings of this study support the results of quantitative analysis that yields the result that community involvement in decision-making in the village has been running quite well. The results show that rural communities have been involved in every decision-making process, although there has not been a well-institutionalized engagement mechanism. that means the involvement of village communities is still in the form of informal forums. This indicates the accountability of the majority of BUMDes in Banyumas in terms of community involvement mechanisms tend to be good enough or at a moderate level. This is as seen from the survey data to the manager of BUMDes as follows.

Table 5. Rural community involvement mechanism

No	Indicator	Answer Options	Frequency (%)
1.	It is possible for rural people to propose, provide advice and recommendations to BUMDes	Possible, by mechanism	7 (22,6%)
		Possible, not by mechanism	23 (74,2%)
		Not possible	1 (3,2%)
2.	The existence deliberation forum for rural people in the management of BUMDes	There are and institutionalized	5 (16,1%)
		There are however not institutionalized	14 (45,2%)
		There is no	12 (38,7%)
3.	the existence of rural cpeople consideration and legitimacy in BUMDes strategic decisions	There are and institutionalized	4 (12,9%)
		There are however not institutionalized	19 (61,3%)
		There is no	8 (25,8%)

Based on these data, it is seen that 74.2% of BUMDes in Banyumas have allowed the people to propose and provide recommendations to BUMDes, although not well institutionalized. BUMDes managers are using traditional forums known as “kumpulan” or “kenduren” as a medium for the people in submitting suggestions, suggestions and inputs to BUMDes. This is as stated by SMN (Director of BUMDes Samudra Village).

"It is possible for people to suggest something to the manager, such as proposals for BUMDes business development. Usually the proposals are submitted directly to the manager or to the village officials informally are usually".

The absence of public involvement mechanism in formal decision making can also be seen from the management system of BUMDes which does not yet involve the public in decision making. For example in Wlahar Village the process of running activities includes various elements that are formalized through organizational structure. From the structure, there is no public role in the accountability process in Wlahar Wetan Village Bank.

Table 6. Executive Structure of Wlahar Wetan Village Bank

No	Position	Name	Adress	Education	term of office
1.	Chief Executive	Ali Mahrufi	Patikraja	Senior High School	3 Years
Operating Officer					
2.	a. <i>Teller</i>	Maemunah	Wlahar Wetan	Senior High School	9 Years
	b. <i>Marketing</i>	Purwanto	Wlahar Wetan	Senior High School	9 Years
Internal Supervisory Board					
3.	a. <i>Audit 1</i>	Dodiet P, S.T	Wlahar Wetan	Bachelor	3 Years
	b. <i>Audit 2</i>	Heri Siswoyo	Wlahar Wetan	Bachelor	5 Years

From the above it is known that the executive structure of Wlahar Wetan Village Bank consists of the chief operational executor, operational executor and internal supervisory board. A chief operating officer has the task of heads up all administrative affairs at Wlahar Wetan Village Bank as well as an operational section consisting of a teller and marketing department. Outside the operational activities of the bank there are two internal supervisors who are in charge of supervising and auditing the village banks which are related to the internal bank of the village. Similar to Wlahar Wetan Village, the organizational structure and work procedures at BUMDes Gumelar Village also do not yet have an official structure involving the public. However, the community has been involved as a supplier of raw materials factory.



Figure 1. Organizational Structure BUMDes Artha Lestari Gumelar

4.2.2 Transparency Mechanism

Based on the results of quantitative descriptive analysis it can be seen that the transparency mechanism in the management of BUMDes in Banyumas has not run optimally. The results show that in general managers have opened information related to the management of BUMDes to the community, but the mechanism is not well instituted. This is because the managers do not have information systems that specifically provide reporting management of BUMDes to villagers. This is as seen from the survey data to the manager of BUMDes as follows.

Table 7. Transparency Mechanism

No.	Indicator	Answer Options	Frequency (%)
1.	Transparency of information related to BUMDes management reporting for rural communities	There are and institutionalized	12 38,7%
		There are however not institutionalized	16 51,6%
		There is no	3 9,7%
2.	Availability of special information systems for reporting BUMDes management to rural communities	Available and effectively implemented	1 3,2%
		Available but not yet effectively implemented	4 12,9%
		Not available	26 83,9%

Based on the data in table 5.10 it can be seen that 51.6% of BUMDes managers in Banyumas stated that they have disclosed information related to the management of BUMDes for people, although not yet in a well-structured institution. That is, information related to the reporting

of management of BUMDes to the people has been submitted in informal forums of rural communities. This is due to the unavailability of special information system in reporting the management of BUMDes to the villagers seen from 83.9% of BUMDes management in Banyumas stated that. Data from the survey results are supported by the opinion of O (Treasurer of BUMDes Pancasan Village).

"If for the info to our community is always open, what people want to know us insha Allah ready to tell. If the problem is usually informal, there is no special information system in the village. Still far away ".

4.2.3 Media Utilization

The result of the research shows that in general, the horizontal accountability mechanism of BUMDes management reporting to rural community is based on traditional communication media, not on conventional media especially modern media. This is as seen from the survey data to the manager of BUMDes as follows.

Table 8. Media Utilization

No.	Indicator	Answer Options	Frequency (%)
1.	Utilization of traditional communication and socialization media (such as forum "kumpulan", "kenduren", etc.)	Available and effectively implemented	17 (54,8)
		Available but not yet effectively implemented	11 (35,5)
		Not available	3 (9,7)
2.	Utilization of conventional communication media (such as print, electronic media)	Available and effectively implemented	2 (6,5)
		Available but not yet effectively implemented	13 (41,9)
		Not available	16 (51,6)

Based on the above table it can be seen that pengelo BUMDes has done horizontal accountability mechanism through media utilization. However, most still use traditional media such as "kenduri", "gendhu-taste" and so on. This means that the accountability mechanism is more oral, so it is not well documented. This is the hallmark of rural communities that still build mutual trust through good oral communication. The character of rural society is the traditional society which considers kinship and gotongroyong principles. Therefore, BUMDes management system also runs in accordance with the characteristics of rural communities. Communication managers with the community limited to when giving and receiving services, the rest is done informally.

The results show that in general villagers have been involved in every decision-making process, although there has not been a well-institutionalized engagement mechanism. This means that village community involvement is still in the form of informal forums. Public involvement and information delivery related to BUMDes management reporting to rural communities are also presented in informal forums. Naqi (2008) holds that stakeholders not only change the role of auditors but also reduce the debate by allowing more parties in the community to add credibility to the public accountability process. Furthermore Nagi (2008) also stressed the importance of media expansion of accountability.

Meanwhile, the results of the horizontal accountability analysis are also in line with Brendan

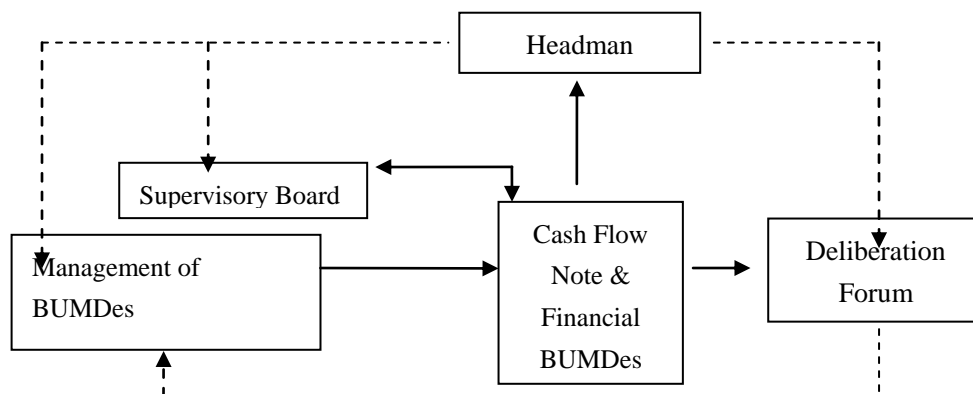
O'Dwyer and Unerman (2007: 446-471) which emphasize the importance of shifting understanding of accountability, from functional accountability to social accountability. The aim is to contribute to the application of accountability principles, especially downward accountability to beneficiaries. In their view, the partnership between public and community organizations in the context of accountability is still rhetorical that has not changed into reality. In Loozekoot and Dijkstra's view (2015: 7) Financial accountability and public budget have been widely used in developing countries to evaluate the performance of public financial management systems. In his view, accountability in the area of expenditure and finance needs to take account of the horizontal accountability mechanism, in addition to other vertical factors.

Meanwhile, the results of the horizontal accountability analysis are also in line with Brendan O'Dwyer and Unerman (2007: 446-471) which emphasize the importance of shifting understanding of accountability, from functional accountability to social accountability. The aim is to contribute to the application of accountability principles, especially downward accountability to beneficiaries. In their view, the partnership between public and community organizations in the context of accountability is still rhetorical that has not changed into reality. In Loozekoot and Dijkstra's view (2015: 7) Financial accountability and public budget have been widely used in developing countries to evaluate the performance of public financial management systems. In his view, accountability in the area of expenditure and finance needs to take account of the horizontal accountability mechanism, in addition to other vertical factors.

The result of the research also shows that the management has opened the information of BUMDes management to the society, although not well institutionalized, due to the unavailability of special information system and optimal media utilization. The transparency of BUMDes management reporting to village communities is more organized with informal approaches such as "community gathering" forums. The research facts are in line with Mabillard and Zumofen's (2016: 1-20) views that accountability and transparency are increasingly important in the organization of contemporary governance. In his view, transparency should be encouraged as an approach in the organization of public organizations. Transparency is important because it has benefits in compensating for the complexities of political, administrative and social behavior (Lourenço, et.al, 2017).

Meanwhile, Brodtkin (2008: 317-336) emphasized the importance of accountability at the organizational level. In his view, the creation of a better strategy for enhancing accountability is a difficult challenge. therefore, the issues of streetlevel practice or implementing organizations need to be addressed and placed in a broader perspective to gain transparency and accountability. such approach may demand more attention to the process of administering horizontal accountability at the organizational level that includes administrative discretionary puzzles, a deeper and more complex understanding of how implementing organizations work and how policies are generated and experienced in the daily life of organizations. The approach contributes different perspectives to the portfolio of strategies available to assess organizational performance.

4.3 The Existing Problems of Public Accountability



Based on the figure of the existing accountability mechanism of BUMDes above, it is seen that the central position of the headman is inevitable. The headman receives a report from the BUMDes manager and then gives feedback to the BUMDes Manager and Board of Trustees. In addition, the horizontal feedback from the village head is still considered in the village consultation forum. That is, the dominance of village government elements, especially the headman becomes a separate issue in the accountability mechanism of BUMDes. The facts in this study are in line with Kloot and Martin (2001: 61 - 63) who argued that people in rural areas are often less concerned about the accountability issues of his government. The rural community with its paternalistic culture tends to trust every action taken by the village elite, so any decisions made by village officials are considered correct. Meanwhile, the results of this research also strengthen the opinion of Setyoko (2011) which explains that the village community tends to be indifferent to public accountability as long as their needs are met. These nrimo village customs are then used by the village government not to attempt to ensure horizontal accountability for every activity that has been done.

The portrait of the existing accountability mechanisms of BUMDes above also corroborates the results of studies conducted by Bovens (2007: 447), Dixon, Ritchi & Siwale (2006: 415), Lodhia & Burritt (2004: 355) who argue that although accountability mechanisms have been well established, but the mechanism is often not followed by the program implementor. This fact shows that in the process of reporting BUMDes especially in Banyumas Regency is still considered accountability deficit (Bovens, 2007: 447 - 448) because there are still non-functioning of some established accountability mechanisms. Therefore, accountability mechanisms in the management of BUMDes should be directed towards optimizing the role of many stakeholders through a governance approach that allows many groups and interests directly involved in the formulation and implementation of public policy (Nelissen, 2002; Chhotray & Stoker, 2009). Through this approach emphasizes the importance of the involvement of many stakeholders who are meant to represent the public, to argue as legitimating the deliberative process, each member must position the forum outside of partisan interests (O'doherty, 2012). People with characteristic *gemeinschaft* basically have the potential togetherness in his life. Therefore, in meeting the democratic potential of rural communities, local governments need to encourage greater democratic connectivity and political connectivity between participatory forums and wider public spaces (Ercan and

Hendriks, 2013).

5. Conclusion

Based on the results of research and discussion, it can be concluded that the large potential of BUMDes establishment, not balanced with adequate public accountability. Responsibility mechanisms conducted either vertically, or horizontally still have not run optimally. The study also found that BUMDes accountability both vertically and horizontally is still central to the headman (village government). It shows the central role and dominance of the headman in the BUMDes management process. Therefore, in the future accountability mechanisms in the management of BUMDes should be directed towards optimizing the role of stakeholders through a governance approach. Through this approach, it is expected that public accountability will lead to the involvement of all stakeholders in the management of village public's wealth.

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