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RESEARCH ARTICLE

Timeliness Of Village Government Accountability Report

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ARTICLE INFO	ABSTRACT
	The Timeliness of the accountability report is important to maintain the good accountability of the government, including the village government. Agency theory could explain why an organization, such as village government, can minimize agency conflict by reporting accountability in a timely manner. However, the executive can practice opportunistic behaviour during the reporting preparation. This study investigates the effect of village government head characteristics and supervisory board's attributes on the Timeliness of the village government accountability report. The multivariate regression analysis uses fifty village governments in Pariaman city of Indonesia. The result shows that the village government head characteristics, which are proxied by three variables: age, education level, and educational background, do not influence the timeliness of the accountability report. In addition, the village supervisory board characteristics are partially related to the reporting timeliness. The significant variable is supervisory board meeting frequency, which negatively affects the reporting timeliness. Village government staff size as a proxy for government size is positively associated with the reporting timeliness. Practically, this village government stakeholder can use this finding for relevant decisions. Theoretically, agency theory partially can explain the timeliness phenomena in village government. The client size theory is an appropriate theory why the reporting timeliness is longer.

INTRODUCTION

Research Background

One of the greatest concerns in the public sector is the Timeliness of governmental financial reporting (Edmonds *et al.*, 2017). The improvement of financial reporting timeliness is a priority for the regulator (Abernathy *et al.*, 2015). Timely information is available to decision-makers before it loses its capacity to influence decisions (Abernathy *et al.*, 2014). Timeliness is one of the qualitative attributes or characteristics of useful information or relevant disclosure (Elias, 2012). The Timeliness of financial information increases its value to the financial information users (Behn, Searcy and Woodroof, 2006). The relevancy of financial details relies on its Timeliness (Lee, Mande and Son, 2009). Timely reporting enhance decision-making and reduce information asymmetry (Owusu-Ansah and Leventis, 2006). In addition, timely financial reporting increases stakeholders' certainty (Ashton, Graul and Newton, 1989). The stakeholder will use private information when they do not have timely financial information (Hakanson, 1977).

Many researchers have conducted previous research on the Timeliness of financial reporting in 1977. However, the studies used company financial reporting (Abernathy *et al.*, 2014, 2015; Baatwah,

Salleh and Ahmad, 2015; Zaitul and Ilona, 2018; Aksoy *et al.*, 2021; Song and Zhou, 2021). Investigating the Timeliness of financial reporting using public sector organizations is limited, such as central, local, or municipal government (Edmonds *et al.*, 2017; Oktyawati and Fajri, 2019; Kaye-Essien, 2020). However, the study did not focus on the village government financial reporting timeliness. Village government is the lowest tier of government in the Indonesian administrative hierarchy (starting with national, provincial, district, sub-district and village levels) and Indonesia has 74,000 villages (*Desa*) (Antlöv, Wetterberg and Dharmawan, 2016).

Antlöv, Wetterberg and Dharmawan (2016) state that the 1999 Indonesia reformation makes villages autonomous and open for democratic institutions to revitalise village development, make community institutions more representative and accountable, and improve state-society relations. Village governments should practice governance principles such as anti-corruption, transparency, participation, and accountability, as stated in Village Law No. 6 of 2014 (Susan and Budirahayu, 2018). Village government accountability is an important aspect of good public governance. A timely accountability report is requested to perform robust government. Agency theory (Jensen and Meckling, 1976) assume that the executive (Head of village government) tends to behave opportunistically. This kind of behaviour is exercised during the accountability reports process, and therefore it might delay the reporting process. In addition, the supervisory board oversight the reporting process, and they minimalize the opportunistic behaviour of the Head of village government. Finally, the governance outcome (e.g., financial information quality, financial fraud) would be minimized. This study predicts the role of Head of village government characteristics and village supervisory board characteristics in determining the Timeliness of village government accountability reports. This study might contribute to the agency theory (Jensen and Meckling, 1976) and resources dependence theory (Pfeffer, 1972; Zahra and Pearce, 1989) in the public sector.

The role of the public governance mechanism is very important here. The governance mechanism consists of two mechanisms: internal governance mechanism and external mechanism (Ilona, Zaitul and Ethika, 2019; Hamdi, Ilona and Zaitul, 2021). An internal mechanism is the supervisory board and management board in the continental European governance model (Zaitul, Melmusi and Ilona, 2021). In the case of village government, it has the Head of village government (called "*Kepala Desa or KD*") and supervisory board (called "Badan Pemberdayaan Desa or BPD"). KD is the executive role, and BPD is the control role. As an administrative role, KD is accountable for financial resources that it has used to achieve the village government objective. The accountability report should be submitted to the city government at least three months after the fiscal year. Therefore, the Head of village government characteristics, such as age, education level, and education background, are predicted to influence the Timeliness of the accountability report. Further, the village supervisory board characteristics are also associated with the Timeliness of accountability reports. The proposed research framework can be seen below.
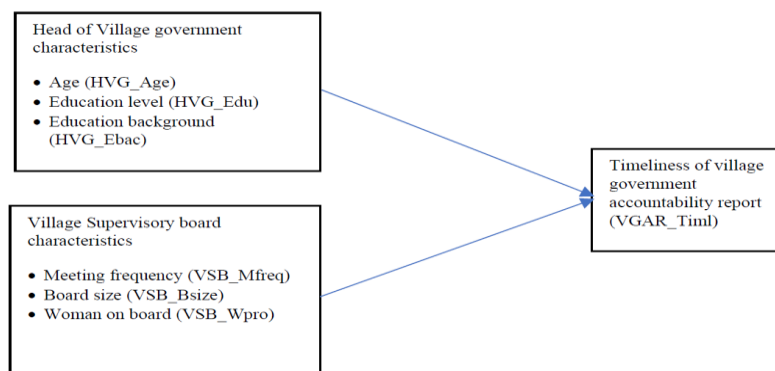

Figure 1. Research framework

METHOD AND MATERIAL

This study uses the village government of Pariaman city, Indonesia. All villages are included in the research population. The primary and secondary data is applied to reach the research objectives. The availability of data in government relevant agencies is very limited. Age of village government head, education level of village government head, village supervisory board size are secondary data collected from the village and community empowerment agency (*Dinas Pemberdayaan Masyarakat dan Desa*). Another variable is primary data gathered through a survey using a questionnaire. There are two types of variables here: dependent variable (Timeliness of village government accountability report) and independent variables (Head of village government characteristics and village supervisory board characteristics). In addition, this study also includes the village characteristic as control variables (village government staff size and village government yearly budget). The research model is a multiple regression model, depicted below.

$$VGAR\_Timl_i = \alpha + \beta_1 HVG\_Age_i + \beta_2 HVG\_Edu_i + \beta_3 HVG\_Ebac_i + \beta_4 VSB\_Mfreq_i + \beta_5 VSB\_Size_i + \beta_6 VSB\_Wpro_i + \beta_7 VG\_Ssize_i + \beta_8 VG\_Ybud_i + \varepsilon$$

Where

VGAR_Timl	= Timeliness of village government accountability report
HVG_Age	= Head of village government age
HVG_Edu	= Head of village government education level
HVG_Ebac	= Head of village government education background
VSB_Mfreg	= Village supervisory board meeting frequency
VSB_size	= Number of village supervisory board member
VSB_Wpro	= Proportion of women in village supervisory board
VG_Ssize	= Number of village government staff size
VG_Ybud	= Village government yearly budget
α	= Constant
β	= Regression coefficient
ε	= Error
i	= Village government 1, 2 etc.

The data is analyzed using multiple regression analysis. Before interpreting the regression result, there are three classical assumptions: normality, multicollinearity, and heteroskedasticity. Autocorrelation test is not conducted due to type of data (cross-sectional data)—the normality test using the skewness and kurtosis. We use the + and – 2 as a threshold for skewness and -7 < kurtosis < +7 for kurtosis (Curran, West and Finch, 1996). Vector inflation factor (VIF) is applied to detect the multicollinearity problem with the cut off less than 10 (Gujarati, 1995). In addition, this study employs the white test (White, 1980) to detect and remedy the problem of heteroskedasticity. The p-value must be greater than 0,05, indicating no heteroskedasticity problem (Wooldridge, 2003). Thus, the F statistic or F sig is applied to see the model fitness. The predictive power using the R square with the categorization of (Hair *et al.*, 2014). (Hair *et al.*, 2014) divide into three: 0.75 (substantial), 0.50 (moderate), and 0.25 (weak). The t statistic or sig value is utilized to see the significant effect of the independent variable on the dependent variable. The regression coefficient is adopted to see the directional effect.

RESULT AND DISCUSSION

Fifty village governments are participating in this study (90.90%). The average village government accountability report timeliness is 35.32 days. Twenty-one or 38.18% of village governments report Timeliness lesser than average value and the rest above it. The average village government head age is 45 years. Further, the education level of village government head divided into categories: senior high school (38%), diploma (2%), bachelor (50%) dan master's degree (10%).

Regarding the education background, forty village government (80%) is from non-economics, and the rest is graduated from economics-related study education background (20%). The supervisory board meeting frequency for 2020 is 7.54 times or more than one meeting for two months. The number of supervisory board members is 5.82 members on average. The existence of women on the village supervisory board is at least one in the supervisory board. In addition, the proportion of women on board is 23.04% on average.

Further, the number of village government staff as a government size proxy is 10.60 employees. Finally, the yearly budget for the village government is Rp. 1.88 billion. The first classical assumption is the normality test. The result of the normality test is demonstrated in table 1. As mentioned previously, skewness and kurtosis are employed to detect the normality of data. The highest skewness value is 1.61 or < 2 (woman on board), and it can be concluded that all variables have normal data based on skewness. In addition, the maximum Kurtosis statistic value is 2.84 and below 7. The kurtosis's normality assessment indicates that the data is normally based on the value.

Table 1. Descriptive statistic and normality test

variable	Mean	Skewness		Kurtosis		Decision
		Statistic	**Std. Error**	**Statistic**	**Std. Error**	
VGAR_Timl (days)	35.32	1.01	0.34	0.01	0.66	normal
HVG_Age (year)	45.28	0.11	0.34	-0.36	0.66	normal
HVG_Edu(level)	2.32	-0.20	0.34	-1.55	0.66	normal
HVG_Ebac (dummy)	0.20	1.55	0.34	0.41	0.66	normal
VSB_Mfreq (time)	7.54	0.88	0.34	1.01	0.66	normal
VSB_size (member)	5.82	1.39	0.34	0.57	0.66	normal
VSB_Wpro (%)	23.04	1.61	0.34	2.84	0.66	normal
VG_Ssize (person)	10.60	-0.33	0.34	1.46	0.66	normal
VG_Ybud (Rp. M)	1.88	0.70	0.34	0.85	0.66	normal

Note VGAR_Timl (Timeliness of village government accountability report), HVG_Age (Head of village government age), HVG_Edu (Head of village government education level), HVG_Mfreg (village supervisory board meeting frequency), VSB_size (number of villages supervisory board member), VSB_Wpro (proportion of women in village supervisory board), VG_Ssize (number of village government size), VG_Ybud (village government yearly budget).

The second classical assumption is the multicollinearity problem. In this case, we use the vector inflation factor (VIF) to detect this problem. As shown in Table 2, all independent variables have a value of VIF less than 10, indicating that there is no multicollinearity problem. Further, the heteroskedasticity problem is discovered using the white test. The p-value for the white test represents above 0.05 (0.82), and it can be concluded that there is no heteroskedasticity problem.

The model's fitness using the F significance shows that the research model is fit due to its sig value lesser than 10%. The predictive power is 27%, categorized as weak (Hair *et al.*, 2014).

Moreover, Head of village government characteristics does not associate with the Timeliness of village government accountability report. However, the village supervisory board characteristic is partially related to the reporting timeliness: meeting frequency of the village supervisory board. The regression coefficient -2.56 means that the higher the meeting frequency, the shorter the reporting timeliness. As predicted, the finding supports the contention that more meeting frequency in the supervisory board reduces the reporting timeliness because they discussed accountability reports to maintain the village government reputation. In other words, monitoring activity is effective through more meetings being conducted. Thus, this finding confirms the agency theory (Jensen & Meckling, 1976) that effective monitoring through more meeting frequency can reduce the executive opportunist behaviour.

Table 2. Result of regression

Predictor	VIF	reg. Coef.	t stat.	sig value
Constant		-63.33	-0.99	0.33
HVG_Age	1.48	0.54	0.88	0.38
HVG_Edu	1.51	-1.54	-0.27	0.79
HVG_Ebac	1.25	-6.94	-0.49	0.63
VSB_Mfreq	1.42	-2.56	-1.74	0.09*
VSB_Size	1.17	-0.43	-0.76	0.45
VSB_Wpro	2.00	-1.50	-0.28	0.78
VG_Ssize	1.19	6.17	2.22	0.03**
VG_Ybud	1.89	27.34	1.18	0.25
F stat	1.85			
F sig	0.09*			
R square	0.27			
White test	0.82			

Note. VGAR_Timl (Timeliness of village government accountability report), HVG_Age (Head of village government age), HVG_Edu (Head of village government education level), HVG_Mfreg (village supervisory board meeting frequency), VSB_size (number of villages supervisory board member), VSB_Wpro (proportion of women in village supervisory board), VG_Ssize (number of village government size), VG_Ybud (village government yearly budget). ** and * indicate significant at 5% dan 10% respectively.

Village characteristics as a control variable show that the number of village government staff is significantly associated with the reporting timeliness. The staff size is a proxy for government size. The larger the village government, the longer the reporting timeliness. This finding confirms the client size theory. The large organization tends to have longer report timeliness due to many transactions being recorded, grouped, reported, and interpreted.

CONCLUSION AND RECOMMENDATION

Practitioners and academics discuss the accountability report timeliness phenomena in the public sector. However, limited studies investigated the relationship between governance in the public sector and the reporting timeliness using the public sector organization, such as village government. This study confirms that the village head and village supervisory board significantly affect the reporting timeliness. The agency theory, resources dependent theory, and client size theory are used to understand the phenomena. Using the fifty-village government and multivariate regression analysis, we conclude that village supervisory board meeting frequency and village government staff size are significantly related to the reporting timeliness. Theoretically, this study contributes to the agency theory and client size theory. Practically, this finding implies that to reduce the village head (executive), the village supervisory board increase the meeting frequency. However, the meeting topic should be relevant to the control and advice context. This study has a limitation, and there is an avenue for the researcher. First, this study employs a limited sample and time. The subsequent investigation enlarges the sample size dan use two- or three-years data. Second, this study uses agency and resource-dependent theories to understand timeliness phenomena. Future research can use another perspective better to understand reporting timeliness, such as stewardship theory. Finally, this study uses the internal governance mechanism variable to understand the reporting timeliness. Therefore, future investigations can utilize the external governance mechanism.

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