‘Tiga Tungku’ Accounting in Village Financial Management

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ARTICLE INFO

Article history

Received 10 July 2021
Revised 18 August 2021
Accepted 25 August 2021

Keywords

Stakeholders;
Local wisdom;
Tiga tungku accounting;
Village financial management.

ABSTRACT

The article proposes ‘*Tiga Tungku*’ as a local wisdom to become the basis of village financial management. By employing a constructive paradigm as well as literary study on the local wisdom, an alternative for village financial management is constructed. The worries and distrust that have occurred between the village government and the community can be dissipated by presenting elements of community leaders. Community leaders will act as mediators in the relationship between several parties, so that a ‘*Tiga Tungku*’ relationship will break asymmetrical communication. This way, village fund management is not caused by compliance to regulations but rather the sense of obedience that becomes the moral bond between stakeholders.

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1. Introduction

The village is a unitary customary area and is more homogeneous, this is different from a city which is very diverse. Development in the village in Indonesia from year to year is getting better, because since the 2014 Village Law Number 6 concerning villages has been enacted. Changes in the government system will change the structure of the government. There is a distinct political interest to reform government system. However, this form of regulatory ‘coercion’ raises other problems in managing village finances, because financial accountability is still not accountable and transparent [1].

The new village law requires the government to allocate village funds. The Village Revenue and Expenditure Budget (APBDes) is not only sourced from the village fund, but also from the regency and provincial fund. From that, the control of the stakeholders in the village is very important to maintain accountability and transparency to minimize deviations that occur. The control over village financial management is due to the fact that everyone is more inclined to obey the principle of law, not caused by awareness or consciousness to achieve the welfare of the village community. In addition, it is also influenced by the current modern government system that has changed the life order of the village community, which incidentally still adheres to their customs and culture, should be able to cooperate with local wisdom in the village government order. To synergize these controls, local wisdom is much needed though it needs to be revived.

The role of formal institutions in the village such as the Village Consultative Body (BPD) is not like that of legislative institutions in general. Judging from the

sociological aspect, the authority of the BPD is indeed limited. With the limited authority of the BPD, it is hoped that supervision and control over village development and finances is directly from the community itself.

The theory of New Public Management (NPM) is motivated by the emergence of classical public administration theory as a response to corruption cases and irregularities in government agencies in New York, United States [2][3][4]. Progressive reformers who initiate by identifying cases of corruption in government agencies through performance measurement. They also proposed streamlining the bureaucracy, so that there could be a merger of several government agencies or agencies. It is necessary to separate the interests of society and political interests to avoid collusion of power [1][5]. Local wisdom can be used as basis to manage village fund which must be studied and applied as an antithesis to the classical administrative model. There is a gap between the government and the private sector, which places accountability as the bridge between the two [6]. NPM theory is caimed to cause better success in organizational management in the public sector [1].

There is a view that says that the NPM criticizes the classical and neoclassical schools of public administration, arguing that political policy cannot be combined with bureaucratic administration [2]. There is still no clear separation between government work units and judicial institutions, due to political interests [3]. The adherents of the NPM school suggest the use of this theory on the pretext of privatization. Currently the concept of contemporary economics serves as a supporter of NPM [7]. NPM criticizes the concept of public choice theory developed by scientists from the University of Virginia, because there is a dominant element of pursuing self-interest [3]. The implementation of NPM has an impact on increasing the expectations of the political elite so that it will affect the national policy objectives as outlined in the work program. This is then implemented in the work plan and budget [7].

In a handbook by Lambert titled Agency Theory and Management Accounting, it is described about the relationship between principal and agent. The principal provides all the resources needed by the agent such as capital, bears all the risks resulting from economic activity and gives full trust to the agent. The agent makes any decisions or policies that benefit him, but the agent is responsible for the decisions or policies made. The pattern of the relationship between principal and agent created by Lambert is called plain vanilla. First, to measure decisions or policies made by agents and the results achieved as a result of those decisions or performances, it is necessary to measure them through performance evaluation. Second, the benefits for the principal are felt as compensation for the agent's performance in the form of monetary value, and it can also be in an indirect form but will have an impact on conditions (goodwill organizational) in the future [8].

Key informants provide information on economic activities both for agents and for principals, so that the task of accounting is to measure, classify and present in the form of financial statements based on information from the market. Chua's view of accounting research mainstream (positivism) is strongly influenced by the reality of the objectivity of the variables tested [9]. Agency theory sees the relationship between inputs and outputs. The principal (investor) provides input (capital) in the capital market, then the agent (manager) looks for other resources in the labor market and the agent looks for capital goods offered by other producers (other agents) [10]. In fact, agency theory is very suitable for management accounting, because it prioritizes predictions (not yet real) from a policy made, while financial accounting examines the historical economic records that have occurred. Just like management

accounting, agents will make predictive decisions based on the essence of economic history that has occurred. In the relationship between the agent and the principal, Walker divides it into three agreements, namely: (1) the clarity of the language used in the opportunity, so that it becomes a term to be obeyed; (2) well-crafted incentive agreements that encourage agents to improve their performance; and (3) an agreement to comply with the information presented, both from the principal to the agent and from the agent to the principal [11].

The current administration places great emphasis on privatization and a market economy [7]. The accountability of government administration is assessed through the position of the executive (agent), and the people's representatives who judge it. The change in the executive and legislative branches illustrates that it is the people who judge the performance of the government at the time of the general election. Every government policy will be recorded in the minds of the people, and they will judge whether the current government is successful or not. Findings on government policies in several cities in the United States show that governments are not responsive to the needs of the community [13].

There are several views regarding the provision of incentives for performance achieved [10], or coined by Hood as a step towards performance standards [14]. The provision of incentives lies not only in the agent and principal relationship, but other possible factors that cannot be predicted [10]. There is also another opinion, as proposed by Haubrich, Murphy and Oyer in Kunz and Pfaff, and Yusuf, et al., that incentives are influenced by the agent's reluctance to face challenges. It can also be influenced by the agent's efforts to find quality human resources [10][15]. According It can be also influenced by the use of supervisory technology, or various other indicators that influence it, such as external variables. Sometimes the principal sees that all problems can be solved by the agent, so that the agent is given incentives as encouragement in his activities [10].

One of the characteristics of good governance is openness [26]. These characteristics are in accordance with an era that is completely open as a result of the information revolution. Transparent disclosure of information is needed so that the agent (manager) can make a real contribution to the community in improving the welfare of the community. Every action of the agent (manager) is always on behalf of the principal, so that the agent has considerable responsibility and sacrifice, both material and non-material. The principal (shareholder) wants every information submitted by the agent (manager) to be completely transparent and accountable, so that it becomes relevant in making decisions [16]. The relationship between the people (principal) and the state (agent) always adheres to the rights and obligations. A state is formed because there are common interests and needs of people who inhabit an area. The state is present as a counterweight (regulates) every individual and/or group with different interests and needs [27]. The need for market information is very important for investors (principals) in dealing with all possibilities with their money investment. Information that is macroeconomic in nature will give effect to any measures to be taken by the investor [15].

Bureaucratic and political elite are responsible for the policy makers. This responsibility is not only the responsibility of government, but it accountable for more of the responsibility Moral Executives (agents) must be accountable for all policies outlined in the work program to the people as the principal represented by the members of the council. The policies outlined in the work program have clear and sequential stages. Furthermore, the community (principal) pays mandatory contributions, namely taxes to the agent (government). The success or failure of the

government's work program can be seen by the "code" of enthusiasm from the community at the time of the general election. Modern society in American cities with such a high level of activity will not fight face-to-face with demonstrations, since demonstrations are claimed as radical structuralist actions. But by waiting for the right moment at the time of the election of a new regional head, they will carry out a subtle resistance that is more humanistic, meaning they will not exercise their voting rights [13].

Many of the politicians sitting on the council are also businessmen and regional heads who have business backgrounds. This makes it difficult to eradicate corruption, collusion and nepotism in developing countries because businessmen, politics, law and power are one package in the government circle [15]. From a spiritual perspective, if a manager is more concerned with responsibility and when he returns to his creator, he will accept the consequences of every risk he makes [15]. The position of manager (agent) is the trust of the investor (principal) in him and is not carried to death. A manager in the life of this world must dare to be responsible for every policy he has made.

The existence of a bureaucratic system seems long-winded (slow), inelastic and does not read the progress of the times, where the needs of society are increasingly complex. Currently, developing countries are still struggling with bureaucratic matters. This slack is caused by the lack of skills, low education and training. The government budget deficit from year to year is increasing but it is not followed by excellent service from the government apparatus, causing bad record in the eyes of the public [17].

There are doubts in the government system by carrying out this New Public Management (NPM) concept. It is said that the occurrence of changes are sudden and unexpected so that the community is forced to accept these changes, a phenomenon coined by Hood as 'loquocentric' [1]. There is a change in the new government system by putting forward the concept of NPM which shifts the role of local wisdom. Yet, the values of local culture were very much maintained in the welfare of its people[5], as experienced by a French nobleman named Touqueville who felt the arbitrariness of the new French government [1][18]. This article accepts the challenge to use local wisdom "*Tiga Tungku*" as a base for village fund management reconstruction.

2. Method

This study employed a qualitative methodology, specifically under the non-positivism paradigm. One of the methods used in the non-positivism paradigm is by criticizing and rebuilding with new concepts or theories to answer the phenomena of the problems faced. Sugiyono [29] explains that in philosophy post-positivism can use an interpretive or constructive paradigm approach. Both of these research methods are non-positivism research methods from there are several methods used in research with non-positivism paradigm.

This study executed a constructive paradigm model, meaning that to answer the phenomenon one must go through a concept or theory with a separate or new model. In post-positivism research, how researchers see social reality as a unified whole, which has meaning that must be explored. It is multi-interpretative, constantly changing, and always shows signs because of its interactive nature. This research is very natural in nature and the object is formed following an existing pattern, so it cannot be manipulated and the existence of the researcher cannot affect the object at

hand. By using this method, a researcher is required to have qualified experience to see phenomena that need to be explored and interpreted.

3. Results and Discussion

3.1 The failure of NPM, especially in village financial management

NPM is a new coat for the rulers with a new style that does not have a significant impact on change. New Zealand can be used as example, where the prime minister's assistants are bound by a work contract with the prime minister as the head of government in the country. What is interesting is that they are only legally binding but their implementation is still far from being expected. In addition, NPM also seems to be hampering public services, because it is tied to a bureaucracy that is still rigid, so that public budget spending cannot be suppressed [1]. Even through the objective is to maximize services to the community, individuals cannot have a positive impact on the welfare of the community. It also depends on the regulatory model made in providing services to the public [4][7].

NPM is criticized because it campaigns for public services which will definitely have an impact on public spending that is more effective and efficient[19], yet the reality is that it only has a good impact on a handful of bureaucratic elites. Another criticism of the application of the NPM is that there is a difference between administration and its implications, so it goes beyond the regulation of the government system and the bureaucracy itself [1]. NPM is more inclined to use market principles and market mechanisms, where many political lobbies to get projects from the government, meaning that there are elite bureaucrats and politicians participating in the price game (mark-up) for spending on government goods and services [7][5][14]. There must be elements of a market economy at play [9], meaning that where there is supply there must be demand, which also means a competitive market which gives the characteristic of a capitalistic economic system.

Government regulations also have an effect on binding and monopolizing (as in Indonesia according to article 33 paragraph 2 of the 1945 Constitution), so that it can be profitable for the company that is granted this monopoly right. Although Indonesia currently carries the concept of one stop service and one roof service, but it is still found in practice, where the costs involved are not small in dealing with the bureaucracy because of the system game created by certain individuals. Mathiasen's study [7], explains that there is still interference from the leadership of the agency or institution in the recruitment of civil servants (PNS) and non-civil servants in State Owned Enterprises (SOEs). By way of the leadership working with the recruitment department, such as in the local government, the Regional Personnel Agency (BKD) or the personnel section creates new vacancies with fairly strict regulations and added quite strange requirements in the separation of job descriptions. Even (basic tasks and functions) and added to the cost of overtime and remuneration, it is clear that it is inefficient and the direct expenditure budget of employees is inflated.

In less developed countries, or in developing countries with certain areas that are still lagging [20], such as Indonesia and comparing with the three lowest-ranking provinces in Indonesia, namely Papua, West Papua and NTT, it can be seen that the Human Development Index (HDI) in those areas are always below the national average. The reform did not bring changes to people's lives for the better. Adoption of the NPM model without looking at the local organizational culture by imposing international standards, may cause failure.

The separation of authority must be clear between political power and the executive bureaucracy [2][3], this will make the wheels of government run

unequally, meaning that politically every government policy must side with the community, not for certain groups or individuals. Politically, the separation of powers cannot be applied in a government environment. As is the case in Indonesia, where the legislature has the right to control the running of the government. If the executive policy deviates from the agreed work program, then the legislature asks for an explanation from the executive (interpellation). The legislature can also after requesting information from the executive, conduct an investigation during recess to make it more effective (the right of inquiry). It is also possible for the legislature to provide input (solutions) to the executive if there are events beyond the government's expectations (the right to express opinions).

NPM will be very difficult to implement if it carries the concept of efficiency (market economy) [19][14]. People as buyers of goods and services offered by the government. As a buyer, you certainly want the best goods and services, but on the one hand the government is also required to make budget efficiency. If you prioritize the element of efficiency (profit oriented), then the seller will offer cheap goods and services to buyers. In general, cheap goods and services are of not so good quality. If the concept of government prioritizes the service element (service oriented), then the government must prioritize quality goods and services for the welfare of the community [7].

Hood grouped NPM into four main parts, namely: First, NPM as a new coat of power, every policy outlined in the government's work program is always stated in written regulations. The term used by Hood "smoke and mirror" is intended as a symbol where the smoke gives the impression that the government's work is what the public can't measure, while the mirror explains that every work program illustrates that the ruler is more concerned with the community or its class (because it is promoted by the government/ political parties). Second, NPM has changed the service to the community, so that it is not right on target. Third, NPM uses the concept of excellent service with a reduced cost, but the fact that this efficiency is only perceived as a short-term benefit, but in the long term the quality of public goods becomes a higher maintenance cost. Fourth, many critics see that NPM cannot be applied to changes in executive and legislative leadership, because every change in government and political elites will give a different color to the bureaucracy, this is in accordance with the vision and mission of each ruler [1].

At the beginning of its application, the founders of this theory were rumored, where agency theory was a powerful weapon in improving government performance. In reality, it is not as expected by society. How do voters who are principals in influencing members of the council in a position as agents to bring the aspirations of the local voters to be lobbying so that these aspirations can be included in the government's work program which is certainly expected to be stated in the form of a draft government budget? On the one hand, the members of the council here can also act as principals because they are representatives of the people to lobby the elite bureaucrats who are agents in order to be able to carry out the aspirations of the people [7].

In agency theory, the relationship between the state and its people can be viewed. Al Hakim explained that the emergence of corporatization in state institutions because power is seen as a means of weakening the community as subordinates. This means that state hegemony utilizes the potential that exists in society to achieve the goals of each state institution's policy, through: (1) ignoring the values that have been embedded in society; (2) strengthening power through political policies, so that elections are the first step in determining the country's

political policies; (3) create work programs, especially in the fields of education and health with the hope (promise) of better public welfare. The corporatist school sees that the state and groups that support the interests of the state must be prioritized, this is not much different from the communist state of North Korea [27].

Hegemony of power as explained by Al Hakim [27] forms the corporatization of state institutions that will lead to competition at the elite level itself [8]. If in a company there is competition between managers, then in the government sector it can occur within the elite, be it the executive with the executive, the executive with the legislature, or fellow legislators themselves. Who will be the next victim? It is certain that the people in the position as principals are victims of this elite competition. The principal always obeys the rules made by the agent, such as paying taxes. There are two studies that also highlight the actions of agents who tend to pursue their personal interests, and ignore the demands for the fulfillment of rights from their principals [27] [7].

Theoretically, the relationship between the agent and the principal can occur in the period leading up to the general election or regional head elections, or during times of non-election or regional elections. Usually in the run up to the general election or regional head elections, accountability from the executive and legislative branches gives a very good impression, through work programs that are well organized in each agency or agency. The work program from the executive and fully supported by the incumbent council members, will give the impression to the public that this work program is the struggle of the incumbent regional heads or members of the gods who want to advance to become regional heads or council members in the next period. The accountability of the executive and legislative powers in this period should be questioned. There is a change in behavior from the executive and legislative pre-election or election and post-election or election. Policy choices (work programs) become blurred before and after the election [13].

There are two models for determining the choice of work programs: (a) if using the incentive model, the executive and legislative parties must carefully read the situation ahead of the general election, so that there is a high chance of being re-elected; (b) if using a strict selection model, then the executive and legislative parties must be able to distinguish which work program is right for the voters whose number allows candidates to be re-elected. Here there is a difference between the incentive model and the strict selection model. In the incentive model, candidates for legislative members can play in the post-election realm to determine their influence, while candidates for regional heads (executives) can do both, namely before and after the election. This has an impact on the agent-principal relationship. There is something similar in the relationship between agents and principals in countries with well-established democracies such as in the United States and in democratized countries during the learning process, such as in Indonesia. If the legislative candidate exerts influence over the government's policies after he is elected and sits on the council seat, while the election of the chief executive chooses influence both before and after the election. The impact of the presidential election, both in the United States and in Indonesia, is the fluctuation of inflation and bank interest rates, as presented in the vision and mission of the candidates. This will have an impact on the public (principals) on the purchasing power of goods and services. Even after being elected, the effect will be prolonged because of the policy of the work program implemented. For example, the agent's (executive) policy on the strict requirements for foreign investors who want to develop their business in the country, with the aim of increasing the competitiveness of domestic production. This also has

an impact on limited employment opportunities, if the government opens the faucet for foreign investors by softening the requirements in order to provide more job opportunities [13].

Research conducted by Yusuf et al. investigates the application of agency theory in Pakistan. The results recommended that agency theory with the concept of separation of ownership will affect the clarity of control in the stock exchange. This method according to Yusuf et al. is more suitable in developed countries. In Indonesia, which is also a developing country, the separation of ownership for the SOEs or regionally-owned companies (BUMD) is not clear. In contrast to state-owned banks, ownership is separate because there is control from the Financial Services Authority (OJK) and Bank Indonesia (BI). If a company has elements as in Article 33 paragraph (2), it is stated explicitly and implicitly that the company in its economic activity becomes important for the state and controls the livelihood of many people, it must be controlled by the state. Electricity, for example, almost 100 percent is owned by the state. The management of SOEs are independent, but there is still executive and legislative intervention. Unlike private companies, the authority of the principals (shareholders) is only limited to voting ownership based on the percentage of shares owned or the type of shares owned. This is certainly different from SOEs, where intervention from the executive and legislature is very influential on company management. The reason is because the state uses people's money to buy stocks or bonds. If this is the case, how can the executive and legislature want to show accountability for their work, if there is no intervention from the executive and legislature? [15]

Organizations in developing countries show that they are willing to take the risks to make decisions based on information. There is a tendency on the part of agents (managers) to avoid challenges in every decision taken. If the manager dares to face challenges, the consequences will be received depending on the assessments of the results of his performance. He/she may lose his/her position. Managers in developing countries prefer to play in a safe zone, hence there is no new breakthrough for organizational progress. They prefer to keep their career position, because in developing countries, a person's prestige is measured by the wealth he/she has.

Ironically, managers in developing countries are not brave enough to face this challenge, not because they are unable to compete in the productivity of goods and services offered to the public, but rather because of a trivial matter, namely the trust of investors and potential investors. Managers are worried that if the decisions they have made are erroneous, investors can withdraw their investments and there is reluctance from investors to invest. They consider that investors in developing countries are not like those in developed countries who prefer the challenges they face, and this is different from investors in developing countries where investors and potential investors prefer to stay in their comfort zone, but what predicted by these managers is not like the reality that they prefer the challenges they face. On the one hand, investors who do not have enough money to invest but prefer this challenge, are faced with a reality that often occurs in developing countries. Insufficient access to market information, political and economic instability, lack of clarity in law enforcement and security, and an unfavorable investment climate will give managers a separate assessment of investors [15].

An incentive system given to managers in developing countries for their performance in managing a company. They observe that there is a tendency to provide incentives in the form of bonuses and special facilities to these managers not because of their work performance but to maintain the company's existence in the

country so that it can be accepted. For example, many foreign companies have opened branches in developing countries, with a top manager (CEO) but held by foreign nationals, while for the middle manager level it is always given to natives with adequate incentives and facilities. The purpose of providing incentives and facilities to middle-level managers is to act as a mediator in bridging the company's vision and mission between the majority owners who are usually controlled by foreign investors (PMA) with the government, community and domestic minority investors. It is different for companies with majority ownership from certain clans, then at the general meeting of shareholders (GMS) they will prefer those who occupy positions such as president director (CEO) or president commissioner of their own clan. This happens to large companies that are characterized by conglomeration. Usually in developing countries, some companies with ownership of one ethnicity, then the majority owner of the capital is from that ethnicity, and not only shows the directors and managers from their families, but ethnicity is also a priority, even employees are a priority in the company. It was common knowledge that corruption of this family clan was common. It doesn't stop there. There is a tendency in the treatment of the payroll system, even for certain ethnic groups the salary is different from other ethnicities. This is where the position of the principal determines the policy direction of the agent [15].

Managers' reluctance to face the challenges of each business policy is influenced by unclear market information, unstable political and economic situation, government indecision in law and regulation enforcement. It can also be influenced by external information that occurs in the region or country such as the traditional society, low human resources with the low index of human development in the education. These things will have an impact on the decisions that will be made by managers, because this is related to the existence and going concern of the company in the future. This happens in Pakistan, where the reluctance of the managers was due to: uneven infrastructure, weak legal protection for ownership, less promising capital market, unfavorable investment climate and even out of flight capital. In addition, the political and security situation in Pakistan is unstable, making the main owner of the company will limit his business activities. The owners of minority companies also question the enforcement of laws and regulations that are more pro-investor. These small investors have no fangs in government and politics, in contrast to big businessmen with large capital, where they have strong relations with bureaucrats, politics and law [15].

Accounting that is developing at this time is highly contaminated with the market economic system, meaning that financial statements must be able to meet market desires, so agents play an important role here in polishing the financial statements that will be presented. Usually agents make financial reports in two forms, namely financial reports for internal parties of the company and financial reports for external parties. In this case, what is highlighted is the financial reports for external parties, both for investors, banks and the government (taxes). Agents beautify the form of financial statements with the aim that external parties are interested in the beautified financial statements. Agents seem to trick investors with the external appearance of the company seen from the form of financial statements that are presented. Due to the competitive demands of the market, agents must follow the market demand. One of the means to get fresh funds from outside is financial reports. In a quote from Chua's opinion by Hunt III and Hogler that in positivism research, financial information (financial statements) is presented as a tool to attract external parties. The influence of financial information will be directly proportional

to the views of external parties in determining their attitude. For investors by determining whether to invest or not, for banks whether they want to provide loan funds or not, and for the government (taxes) whether the financial statements presented are in accordance with the amount of tax paid or not. This can have a detrimental effect on the principal, because the information provided by the agent is not in line with the information provided to the agent's internal party. The principal seems to have only reached the terrace of his house, while the back of the house has not been properly arranged [9].

Changes in the community's economy will encourage the relationship between agents and principals to have the same opportunities. On the one hand, agents can have the opportunity to improve their careers (promotions) through making the right decisions, and principals can improve their economy by idle cash channeling their in the form of investments. Noreen sees that both of them have the same opportunities, so in the relationship between the agent and the principal, ethics must be prioritized in each of their activities. This ethics relates to honesty in the information submitted by the agent to the principal, otherwise the principal must give full trust to the agent in making every decision [21]. Therefore, any agent should be given incentives [10].

Usually the parties obey the rules made on the job, but ignore the norms that are the unwritten rules. Here, honesty values are also needed to be a binder in the relationship between agent and principal. So every activity between the agent and the principal must be assessed from the benefits that are just and truly felt by both parties. The ethics held by these two parties may come from the religious norms they believe in and the culture (customs) of origin inherent in them. These two forms of norms are not written like legal norms, but are embedded in the human consciousness, because they are driven by one's intuition. Because both religious norms and cultural norms bind a person in behavior and conscience. If someone makes a mistake because he is afraid of sin (religious norms), and if someone violates the habit, he will be excommunicated from community life (customary norms). In Noreen's research, more emphasis is placed on religious norms, by looking at people's behavior in praying [21].

The failure of agency theory according to Walker by using propositions to test what is the action of agents. In the first proposition, the agent is given the choice of how the agent deals with risk, each decision is taken. Here the agent's position is really tested as a striker. In the second proposition, the agent is given the choice of how to avoid the challenge. Here the agent does not dare to take every opportunity that will have an impact in the future. The agreement made between the agent and the principal that the performance incentive given to the agent does not see how big the risk if failure will occur. If it fails, it becomes a shared responsibility, not everything is delegated to the agent. In addition, Walker uses the method of using a laboratory through statistical tests. In this hypothesis test, the agent and the principal are faced with two hypotheses. The first hypothesis, there is no written or unwritten agreement between the agent and the principal. In the second hypothesis, there are limitations in choosing the agreement that has been made. For example, one of the three forms of agreement made. As a result, agents are more flexible in making policies without an agreement between the agent and the principal [11].

This test by Walker uses the Pareto model (20% and 80%) in making pre-decision. Is reading pre-decision information, or making pre-decision information systems. The results show, if by reading the pre-decision information it does not go wrong (the result is positive), then this is what the agent chooses. While the principal prefers the use of an information system, if it is successful (the result is positive), but

the model built cannot be applied in empirical studies, due to its limited space, but is only generalized to propositions with empirical tests [11].

The criticism of agency theory was also carried out by Kusdewanti, A. I, et al. (pp. 7-9) [28] that so far has set a bad example. The position between the agency and the principal is the same, not only superordinate and only subordinate. Because they feel that they are the only one superordinate and the other subordinate, there is an attitude of adjusting the distance (gap). The relationship between the agent and the principal is ethically mutually beneficial, not seeking unilateral profit, as is often done today with performance incentives for agents (making them opportunistic). This distance limitation arises due to the existence of a work agreement between the agent and the principal, in the end there is an impression like the employer and his assistant. There is an excessive exploitation of the agent to the principal, this becomes the agent's lack of confidence in making every organizational policy.

3.2. “Tiga Tungku” as local wisdom for village financial management

In the public sector, especially in village government, the concept of using NPM and agency theory is now strong in its implementation. These two concepts adopted from the West implies that the government does not accommodate every aspiration of its people, it is only more inclined to its political policies [30]. Both theories are part of the components of a big machine called capitalism. Poverty in the lower society cannot be solved, because the concept promoted by the NPM suggests that changes in highly bureaucratic administration will be trimmed to achieve efficiency in terms of costs [19][14], time and effort. As for agency theory, it shows an ‘intimate’ relationship between the executive (agent) and his people (principal). Until now, the executive has always been close to the capitalists who have strong capital, while the people can only watch the drama of the conspiracy. The people do not have the strength to fight because of their subordinate position. This causes the enactment of ‘the law of the jungle’ where the strong will be the winner.

In today's modern society the shift in noble values is very much felt, such as the interaction between humans and humans with nature [5]. In the view of Buya Hamka as cited by Kamayanti (p. 122), it is said that the Political Economy of Accounting (PEA) still has a tendency to fight over materialism. Buya Hamka's concept of social justice economy became a critical theory to replace PEA. Religious values have a very deep meaning and have been embedded in the subconscious of the adherents since the introduction of religious values was embedded in the mothers' wombs even before birth [31].

Mulawarman explains (pp. 187-193) that local wisdom is something that Indonesian people still need. Because aspects of noble values in local culture are important in accounting practice. There is a lot of empirical evidence of the use of local wisdom in the lives of Indonesian people, especially in villages. Many long-lived agricultural crops, which at this time in modern accounting standards (IFRS) are categorized as biological assets. If a biological asset is seen as something that is easily converted into monetary value, then the utility of this asset will lose its value. This biological asset is a gift from God through the goodness of nature, because the growth process does not involve human intervention, where humans only guard it so that it is not damaged by human ignorant hands. Mulawarman also highlights the practice of the maintenance of biological asset for clove plants. At the time of harvesting the cloves, there is a profit sharing system from the sharecroppers and the owner farmers or between the owners and the pickers. Here, accountability and

transparency of agricultural accounting bears the value of cooperation, responsibility and openness without any sense of injustice in each party [32].

The local cultural approach is the right solution for generalizing every central government policy (agency) to the government below it (principal). Before we move on to the stage of adopting local culture to counter the imposition of external (foreign) theoretical standards, in achieving a goal of government planning and with a sustainable development orientation, it is necessary to do cultural mapping. The purpose of cultural mapping according to Aliyah et.al is the use of local culture through cultural mapping, so that it has a positive influence on planning and the sustainability of development. Cultural mapping is also related to things that are easy to implement and plan from the early stages through a network of community aspirations [22].

In a research which was carried out in two villages in Sukaparu District, Probolinggo Regency, East Java Province, the initial stage of the village community participation can start at the hamlet level or known as '*musrenbangdus*'. The purpose of this *musrendangdes* or *musrenbangdus* is to capture what the local community needs at that time. In this study the researchers used an approach through local wisdom in the village. There are two types of local wisdom: tangible and intangible. Village communities such as those in this research village describe other villages in Indonesia, naivety exists and is described as honesty that is not mere pretense but is sincere from the heart. The spirit of mutual cooperation also radiates from the village life [23].

The local wisdom used by the author in this literature review is to raise the concept of *Tiga Tungku* or three-stones stove. The stove has the meaning as a container in the process of cooking food (*godok* in Javanese). This stove is commonly used by traditional communities on the island of Flores, including in some Indonesian tribes, consisting of three stones, which are indeed different from the ones used by people on the island of Java. In writing this article, I propose "*Tiga Tungku*" as the antithesis of NPM theory and agency theory.

In Mursal's research it is said that three stoves (in the Minangkabau discussion, *Tungku Tigo Sajarangan*) is a symbol of balance. There are three sets of symbols for the traditional leadership of the Minangkabau tribe, namely: the *penghulu* (or *datuk*) as a symbol of customary (matrilineal) functions, the *ulama* as a symbol of the function of religion (Islam), and the clever *cadiak* as a symbol of intellectuals. So that it has an interrelated relationship with their respective functions, where the functions of supervisors (*datuk*), coaches (*ulama*), and managers (scholars) [25]. The research conducted by Ngabalin also uses the concept of local wisdom of three stoves (known as one stone of *tiga tungku*). The three stone stove also has a meaning for the West Papuan Fak-Fak community that there is a balance. This balance creates harmony in the life of the Fak-Fak community which is diverse in religious and ethnic beliefs and culture. This three-stones stove becomes a symbol of tolerance in social life. The three-stones stove symbol in the Minangkabau and Papuan Fak-Fak tribes has the same meaning of the value of balance and harmony in social life. The three-stones stove is a symbol of religious harmony in the three major religions in Fak-Fak, namely Islam, Protestant Christianity and Catholicism. In addition to the community, Fak-Fak also recognizes philosophy as the three main pillars, namely custom, religion and government [24].

The author uses *Tiga Tungku* as a philosophy of this article. The author makes an analogy of how we make a furnace with two stones or four stones. If there are two stone stoves, the container to accommodate the food to be processed must be tilted

and all the ingredients to be processed will fall. On the other hand, for a stove with four stones, what happens is that the container will shake, it will make those who carry out food processing activities uncomfortable, because they are worried that boiling water splashes will hit their bodies. On the third test of the stove with three stones, we all believed that the jar would be balanced and not wobble. Here the author presents a picture of the shape of a three stone furnace with its container.

Figure 1. The shape of the stove with three stones “Tiga tungku”

3.2 “Tiga Tungku” Accounting

In using the philosophy of three waiting according to the dialect of the Flores community, because some use the phrase three stone stove, where the author sees it as having the same meaning. In this study, the author uses this concept for village financial management. From my point of view, so far, village financial management is more dominant, even in only two directions, namely only between the village government and the community. There is one symbol that is a role model in society that is often overlooked. In the eyes of an increasingly modern society, it has been represented by legitimate government elements and is regulated in regulations. So that the village government and the community are more obedient to the applicable regulations. Government elements such as BPK, PBKP, Provincial Inspectorate and Regency Inspectorate have legal authority based on regulations, so that in carrying out supervision of village finances, they become fangs for village governments and their communities. It should be the elements in the village that have more informal authority in order to achieve the welfare of their own community. So far, the village financial management system has only been an administration that must be accounted for in an accountable and transparent manner. By carrying out a modern government administration system as echoed by NPM, the noble values that exist in society begin to erode such as trust, honesty, and sincerity. At this time there is a lack of trust from the community to the village government in managing village finances. On the other hand, the village government no longer trusts the community in utilizing village public funds and goods. The village government is worried that the funds (revolving loan funds) are not being used properly, or that public goods are not properly maintained. There is no honesty in the management of village finances by village officials, as well as the use of funds and public goods in the village. There is a loss of sincerity in service, both from the village apparatus and from the community.. The erosion of these values is because of calculative manner that is also encouraged by the introduction and imolementation of NPM.

In my opinion, the two modern theories are not suitable to be applied at the village level. If it continues to be implemented, there will be deviations in village

financial management. Therefore, elements that were once highly respected in the eyes of the village community, now seem to be lost in the darkness of modernity. Traditional leaders, religious leaders, and other community leaders (teachers) must be revived. If it is already there, it must be improved again, not just as a formality. The Village Consultative Body (BPD) is indeed a legitimate institution by law, but in its implementation it is only a formality. BPD is not the same in functions, duties and authorities as the DPR or DPRD. So that informal supervision becomes an important task of community leaders. Indeed, the duties and functions of these community leaders do not replace the role of the supervisory agency from the government. Everyone will obey government institutions because there are rules, if they are violated, sanctions will be executed. Yet, people obey the informal supervision carried out by these community leaders, due to customary norms, religious norms and moral norms. These three norms are not written but are implicit in everyone's conscience. If these norms are violated then one will feel guilty, both to the ancestors, God and him/herself. The social sanction is public shaming. It is necessary to add elements of community leaders in their informal duties and functions as supervisors of village financial management.

This element of community leaders is not only a supervisor, but can be a mentor in accordance with their respective fields. Traditional leaders in nurturing both parties with their innate charisma that serving the village is to serve the ancestral land and surely the ancestors will be pleased with it, so honesty and sincerity must be prioritized. Another function of religious leaders with advice that soothes the faith, that our good and bad deeds during this life will be accounted for in the hereafter. Meanwhile, the function of other community leaders, such as teachers or elders who are former village heads, can contribute ideas according to their abilities and experiences to share with the village government and the community. In this way, the asymmetrical relationship between the village government and the community, due to mutual suspicion and concern from each party, will become a symmetrical relationship by involving elements of community leaders.

Figure 2. Adoption of the “*Tiga Tungku*” symbol into the relationship between stakeholders and white light

Figure 2 elucidates the relationship in cooperation that provides mutual benefits both from the community and village government, village government and community leaders, and community leaders with their village communities. The reciprocal brown arrows, indicate the relationship in terms of community economic empowerment, village government performance assessments to the participation of traditional leaders, religious leaders and village elders. The synergy of these three elements becomes a support for development in the village.

Everyone in a good position as village officials, community groups to community leaders, must have noble values that have been ingrained from birth. These values are influenced by the culture in the environment in which they live and the religion they follow. The arrows indicate sincerity, selfless devotion and honesty. These three noble values are values that are patterned from culture and religion. The white dot shows that in culture there are ancestors and the universe that will see what everyone is doing, and all good and bad deeds will be rewarded or punished in time. From the aspect of religious faith, the white dot is a light that we will be responsible for when we return to the Creator.

4. Conclusions

Critical to the theory of NPM and theory of agency theory in relation to village financial management, because the theory of NPM and agency theory cannot be a solution in solving problems that occur in the village. Modern management is still very bureaucratic, and the relationship between agents (village officials) and principals (community) becomes ineffective. Modernity has reached the life of the village community, so that there is an erosion of the noble values that characterize the village community. Village officials who are very obedient to regulations become very bureaucratic in administrative matters, because they are worried that they will be caught in legal cases if the administration cannot be held accountable during an examination by government auditors. The community should have a moral responsibility that the money given is their own money, not an inverted analogy that is usually expressed today that the funds disbursed by the government belong to the state, so buying capital goods is also called state goods.

Local wisdom such as the "*Tiga Tungku*" must be revived. Presently, there has been an asymmetric relationship between village officials and village communities in managing village funds. One main element is community leaders, who should have informal duties and functions in binding the village government with the community, between the village government and community leaders, and between community leaders and the community. The concept of *Tiga Tungku* is a symbol of a mutually binding relationship, so that trust, honesty and sincerity become the main pillars in building a village. In the end, all parties will be responsible for their words and actions during their lives to their ancestors and the universe, and at the time of death they will also be accountable to God as the owner of this life.

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