

CHAPTER I

INTRODUCTION

A. Background

Covid-19 disease, a contagious disease recently first detected caused by Coronavirus, was found in Wuhan Hubei Province, China, in December 2019. The virus mainly spreads through direct contact with an infected person and can cause the same symptom as influenza and colds (such as fever, coughing, fatigue and body aches) yet it is regarded to be more deadly (Yuliana, 2020). In the middle of January 2020, the virus spreads rapidly, and on January 30 2020 the World Health Organization (WHO) has announced Covid-19 as a global emergency. With the spread of this new disease throughout the world, on March 11, 2020, WHO declared Covid-19 as a pandemic. According to CSSE Johns Hopkins University on June 11, 2020, the total Covid-19 cases in the world has reached to 7 million people and the death case reached around 400 thousand people.

In Indonesia itself, the virus has spread to almost 34 provinces and the most cases are in Jakarta and East Java. The main transmission of this virus is through droplet in the respiratory system, and this virus can also be transmitted through contact from people to people. Therefore, in order to decrease the amount of cases, Indonesian government made a new policy in order to prevent the virus transmission such as physical distancing campaign, Work From Home (WFH), prohibiting foreign tourist visit, closing some malls, traditional markets and tourist attractions, no crowd

allowed, postponing some events which cause a crowd to occur and PSBB (Large scale social restriction) in some cities. Because of those policies, various problems happened beside health issues. Covid-19 pandemic has created economic, social, cultural and security challenges, even in the area of governance. The economic impact on the Indonesian state is huge due to the cessation of economic activity and government needs to prevent the spread of the virus. Many companies, such as MSME and other companies, have experienced declining in profits and leading to economic redundancy. It also affects society that depend solely on daily income.

With the situations aforementioned, the Indonesian government made a policy to form Covid-19 task force in each region. Sri Mulyani Indrawati as the minister of finance and Jokowi as the president of Indonesia, have adopted a joint decision on a new policy to reallocate part of the state budget for handling the impact of Covid-19 pandemic. Government Regulation of the Republic of Indonesia No. 54/2020 article 1 paragraph 2 states that the budget is prioritized for ensuring public health and safety, including facilitating medical personnel with self-personal protective, giving protection and social security net (JPS) for vulnerable society and protecting the business world. Furthermore, Sri Mulyani has developed regulations to encourage regional governments in refocusing their budgets for handling this pandemic and carrying out a regional spending allocation through rationalization of employee expenditure,

rationalization of expenditure for goods or services and rationalization of capital expenditure.

Regional House of Representatives (DPRD) and the Regional Government (Pemda) of Yogyakarta have approved a budget of almost Rp 27 billion for the emergency response to Covid-19, in line with Yogyakarta Province's budget appropriations of Yogyakarta Province for the prevention of the Covid-19 pandemic. The health sector has the highest budget priority. Eko Suwanto in (Persada, 2020), the Chairman of Commission A of DPRD of Special Region Yogyakarta Province (DIY), announced that the Covid-19 contingency budget plan had been increased to Rp 26,948,130,300. The budget for the sectors of healthcare, education, communication and information, and secretariat are Rp. 23.29 billion, Rp. 399.74 million, Rp. 733.76 million Rp 2.4 billion respectively. He also said that the budget had been arranged in accordance with the rules and asked the society to be involved in controlling the use of the budget in order to jointly avoid corruption. In addition, he believed that the regional government would use the budget fairly.

With such a budget reorientation, the budget for DIY Province spending is still relatively low. It was explained by BPKP (Indonesia's National Government Internal Auditor) Manager of DIY Slamet Tulus Wahyana in (Sunartono, 2020), that DIY spending in the Covid-19 budget was still relatively low compared to the budget reorientation. The monitoring was continued to prevent the use of the budget that does not

comply with the need of Covid-19 handling .From the refocusing, the implementation of the new sector was only Rp.44 billion of the total planned Rp.330 billion. Currently, the entire DIY Province budget including the regency and city budget refocusing for Covid-19 was around Rp. 908 billion. The amount was used for three allotments consisting of JPS of Rp.380 billion, healthcare of Rp.314 billion and economic support of Rp. 214 billion. He considered the three foci and some of which were not in detailed and the needs were unclear.

However, the number of Covid-19 positive patients has increased. In DIY province itself, the virus has spread to all cities and has become red zone area such as Bantul and Sleman regencies. Those two cities have the highest number of infection cases and PDP (Patients under surveillance). The government and regional organizations are expected to best manage this Covid-19 pandemic by reallocating their budget. The budget is considered very high and considered to have a wide-ranging impact so that, synergies and integrity are needed to maximize the result. Therefore, the positive cases will not increase anymore, and the PDP also decreases. Thus, proper budget management is needed to achieve the expected results.

Local government and regional organizations are responsible for the efficient and effective allocation of funds. The best allocation of resources, objectives and programs should be as what has been expected. To achieve it, local authorities must apply the principles of good governance as much as possible. According to the Government Regulation No.101/2000, good

governance is a government that develops and determines professionalism, accountability, transparency, best services, democracy, efficiency, effectiveness, rule of law and public acceptance. Good governance is a concept that can be divided into the definition and implementation of decisions at all levels of government, by community for community.

Furthermore, Decree, TAP MPR (Resolutions of the People's Representative Council) XI / MPR / 1998 and Law no. 28/ 1999 has explained about clean, undamaged, non-confidential and non-potential public administration. The latter also explains about non-corrupt, non-confidential and not pessimistic governance. Thus, government performance must be free from KKN (Corruption, Collusion and Nepotism) and be efficient, effective, clean and accountable This is also explained in the verse 188 of the Qur'an surah Al-Baqarah:

وَلَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ وَتُدْلُوا بِهَا إِلَى الْحُكَّامِ
لِتَأْكُلُوا فَرِيقًا مِّنْ أَمْوَالِ النَّاسِ بِالْإِثْمِ وَأَنْتُمْ تَعْلَمُونَ ﴿١٨٨﴾

“Do not consume on another’s wealth unjustly or send it (in bribery) to the rulers so that (they might aid) you to consume a portion of the wealth of the people in sin, while you know (it is bad).” (QS. Al-Baqarah : 188)

According to the interpretation of Islamic clerics, the above verse becomes a value that getting wealth in a vanity way can happen to anyone. Even though the wealth received are said to be decided by the judges as our

wealth, but in fact these wealth are still a haram wealth because we deceive the information, so that it seems we are entitled to these wealth.

Laws no. 6/2014 Article 6 clarifies that villages are all community entities that have territorial boundaries and have the right to provide local governments on the basis of community initiatives recognized and respected by the government system of the Republic of Indonesia. Village is the smallest type of regional apparatus organization in the district and is directly related to the community in different circumstances. According to Laws no. 6/2014 Article 8, which explains village finance and property, village finance is managed by the village head, and then the village head with reasonable competence can delegate the task to village officials (Perdana, 2018).

Bantul Regency is an area of Yogyakarta Special Region with an area of 506,85 km². Bantul regency consists of 17 sub-districts, 75 villages and 933 villages. Changes in the distribution of transfers between regions and village funds, based on the resources of the Ministry of Finance for the financial year 2020, are set out in Decree 35 / PMK.07 / 2020 of the Minister of Finance on the management of the Covid-19 epidemic. Total allocation amount of village funds in Bantul regency is Rp 105,405,470. (<http://www.djpk.kemenkeu.go.id/?p=15023.%20Diakses%20pada%2022%20April%202020>). It is expected that the mandate given to the village could help central and regional governments to address the economic

problems of the community caused by COVID-19 virus outbreak through the best management of the village foundations.

Good budget management will have an impact on the survival and well-being in a wider society. Budget management is a value for money principle and it is absolutely necessary. Value for money is the principle of public sector budget management required for three main elements: economy, efficiency and effectiveness. Budget management is closely related to value for money as there are still many high costs, but the results are minimal and the budget spent does not meet the needs or in other words, the budget is wasted.

Applying good budget management is also influenced by the presence of good supervision, directly by the chief user of the budget. In addition to being monitored by the chief user of the budget, supervision must also be carried out by the legislator and his institution that specifically monitors and controls it from the beginning of the budget planning and management process. Budget supervision is needed to determine whether planning can be carried out efficiently, effectively and economically. Supervision is one of the three standard parameters that must be adopted directly by various organizations and must be consistent with the implementation of the budget.

Not only that, to ensure that Covid-19 activities, programs, and management plans are allocated according to community needs, it requires

community participation. Community participation is about people participating in government activities, so it will affect government performance and abuse of power (Dewi & Gayatri, 2019). Meanwhile, community involvement not only involves the public in decision-making throughout the implementation of the program, but the public must also be involved in identifying problems and community needs so that budget allocations meet community needs.

Accountability is an important indicator of a government's ability to gain public trust, and is a parameter of high or low public participation (Kholmi, 2017). Accountability is important in the management of local apparatus resources to ensure public confidence in government and to bridge the gap between government and society (Aucoin & Heintzman, 2000). Meanwhile, the trust in the government can increase if people believe in the professionalism of the government. This can certainly be seen by the community, and the community can feel the output of the programs that have been carried out by the government.

From the above phenomena, The problem being investigated is the research gap from previous studies. From the various existing studies, the relationship between supervision, community participation, accountability and public trust shows inconsistent results. Some research consider that there is a positive relationship between accountability and public trust. (Maulidiyah & Darno, 2019),(Nurritziana et al., 2017),(Rahmawati, Eka & Basuki, 2013). But, research from (Istikhomah & Asrori, 2019) shows that

accountability cannot mediate the relationship between muzakki literacy and muzakki trust, because muzaki thinks that the mastery of literacy regarding zakat management institutions alone is able to help muzaki to trust zakat management institutions properly without paying too much attention to the accountability of zakat management institutions. Therefore, with a positive relationship between accountability and public trust and the inconsistent previous research result about accountability as mediation variable, this research chose accountability as an intervening variable in the relationship between supervision, community participation and public trust. To re-test the indirect relationship between these variables.

Then on the relationship between supervision, public participation on accountability also shows inconsistent results. Some studies show that there is a positive relationship between monitoring and accountability (Umaira & Adnan, 2019),(Rozi et al., 2017),(Sapartiningsih et al., 2018). But research from (Siregar, 2011) shows a negative results. Likewise, the relationship between community participation and accountability shows a positive result (Prayogi, 2019), (Wulandari, 2019), (Umaira & Adnan, 2019). However, research from Nurkhasah, 2019 mentioned a different result. It is interesting to see and observe how a fairly large distribution of village funds for Covid-19 countermeasures has not been realized and whether it has been distributed according to community needs. This research tend seeks an understanding about how influencing factors such as

supervision, community participation and accountability are implemented so that these factors affect the public trust.

This study is the development of a study by (Umaira & Adnan, 2019) entitled “The impact of Community Participation, Human Resources Competences and Supervision on Village Fund Management Accountability (Case Studies in the South West Aceh region)”. The development carried out is that, the variables are adjusted to the situation being studied, which is more specific in the field of village fund management for handling the Covid-19 pandemic. Changing the position of accountability variables and changing human resource competency variables into variables of public trust and also the object of research, which is carried out at the village government in Bantul Regency.

Based on the background above, the researcher carries out a research entitled "**The Effect of Village Fund Supervision and Community Participation in Handling Covid-19 Pandemic on Public Trust with Village Fund Management Accountability as an Intervening Variable (Empirical Study on Village Government in Bantul Regency)**" in order to be able to complete the study. This research is based on previous studies that have been done and there are updates from current researchers.

B. Research Question

Based on the research background, the researcher formulates the following problem questions:

1. Does village fund supervision have a positive effect on village fund management accountability in the village government of Bantul regency?
2. Does community participation in handling Covid-19 pandemic have a positive effect on village fund management accountability in the village government the Bantul regency?
3. Does village fund supervision have a positive effect on public trust in the village government of Bantul regency?
4. Does community participation in handling Covid-19 pandemic have a positive effect on public trust in the village government of Bantul regency?
5. Does village fund management accountability have a positive effect on public trust in the village government of Bantul regency?
6. Does village fund supervision have a positive effect on public trust with village fund management accountability as intervening variable in the village government of the Bantul regency?
7. Does community participation in handling Covid-19 pandemic have a positive effect on public trust with village fund management Accountability as intervening variable in the village government of the Bantul regency?

C. Research Objectives

Based on the research questions above, the objectives of this study are:

1. To obtain an empirical evidence about the effect of village fund supervision on village fund management accountability in the village government of Bantul regency.
2. To obtain an empirical evidence about the effect of community participation in handling Covid-19 pandemic on village fund management accountability in the village government of Bantul regency.
3. To obtain an empirical evidence about the effect of village fund supervision on public trust in the village government of Bantul regency.
4. To obtain an empirical evidence about the effect of community participation in handling Covid-19 pandemic on public trust in the village government of Bantul regency.
5. To obtain an empirical evidence about the effect of village fund management accountability on public trust in the village government of Bantul regency.
6. To obtain an empirical evidence about the effect of village fund supervision on public trust with village fund management accountability as intervening variable in the village government of Bantul regency.
7. To obtain an empirical evidence about the effect of community participation in handling Covid-19 pandemic on public trust with village fund management accountability as intervening variable in the village government of Bantul regency.

D. Research Benefits

The benefit of this research are:

1. Theoretically

The results of this study are expected to provide empirical evidence of The influence of village fund supervision and community participation in handling Covid-19 pandemic on public trust with village fund management accountability as an intervening variable, development of existing theories, good governance, and validation of previous village fund management studies.

2. Practically

The results of this study are expected to give contribution to the government especially village government in Bantul regency, as material for review and evaluation, to address issues aimed at improving the performance of budgetary management and to improve public relations.