

## EXPOSING ACCOUNTING-BASED BUDGETING PRACTICES LOCAL WISDOM OF THE NUSANTARA: LITERATURE REVIEW STUDY

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### ABSTRACT

So far, accounting has only been seen as a closely related business activity with debit and credit transactions. Accounting is seen as focusing on financial reports and media for managing finances in the business world. However, in reality accounting can be found in everyday life and influenced by the values that exist in life social society. This research aims to reveal accounting practices is motivated by the diversity of cultures in the Nusantara. This research using design *Study Literature Review (SLR)* obtained from 10 journals and sources relevant sources. The results of the research are that there is a relationship between cultural values budgeting accounting practices and there are also non-material aspects plays an important role in accounting practice.

**Keywords** : Accountancy ; Practice ; Culture ; Indonesia ; Local wisdom

### INTRODUCTION

A budget is a statement of the estimated financial results to be achieved during a certain time period, while budgeting is a budgeting process or method. The public budget is a planning tool as well as a control tool. In public sector budgeting there are interesting issues that can be researched more deeply, such as: participation, budget gaps, performance loyalty, and more. With a budget then there are limits to what can be purchased and how much is necessary purchased. A clear budget at least limits a person's room for movement. Budget is part of the budget process. Budgeting is technical activities. Budget preparation is intended to achieve goals and optimize it through planning, coordinating, monitoring, and control.

The Indonesian nation is a country that has a variety of cultures and local wisdom, starting from ethnicity, culture, race, religion, to language. Local wisdom is heritage the nation's culture. Local wisdom is a characteristic of each region in the Nusantara relies on the values, customs and customs of local communities. Local wisdom The existing

Nusantara is usually manifested in the traditions of mutual cooperation, mutual respect, tepo seliro, rembugan, and other traditions. Culture is part of wisdom local in the Nusantara. Culture is a way of life shared by a group of people. Where, culture can develop and be passed on from generation to generation. Meanwhile, culture is the result of human creativity, taste and initiative in life includes belief, knowledge, law, art and customs or routines. Culture can be said to be a regulator of relationships between human beings. It means culture is a basic line that regulates behavior based on what rules what should be allowed to be done and what is prohibited from being done.

Accounting practices in the public sector are not only carried out in accordance with standards and regulations set by the government, but accounting practices are also carried out follow the culture in their environment (Asih, et al., 2018). The existing culture will have an influence on accounting practice. This is caused by the existing culture will continue to be a tradition so there will be differences in how the process goes accounting. Gray's opinion says that the culture that exists in a country can have an influence on accounting values and the nature of the country's accounting system (Doupnik & Tsakumis, 2004). Research (Purnamasari, et al., 2019) also states that when viewed from the village aspect, there is no difference in the accounting practices of Tenganan Village with other villages, but if you look at it from a traditional aspect, Tenganan Village has it differences in terms of asset management based on awig-awig and using Tri Hita Karana concept. Based on this, the author wants to explore influence local culture in accounting practices, especially in the budgeting process. That problem can be formulated, namely how accounting practices are influenced by culture and local wisdom in an area.

## **LITERATURE**

### **Budget**

A budget is a typical form of financial planning for the future covers one year and is expressed in monetary units. Budget can be interpreted as an organization's short-term planning, where the budget translates various program into a more concrete annual financial plan. General budget proposal reviewed first by senior officials so that it can be converted into an official budget. Budget implementation will be optimal if the participation of all budget participants is considered in the preparation process. Involving managers in budgeting is a way which is quite effective in increasing individual motivation and behavior in any organization even.

In the public sector the budget is open. In terms of budget and concept budgeting are two different things. A budget is a statement of estimates performance to be achieved and expressed in financial measures. Meanwhile budgeting is the method or process followed to prepare a budget. Budget can be said to be "*Managerial plan for action*" to plan the achievement of goals an organization. Aspects that need to be considered and included in the sector budget public, namely:

1. Planning aspect
2. Control aspect
3. Public accountability aspect

The function of the budget in the public sector, namely:

1. Planning Tools(planning tool)

Public sector budgets are prepared to plan what actions will be taken by the government regarding the costs required and what results will be achieved from government spending. As a planning tool, budget used to formulate policy objectives in such a way that they are related with a predetermined vision and mission. Budget is used for allocate funds for each planned activity. Budget can also be done determine the level of success of performance metrics and strategies.

2. Control Tools(control tool)

Budgeting as a control tool helps avoid allocation budget to non-priority areas. Control can be carried out by comparing actual and budgeted performance, calculating the difference budget, identifying controllable and uncontrollable costs, as well as revise the budget for improvements next year.

3. Fiscal Tools(Fiscal Policy Tools)

The budget as an instrument of national fiscal policy helps stabilize the economy and encourage economic growth. this budget can be used to encourage, encourage, and coordinate activities local community economy to accelerate economic growth.

4. Political Tools(Political Tool)

In the public sector, the budget is a political document as a form executive commitments and legislative agreements regarding the use of public funds for a specific purpose. Therefore, the preparation of a public budget requires political skills, coalition building, negotiation skills, and understanding principles of public financial management by public managers.

5. Coordination and Communication Tool(Coordination and Communication Tools)

The public budget is a coordination tool between government departments. A well-organized public budget can identify gaps within work units and also functions as a communication tool between work units in a controlled environment.

6. Performance Measurement Tool(Performance Appraisal Tool)

The budget is a form of commitment from the executive to the legislature. Performance executives will be assessed based on achievement of budget targets and efficiency budget execution.

#### 7. Motivational Tools(Motivational Tools)

The budget targets prepared should be realistic to achieve.

#### 8. Public Share(Tools for creating public space)

Various community organizations should be involved in the process preparation of public sector budgets.

### **Participatory Theory**

According to KBBI, participation is a group of people who take part in something activity, participation, participation. Participation here refers to participation, role, or a person's involvement in a particular activity, both individually and group. Participation is a basic concept and principle of community development, Moreover, participation is closely related to the idea of human rights. Participation is both a means and an end. Because participation is part of cultural foundation that paves the way for the realization of human rights, the right to participate in democracy and strengthen deliberative democracy. Participation is a must includes the ability to influence activities aimed at improve community welfare. Participation is a manifestation of the desire to developing democracy through a decentralized process where efforts are made, including the need for bottom-up planning involving the community in the process community planning and development.

Forms of participation are divided into two types, namely:

#### 1. Vertical Participation

Vertical participation is participation that occurs where the community is involved and taking part in the relationship as a subordinate, follower, or client.

#### 2. Horizontal Participation

Horizontal participation is community participation that has the initiative participate horizontally with one another.

Based on involvement, participation is divided into two types, namely:

#### 1. Direct participation

Participation is when an individual performs certain activities in the process participatory. This participation occurs when everyone can express their opinion, discussing important issues, and challenging the wishes and words of others.

#### 2. Indirect participation

Participation occurs when individuals delegate their participation rights.

## Concept of Local Wisdom

The definition of wise according to the Big Indonesian Dictionary comes from the basic word smart,

namely wise. Wisely, wisely. Expert According to the Big Indonesian Dictionary, term “local” means local. It is not uniform and only occurs in one place (active, now, etc). Therefore, local wisdom refers to wisdom or intelligence that only applies in one place only. Local wisdom in the field of anthropology is also called local genius. Local genius is a term first introduced by Quaritch Wales. According to Quaritch Wales, local wisdom is “the sum total of cultural characteristics that most people have based on early life experiences they.” According to this definition, local wisdom includes:

1. Cultural characteristics
2. Community groups as owners of culture
3. Life experiences that give rise to certain cultural characteristics.

Local wisdom can also be interpreted as knowledge and as a way of life in methodology in everyday life, for example the activities carried out the wider community to meet their needs. Local wisdom refers to practices and a trend adopted over time by a still group of individuals maintained by society as the legal standard of a particular region. Based on this contract, local wisdom can be described as environmental intellectual thinking high value, environmentally conscious, and can be followed by local communities. Therefore, Local wisdom can be said to be based on the social interests of local communities and identify geological conditions from a broader perspective.

## METHOD

The literature study method or SLR is used in qualitative descriptive research for identify, evaluate, and interpret a number of reference works relates to accounting practices that are based on local wisdom values Nusantara. The literature in question is several journals that are relevant in achieving research purposes. The steps in a literature review study are:

1. Identify research questions
2. Carrying out a literature search: searching for articles from various sources with article criteria related to accounting practices, culture or local wisdom; obtained through <https://scholar.google.com/> and <https://sinta.kemendikbud.go.id/journals>
3. Selecting literature that is considered relevant: 10 related articles were obtained disclosure of accounting practices based on local wisdom and culture.
4. Prepare the final report: the researcher prepares the final report and publishes it.

## RESULTS AND DISCUSSION

Table 1. Identification of Research Literature Findings

No	Researcher Name (Year)	Research Title	Research Result
1	Syifaatuz Zadida Ilyas, Ana Sopianah, Dwi Anggarani, Khojanah Hasan (2023)	Reveal Accounting Practice Deep Culture Traditional Appointment of People Kay Kei Tribe Maluku	There is a value of local wisdom in law <i>Larvul Ngabal</i> which is reflected in financing the traditional inauguration ceremony Kay people of the Maluku tribe. Mark <i>Ain Tung Ain</i> reflected in the existence of cultural traditions <i>yelim</i> as a source of financing, Value <i>Nab'lo</i> reflected in honesty Yelim financial management, value <i>O Mu k'was</i> reflected in the accountability of Yelim Fund. In the implementation of financing the traditional inauguration ceremony Kay people have a budget cycle, namely recording, reporting, And accountability.
2	Lilik Purwanti (2015)	Behavioral Reflection User Report Top Finance Practice Profit management In Perspective weton	There is an influence in looking based earnings management practices by weton differences. A tax inspector (weton monday wage) said earnings management practices is profit manipulation and even already leads to cheating. Analyst credit (weton monin pon) meaning earnings management practices a means to make financial reports attractive and vice versa. Investors (weton tuesday paing) interpreting practice earnings management is an intervention manager or manager's subterfuge. Besides it's an earnings management practice too interpreted as profit engineering leads to cheating because it doesn't just changing policy accounting but already engineering financial reports that are far from the rules Financial Accounting



			Standards.
3	Luh Putu Mahyuni, I Gusti Ayu Agung Tistha Dewi (2020)	CSR, Local Wisdom Tri Hita Karana, Tourist Based Public Sustainable.	The research results found that there is budgeting process to carry out CSR program at the Sangeh MF tourist attraction and reporting on the implementation of CSR in financial reports to supervisors village every month. CSR practices too based on the concept of Tri Hita Karana and draft Triple Bottom Line. On the field social implements principles "pawongan" And "people". On the field environment implement principle "palemahan" And "planets". On the field of economics implements principle "parahyangan" And "profit".
4	Luh Asteni Asih, et all (2018)	Cultural Influence Local In Accounting Practice Organization Device Village Gobleg	The research results revealed that there is influence between local cultures with deep accounting practices village government organization. Where to carry out duties and functions in the field of customs, village head give authority to the head customary Pakraman village to collect funds, carry out records on obtaining funds, allocating funds and carry out reporting on use of related funds culture that is owned is in accordance with generally accepted recording system and easy to understand for the public user report as a form accountability for funds collected through the community
5	Niswatin, Nilawaty Yusuf (2023)	Dulahu As Model budgeting University Culture Based Gorontalo	This research found three values of thirteen values implemented at each budgeting stage. This value is dulohupa (deliberation), heluma (consensus), and huyula (mutual cooperation). Model first (sun) which internalizes Islamic values love (atiolo) and affection (toliango) used to create sincere budgeting
6	Nurul Hanisa, A.	Accountability	Mark <i>lempu'</i> (honesty) and There is'

	Dahri Adi Patra LS, Muhammad Kasran (2023)	Fund Management Village Based Local Culture Siri' Na Pacce In Prevention Fraud	<i>tongeng</i> (telling the truth) in culture siri'na <i>pacce</i> become internal reinforcement accountability for managing village funds where the government behaves honestly and wise in leading as well carry out their responsibilities accordingly with intentions, words and deeds so as not to harm other parties. Matter This is also related to how culture <i>Siri' na pacce</i> this can influence internal anti-fraud village fund management
7	Jumaidi, Then Destiny (2012)	Executive Behavior and Legislative in Practice Budgeting with Value Approach The Value of Wisdom Local (Value Sasak Culture)	Results study find There are three main types of behavior which is quite prominently practiced, namely pseudo participation, low awareness social, and impartiality poor people in budgeting (not pro poor-Oriented). Behavior it goes against values local so practice existing budgeting is even far from content of local values (wisdom local) others like <i>Onyak</i> , <i>Tao</i> , <i>Tindih</i> , <i>Rme</i> , <i>Adung</i> , <i>Jamak</i> and <i>Semaik</i> .
8	Lidya Meti Fiorentina, Then Jumaidi's destiny (2024)	Accounting Practices in the Barapan Kebo Custom in Sumbawa Regency	Accounting practices in Barapan Kebo are very influenced by the local cultural context. Profit concept, record keeping finances, and performance appraisals do not based only on material aspects, but also spiritual values and deep culture. Nonmaterial such as feelings of happiness, taste pride and gratitude play a role important in assessing success and profit in the Barapan Kebo tradition.
9	Sonhaji, Darti Djuharni, Nur Alimin Azis, Judi Suharsono (2022)	Internalisation Culture Java In Stages Budgeting	In the research identified and internalized the meaning of the noble speech Java at the budgeting stage. The pitchis alon-alon waton kelakon, urip iku wang sinawang, urip ojo Maybe I'm going to follow my lust, Jenenge wong sing wants to mulyo must must be soyo,Andurip iku urup. Results study show that budgeting have to direct its



			users to <i>kamulyan urip</i> . Achievement must pay careful attention to caution, damage avoidance, spirit of giving and helping. Budgeting should raise awareness that there is full support from God and best achievement follow His Will.
10	I Putu Aryasa, Lucy Sri Musmini (2020)	Reveal Transparency And Accountability Management Finance On Sekaa Organization Like Grief Bharat In Realm Wisdom Local Menyama Braya	In research examining the correlation between the value of local Balinese wisdom Menyama braya with financial management practices and accountability. Management system Bharat's financial ups and downs in the form of income and expenditure money managed by prajuru sekaa. Meanwhile, for accountability and transparency carried out by the prajuru together in carrying out management finances have been implemented well. Although many members don't know the amount of wealth and order manage finances at this time, they never made a big deal out of things This is because of a strong sense of trust high to prajuru sekaa (management) and the assumption that all members is nyama (brother)

When conducting a literature search via Google Scholar and websites with keywords as follows: "culture-based budgeting" OR "based budgeting local wisdom", then the list of research journals that match these keywords is still a little. Meanwhile, if you use the keyword "cultural accounting" in *Google Scholar* gave rise to a lot of research in Indonesia that attempted to link accounting practices (not just budgeting) with culture. Based on the above analysis obtained from 10 pieces of literature, it was found that practice Accounting can indeed be influenced by the values of local wisdom and culture of the community local. Several literatures show that local wisdom values are the basis behavior which will then also influence accounting practice behavior. There are also literature which reveals that there are several non-material values that can be used as benchmarks a success.

In research (Ilyas, Sopanah, Budgeti, & Hasan, 2023) explains that Budgeting practices in the Kei Tribe of Maluku are influenced by the community's local wisdom

values local. This is also a form of community compliance with customary law “*Larvule Ngabal*” which becomes a guide and guide in their lives. In At the inauguration ceremony of Orang Kay (tribal chief) there are 3 budgeting cycles carried out, namely recording, reporting and accountability. Apart from that, the value of local wisdom and Their traditions reflect how the Kei Tribe carries out accounting practices, such as *Ain Tung Ain* (mutual help) is reflected in the existence of tradition *Yelimas* a source cost, *Nab'lo* (Honesty) is reflected in financial management, *O Mu k'was* (Not quite enough responsibility) is reflected in the existence of accountability for *Yelim* used. A culture that is attached to a person can become *abelief system*. Indirectly, this can be something that influences the person's behavior.

This has been proven by research conducted by (Purwanti, 2015). Study (Purwanti, 2015) explains that in Javanese cosmology, the character or nature of a person influenced by the time when a person was born, which is usually called *weton*. In the research it was revealed that *weton* influence a person's behavior in looking at earnings management practices. Different views will be obtained along the way with differences *weton*.

In implementing accounting practices there are also internal principles Accounting can be linked to cultural concepts that have existed for a long time. Draft accountancy *triple bottom line* containing 3P elements (*Profit, People, Planet*) own correlation with concepts *Tri Hita Karana* which also contains 3P elements (*Parahyangan, Pawongan, Palemahan*). This concept was found in research (Mahyuni & Dewi, 2020). In the social sector, implementing the principle of “*pawongan*” And “*people*”. On the field environment implements the principle of “*palemahan*” And “*planets*”. In the economic field implement the principle “*parahyangan*” And “*profit*”. In several studies, accounting is not only seen as something material. So far, accounting has only been seen as something that is closely related with business activities, input and output processes, recording in accordance with established standards determined, then the accounting disclosures are based on local wisdom and culture, it is revealed that there is another side to accounting practice. Accounting is more than just record numbers. Accounting lives and develops in the footsteps of life. The essence of meaning profit and gain in modern accounting is as a positive difference from the amount income and outcomes.

In research (Fiorentina & Jumaidi, 2024) accounting disclosure In culture there is another meaning of profit. The concept of profit contained in Barapan Kebo culture goes beyond material and financial aspects, but also includes spiritual values. Where profits are not only measured in financial terms, but also from happiness, pride, and luck which are considered sustenance from God. Research on disclosure of budget-based accounting practices on the value of local wisdom and culture has been widely carried out in Indonesia. This research emerged because there is an awareness that there are interesting things contained in accounting if seen from another point of view. Research on this theme will be very interesting and additional a treasure of knowledge, especially supported by Indonesia's background cultural richness. Accounting can be seen as a science that will continue to live and develop. Research on cultural accounting will also provide benefits to

*branding* Indonesia, for example through publications or *conference* International.

## **CLOSING**

Based on the literature study that has been carried out, it can be concluded that the value Local wisdom and culture influence budgeting accounting practices. There is several concepts in accounting which apparently have a relationship with existing concepts in Indonesian culture. Not only from a financial perspective, there are also non-material aspects has an important role in assessing success or profit. This mattershows that cultural values in Indonesia play an important role in influencing accounting practices in people's lives. Suggestions for research The next step is to be able to further explore elements of Indonesian culture that are not yet available has been revealed before.

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