



## The Influence of the Principal's Leadership Style on BOS Fund Fraud with Accountability as an Intervening Variable

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### ABSTRACT

Therefore, this research aims to determine the influence of the Principal's leadership style on fraud in School Operational Costs (BOS) funds in Indonesia with accountability as an intervening variable. **Methodology/approach** – The research uses descriptive statistical analysis techniques and inferential statistical analysis to analyze sample data and the results are applied to the population, with the Structural Equation Model (SEM) with a Partial Least Square (PLS) approach based on the results of theoretical studies and hypotheses to be tested as well as this approach quantitative. **Findings** - The results obtained from this research are that there is a significant influence of the principal's leadership style on BOS fund fraud, there is a significant influence of the principal's leadership style on accountability, there is a significant influence of accountability on BOS fund fraud, and there is a significant influence of the principal's leadership style on fraud BOS funds with accountability as an intervening variable.

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## INTRODUCTION

In 2020, around 20% of Indonesia's APBN, namely 508.1 trillion, was allocated to the education sector (Wahyuni, Mursalim, and Nurwana 2023). Of this total, around 10.69% or around Rp. 54.32 trillion is earmarked as School Operational Assistance (BOS) funds which aim to assist around 45.4 million students (Hastaningtyas and Latifah 2018). The allocation of BOS funds in the 2020 APBN increased by 6.03% compared to the previous year. This increase shows the government's commitment to increasing funding for the education sector in Indonesia (MASYITAH 2019).

School Operational Assistance (BOS) is an educational contribution provided by the central government for non-personnel purposes. BOS is given to schools or madrasas through special non-physical allocation funds. Each school receives BOS funding assistance according to the number of students registered at the school (Sudarman, Sahabuddin, and Latief 2020). However, there needs to be strict supervision and the implementation of strong accountability mechanisms to prevent the misuse of funds and fraud in the management of BOS funds (Bukhari 2022). Only with good transparency and accountability can BOS funds provide optimal benefits for education in Indonesia (Agustin and Rahayu 2022). The Institute for Good Governance Policy (ICW) has released a report regarding corruption related to the education budget that occurred in the 2018-2020, with a total of approximately 425 cases (Robo and Syafari 2023). This fraudulent practice has caused state losses of around Rp. 1.3 trillion and a bribe of Rp. 55 billion (Sari 2022).

Of the 240 cases of education corruption prosecuted from 2016 to September 2021, 52 cases of corruption in School Operational Assistance (BOS) funds were recorded. A total of 37 cases (71%) of corruption in BOS funds occurred at the school level and always involved the school principal. The most common mode of corruption in BOS funds in schools is fictitious activities and accountability reports (38%) as well as misuse and embezzlement of the budget. Unfortunately, several cases show that corruption in BOS funds in schools is structured, along with the fact that corruption in School Operational Assistance (BOS) funds often occurs at the school level, the three top suspects in corruption in BOS funds also come from schools. Of the total 113 suspects in BOS funds, 87 or 76.9% of them were school principals, school treasurers and other parties within the school environment.

From all the phenomena mentioned above, it clearly illustrates that the management and accountability of BOS funds still do not meet the principles as mentioned in Article 2 of the Regulation of the Minister of Education and Culture of the Republic of Indonesia Number 6 of 2021 concerning Technical Guidelines for the Management of Regular School Operational Assistance Funds, namely:

- a. Flexibility, namely the use of BOS funds is managed according to school needs;
- b. Effectiveness, namely the use of BOS funds is sought to provide results, influence and usefulness to achieve educational goals in schools;
- c. Efficiency, namely the use of BOS funds is sought to improve the quality of student learning at the lowest possible cost with optimal results;
- d. Accountability, which is accountable for the use of BOS funds as a whole, can be based on logical considerations in accordance with laws and regulations; and
- e. Transparency, namely the use of BOS funds, is managed openly and accommodates the aspirations of stakeholders in accordance with the needs of the school.

Therefore, a relevant leadership theory that responds to the above is the transformational theory, where this leadership prioritizes accountability, so that school principals create a transparent, responsible, and fraud-free environment, whose output will not only increase the effectiveness of the use of BOS funds, but will also strengthen public trust in schools as educational institutions with integrity.

Then the questions that arise in this study are:

1. What is the influence of the Principal's Leadership on the Prevention of Fraud of the School Operational Assistance Fund (BOS)?
2. How does Principal Leadership affect Accountability?
3. What is the effect of Accountability on the Prevention of Fraud of School Operational Assistance Funds (BOS)?
4. What is the influence of the Principal's Leadership on the prevention of School Operational Assistance Fund (BOS) Fraud with accountability as an Intervening variable?

After formulating the problems to be answered in this study, the goals to be achieved can be formulated, namely:

1. To test and analyze the influence of the Principal's Leadership on the prevention of Fraud of the School Operational Assistance Fund (BOS).
2. To test and analyze the influence of Principal Leadership on Accountability.
3. To test and analyze the effect of Accountability on the Prevention of Fraud of School Operational Assistance Funds (BOS).
4. To test and analyze the influence of the Principal's Leadership on the prevention of Fraud of the School Operational Assistance Fund (BOS) through accountability as an intervening variable.

## **LITERATURE REVIEW**

### **Principal Leadership Style**

Leadership is an important force in the context of management, therefore the ability to lead effectively is the key to the success of the organization. Leaders are agents of change, people whose behavior will influence others more than the behavior of others who affect them (Faizah and Rahman 2022). Leadership is the ability that a person has to influence others to work to achieve goals. Leadership is also defined as a process of directing and influencing the activities of a group of members who are related to each other's duties (Sunanto, Pujiyati, and Aly 2022), (Carti, Pujiyati, and Senjaya 2023).

Leadership concerns a process of social influence, in which case the influence that is deliberately carried out by one person over another person to structure activities and relationships within a group or organization. Leadership is the activity of influencing people so that they are willing to work together to achieve the desired goal. So, the leadership of the principal is a skill possessed by the principal in leading, directing and influencing all employees

and school residents so that they can carry out their duties and responsibilities well and create a conducive school environment so that they can achieve the goals that have been set.

### Accountability

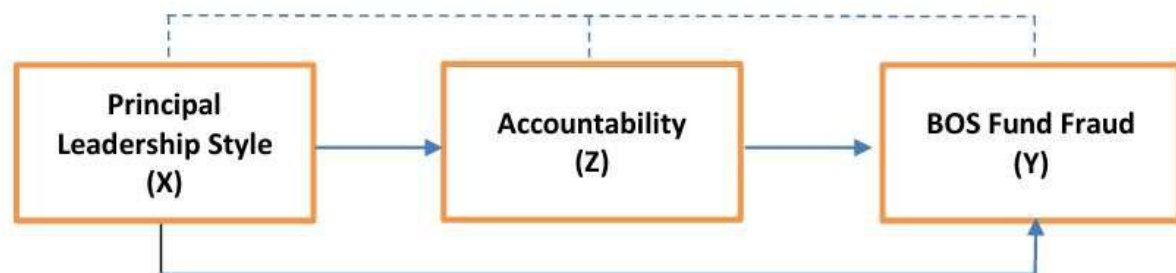
Accountability can be interpreted as the obligation of individuals or rulers who are entrusted to manage 31 public resources and those concerned with them to be able to answer matters related to their accountability. Accountability is closely related to instruments for control activities, especially in terms of achieving results in public services and delivering them transparently to the public (Kaslam, Suriani, and Setiawan 2022). Public accountability has traditionally been understood as a tool used to supervise and direct administrative behavior by providing an obligation to be able to provide answers (answerability) to a number of external authorities. Public accountability in the most fundamental sense refers to the ability to answer someone related to expected performance (Oktavia, Trihantoyo, and Windasari 2023). A person who is given this answer must be someone who has the legitimacy to supervise and expect performance.

### BOS Fund Fraud

Fraud is a behavior that is deliberately dishonest or deliberately presents wrong material facts. Lying, deceiving, saying untruth intentionally, doing injustice to others for personal gain (Singleton and Singleton 2010). Fraud is an attempt to gain dishonest profits from other parties (B and Jhon 2011). According to (Agustiawan, Melati, and ... 2022) activities that are included in the definition of corporate fraud include theft, corruption, conspiracy, embezzlement, money laundering, bribery, and extortion.

Meanwhile, financial statement fraud is making financial statements with carelessness, negligence or deliberate carelessness, so that the resulting financial statements are materially misleading (Intihan and Jibrail 2022). To prevent fraud in the management of BOS funds, the government has issued a guidebook for the management of BOS funds that regulates the use and things that are not recognized as expenses.

Figure 1 Framework



## METHOD

The approach used in this research is a quantitative approach, with primary data collected through questionnaires. The research population consisted of academics at 65 elementary and junior high school education units, with a research sample of 100 people consisting of school principals, teachers and administrative staff. The sampling technique used is a non-probability sampling technique.

Data analysis was carried out using descriptive statistical analysis and inferential statistical analysis using the Structural Equation Model (SEM) method with the Partial Least Square (PLS) approach. PLS analysis is carried out by evaluating two models, namely outer mode (measurement model) and inner

model (structural model). The outer model used in this research is Convergent Validity, Discriminant Validity, Composite Reliability.

## RESULTS AND DISCUSSION

### Description of Respondent

The respondents in this study are respondents who are directly involved in education. Of the 100 questionnaires distributed to the overall respondents, only 99 questionnaires can be used. The characteristics of the respondents in this research object are grouped based on gender, age, position, and length of work. Of the total 99 respondents, the majority were men, namely 55 respondents or 55.06% of the total. Meanwhile, female respondents amounted to 44 people or around 44.04%. This suggests that men's participation in this study was slightly higher compared to women's. This almost equal percentage between men and women gives the impression that this study involves participation from both genders in a fairly proportional manner. Of the total 99 respondents, the majority were teachers, with a total of 60 people or 60.06%. The principal is 25 people or 25.03%, while the administrative staff includes 14 respondents, or about 14.01% of the total respondents. This distribution reflects that this research mostly involves teachers as the main respondents. A sizable proportion of teachers in this study can provide a stronger focus on their perspectives regarding the research topic. Of the total 99 respondents, most, namely 45 people (45.05%), have worked between 5 and 10 years. A total of 34 respondents (34.03%) have more than 10 years of work experience, while 20 respondents (20.02%) have less than 5 years of service. This shows that the majority of respondents have significant work experience, with most working for more than 5 years. This composition allows the research to gain views from various levels of experience. Respondents who have worked for a longer period of time are likely to have a deeper understanding of school dynamics and leadership aspects, which can provide valuable insight into the relationship between leadership style, accountability, and BOS fund fraud in schools.

### Validity Test

The validity test of constructs is needed to find out how well a measurement can be explained in the form of a construct and in accordance with the theories used (Abdillah 2009). The convergent validity evaluation is carried out by examining the outer loading coefficient of each indicator or item against its latent variable. An indicator or item is said to be valid if the outer loading coefficient is between 0.40-0.70. The results of the outer loading value in the convergent validity test are shown in the following table below which presents the results of the research data processing algorithm using the SmartPLS application version 4.0:

**Table 1 Outer Loading**

	Accountability	BOS Fund Fraud	Principal Leadership
AKHUM1	0.561		
AKHUM2	0.672		
AKKEP1	0.663		
AKKEP2	0.423		
AKMAN1	0.558		
AKMAN2	0.668		
AKPRO1	0.596		

AKPRO2	0.603		
KAPS1		0.547	
KAPS2		0.467	
KAPS3		0.507	
KAPS4		0.516	
KES1		0.580	
KES2		0.619	
KKEP1			0.565
KKEP2			0.587
KKEP3			0.618
KKEP4			0.589
KMAN1			0.537
KMAN10			0.453
KMAN11			0.549
KMAN2			0.446
KMAN5			0.512
KMAN6			0.535
KMAN7			0.473
KMAN8			0.420
KMAN9			0.470
KOR1		0.652	
KOR2		0.684	
KSOS1			0.639
KSOS2			0.598
KSOS3			0.657
KSUP1			0.557
KSUP2			0.554

KSUP3			0.735
KWIR1			0.426
KWIR2			0.493
KWIR3			0.610
KWIR4			0.612
LAPKEUFRAUD1		0.513	
LAPKEUFRAUD3		0.578	
PENASET1		0.688	
RAS1		0.555	
RAS2		0.728	
RAS3		0.620	
TKN1		0.619	
TKN2		0.748	
TKN3		0.505	

From the table 1 above, question items that pass the convergent validity test have an outer loading of between 0.4-0.7. Items KMAN3, KMAN, LAPKEUFRAUD2 and KAPS5 are below 0.4 so they cannot be used in latent variable testing.

### Reliability Test

Reliability tests can be done by looking at Cronbach's alpha and Composite reliability scores. Cronbach's alpha and Composite reliability scores must be more than 0.7 so the construct can be said to be reliable. The test results are presented in the following table:

**Table 2 Cronbach's alpha and Composite reliability scores**

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)
Accountability	0.740	0.747	0.814
BOS Fund Fraud	0.887	0.892	0.904
Principal Leadership	0.896	0.903	0.909

From the table 2 above, it can be seen that the Cronbach's Alpha and Composite Reliability values have exceeded 0.7 for each latent variable, so this research instrument has passed the reliability test.

The results of bootstrapping on valid and reliable research models are shown in the following table:

**Table 3 Bootstrapping Results by PLS (Direct)**

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
Accountability -> BOS Fund Fraud	0.413	0.416	0.069	5,969	0.00
Principal Leadership -> Accountability	0.751	0.763	0.043	17,561	0.00
Principal Leadership -> BOS Fund Fraud	0.612	0.608	0.063	9,726	0.00

**Table 4 Results of Bootstrapping by PLS (Indirect)**

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
Principal Leadership -> Accountability -> BOS Fund Fraud	0.310	0.317	0.057	5,473	0,000

From the table above 4, the research hypothesis can be explained as follows:

**H1: *There is a significant influence of the Principal's Leadership Style on BOS Fund Fraud*** .The T-statistics value is 9.726 and the p-value is 0.00, indicating that the influence of the principal's leadership on fraud prevention is very significant.

**H2: *There is a significant influence of the Principal's Leadership Style on Accountability*** .The very high significance (T-statistics of 17.561 and p-value 0.00) shows that the relationship between principal leadership and accountability is not just an assumption, but is based on strong empirical evidence.

**H3: *There is a significant influence of Accountability on BOS Fund Fraud*** .High statistical significance with a p-value of 0.00 indicates that this relationship does not occur by chance. With T-

statistics of 5.969, we can conclude that accountability has a very significant influence on preventing fraud in managing BOS funds.

**H4: *There is a significant influence of the Principal's Leadership Style on BOS Fund Fraud with Accountability as an Intervening Variable*** .In terms of statistical significance, T-Statistics of 5.473 and p-value of 0.000 indicate that this relationship is very significant. This means that we can confidently state that the influence of school principal leadership on reducing BOS Fund fraud through increasing accountability is not a coincidence, but is the result of a real interaction between these variables.

## **Discussion**

The leadership style of the Principal has a positive and significant effect on the prevention of BOS fund fraud.

The leadership of the school principal has a very significant influence in preventing fraud in the management of BOS funds. Principals who implement a leadership style that is integrity, participatory, and transformational will be better able to create an environment that supports transparency and accountability in fund management. In addition, the implementation of systems and procedures that support transparent fund management, as well as training and education for staff, is also very important in preventing fraud. Leadership in the school environment has a significant impact on various aspects of management, including financial management. Principals, as key leaders within educational institutions, are responsible for creating an environment that supports transparency, accountability, and integrity in the management of funds. The School Operational Assistance Fund (BOS) provided by the government to support education operations is one of the important elements that requires careful and honest management. In this context, the role of the principal is very important, not only in ensuring the use of funds in accordance with regulations, but also in preventing fraud or fraud.

The leadership style of the Principal has a positive and significant effect on the accountability of BOS funds.

The significance of the relationship between principal leadership and accountability is very high suggests that this effect is based on strong empirical evidence, not just assumptions. Therefore, it is important for school principals to continue to develop their leadership skills through training and continuing education. In addition, principals must also build an organizational culture that supports accountability, such as encouraging open communication, setting a good example, and empowering staff to participate in the decision-making process. These efforts will ensure that accountability becomes an integral part of the school culture, which in turn will support the achievement of better educational goals and more effective management of resources. With high accountability, schools will be able to carry out their mission better, provide quality education for students, and use public funds with great responsibility.

Accountability has a positive and significant effect on the prevention of BOS fund fraud. Research has found that while increased accountability can lower the likelihood of fraud, accountability itself is not the only factor at play. This suggests that, to achieve effective fraud prevention, schools need to implement a variety of additional approaches in addition to increased accountability. With a more holistic approach, schools can create an environment that not only promotes accountability, but also reduces opportunities and intentions to commit fraud. The Principal's leadership style has a positive and significant effect on the prevention of BOS fund fraud with accountability as an intervening variable. Research that explores the relationship between principal leadership, accountability, and fraud in the management of BOS funds provides important insights. This study shows that the leadership of school principals has an indirect influence on reducing fraud through increasing accountability as an intervening variable. This means that good leadership can increase accountability in schools, which in turn reduces the risk of fraud. Although this influence is not as strong as the direct influence between leadership and accountability or between leadership and fraud, the existence of accountability as an intervening variable remains significant and should not be ignored.

## **CONCLUSION**

The leadership of the school principal has a significant influence in preventing fraud in the management of BOS funds. School principals who apply a strong leadership style and integrity can effectively reduce the risk of fraud by creating a transparent work environment and strict monitoring procedures. Therefore, effective leadership is key in building a culture that rejects all forms of cheating in schools.



Strong and effective principal leadership has a huge impact on increasing accountability in schools. School principals who have a clear vision, high integrity and good managerial skills can encourage staff and teachers to act responsibly and in accordance with applicable regulations, thereby ensuring that every aspect of school management, including the management of BOS funds, is carried out in full accountability. Accountability in the management of BOS funds plays an important role in preventing fraud. Although accountability has a significant influence on reducing the risk of fraud, there are other factors such as intention and opportunity that also play a role in the occurrence of fraud. Therefore, increasing accountability must be accompanied by additional measures such as increased transparency, strict reporting systems, and regular audits to achieve more comprehensive fraud prevention.

The leadership of the school principal has an indirect influence on reducing BOS Fund fraud through increasing accountability. Although this influence is not as strong as the direct influence, the existence of accountability as an intervening variable is still significant in preventing fraud. This emphasizes the importance of not only focusing on leadership qualities but also on strengthening accountability systems in schools to ensure the management of BOS Funds is transparent and free from fraud .

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