The Influence of Transformational Leadership Style and Permissive Attitude on The Quality of Financial Reports of Bos Funds in Educational Institutions

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Abstract

This quantitative study examines the impact of transformational leadership style and permissive attitude on the quality of financial reports of School Operational Assistance (BOS) funds in private high schools and vocational vocational schools in Cirebon. The study involved 157 BOS treasurers with a final sample of 32 respondents selected using purposive sampling. The findings, analyzed through multiple linear regression reveal that transformational leadership style positively influences the quality of financial reports, whereas a permissive attitude has no significant effect. These results suggest that the transformational leadership approach influences the quality of financial reports within educational institutions at high/vocational schools in Cirebon. additionally, the study provides insights for educational institutions to establish leadership principles that promote financial accountability. However, this study is limited by the low participation rate in completing the distributed surveys.

Keywords: *Transformational Leadership Style, Permissive Attitude, Financial Report Quality*

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INTRODUCTION

One of the key characteristics of high-quality financial reports is their reliability. However, in practice, financial reports are often distorted or even contain fraudulent elements (Blanco et al., 2014 and Cho et al., 2015). To ensure the proper utilization of School Operational Assistance (BOS) funds, stakeholders must uphold high integrity. The Supreme Audit Agency (BPK) audit reports on the Central Government Budget for the First Semester 2021 indicated that the management of Special Allocation Funds (DAK) was not fully compliant with regulations.

Several issues have been identified in the implementation of the BOS program. One of the main concerns is the inaccuracy in calculating the allocated amounts, where 44 regional governments (81,48%) failed to properly asses the operational costs of schools. Additionally, delays in the distribution of BOS funds remain problematic with 34 regional governments (62,96%) failing to allocate funds in a timely manner. Another critical issue is the improper targeting of funds affecting 26 regional government bodies (48,15%), with raises concern about inefficiencies and mismanagement in fund allocation.

The Ministry of Education and Culture has identified various forms of financial misconduct related to BOS funds. Particularly in the financial planning process within schools. One of the most common irregularities is the misuse of BOS funds for

unauthorized labor payments and the procurement of goods and services that do not comply with regulations. In some instances, school principals and BOS treasurers fail to provide transparent financial reports, leading to discrepancies in financial accountability. Furthermore, fabricated student enrollment data is sometimes used to manipulate school revenue and expenditure records. Other fraudulent practices include the deliberate misrepresentation of financial reports by treasures. The falsification of income records under the guise of fictitious acquisitions of equipment or facilities and in severe cases, the personal misuse of BOS funds by school principals. (www.cnnindonesia.com).

The manipulation of financial reports poses a significant risk of financial losses to the state. According to Rahayu et al., (2014) the prevalence of fraudulent practices in government financial reporting has led to increased public demand for greater transparency and accountability in public administration. These findings highlight the need to strengthen financial government in the education sector to ensure that BOS funds are managed effectively and in accordance with regulations.

Leadership is a central element in influencing how financial accountability is implemented in schools. Transformational leadership, which emphasizes vision, motivation, and the development of subordinates, is expected to foster integrity in financial reporting. On the other hand, a permissive attitude in organizational settings, characterized by low supervision and high tolerance for deviations, may threaten the quality of financial reports.

Despite the recognized importance of leadership, studies specifically exploring its impact on BOS fund financial reporting are still limited. Additionally, the use of permissive attitude as an explanatory variable is under-researched, particularly within the Indonesian education finance context. This study seeks to address this gap by investigating how transformational leadership and permissive attitude affect the quality of BOS financial reports in private high schools and vocational schools in Cirebon. So, there are two research questions; 1) Does transformational leadership positively influence the quality of BOS fund financial reports, 2) Does a permissive attitude negatively influence the quality of BOS fund financial reports?

LITERATURE REVIEW
Leadership Theory

According to Nienaber (2010), leadership is a broad concept that emerges from collaboration among individuals. It can take place in various settings, including small or large organizations, regional or private institutions, social environments, homes, schools, and local communities. The more connections that are established within an organization, the greater the need for effective leadership.

Leadership is fundamentally a process of influence between leaders and their followers. Moreover, the impact of leadership is often assessed based on the leader's qualities and behavior, their perception of subordinates, the leader's inherent characteristics, and the context in which the influence takes place. (Day and Antonakis, 2012). Thus, leadership serves as a mechanism to guide subordinates towards improvement by instilling specific qualities necessary to achieve organizational goals.

Transformational Leadership Style

According to Bass (2000), transformational leadership occurs when a leader exercises a distinct level of authority over their subordinates. The concept of transformational leadership was first introduces by James McGregor Burns, who

distinguished it from transactional leadership. Stone et al., (2004) emphasized this distinction starting that "Transformational leadership differs significantly from transactional leadership. It is more focused on growth and development."

Avolio et al., (1991),identified four key characteristics of transformational leadership:

Idealized Influence (Charismatic Influence)

Transformational leader serve as role models who inspire and set high expectations for the subordinates. Their charismatic presence earns admiration, trust, and respect, encouraging followers to emulate them (Wagimo and Ancok, 2015).

Inspirational Motivation

Transformational leaders articulate a clear vision, instill enthusiasm, and foster a strong sense of commitment to organizational goals. They motivate a subordinates by setting high expectations, reinforcing team spirit, and demonstrating dedication to the mission (Avolio et al., 1991).

Intellectual Stimulation

These leaders encourage innovation and creativity by challenging conventional thinking and encouraging subordinates to explore novel solutions. They foster an environment where employees feel empowered to develop new approaches to problem-solving (Bass and Eds, 1995).

Individualized Consideration

Transformational leaders recognize and address the unique needs of each subordinate. They provide mentorship, coaching, and support tailored to individual aspirations, thereby fostering personal and professional development (Avolio et al., 1991).

Fraud Hexagon Theory

According to the American Institute of Certified Public Accountants (AICPA), financial reporting that does not align with reality refers to intentional actions or practices that misrepresent, omit material facts, or misstate misleading accounting information. These action ultimately lead users of financial reports to make decisions based on fraudulent data (Safitri and Sari, 2018). Fraudulent financial reporting is commonly defined as financial reports that intentionally or unintentionally fail to comply with applicable accounting standards, creating a misleading depiction of an entity's financial condition.

Faradiza (2018) emphasizes that both negligence and deliberate financial misstatements significantly impact stakeholders' decision-making processes. To better understand fraudulent financial reporting, Vousinas (2017) introduced the Fraud Hexagon Theory, an expansion of previous fraud models which includes six key elements: Stimulus, Capability, Collusion, Opportunity, Rationalization, and Ego. These elements collectively contribute to the occurrence of financial fraud within organizations.

Stimulus

Vousinas (2019) argues that financial and non financial pressure, such as lifestyle demands, economic difficulties, and workplace expectations, create an environment where individuals may feel compelled to commit fraud. When financial pressure increase without viable solutions, the likelihood of fraudulent behavior rises.

Capability

Competency is the ability to take advantage of circumstances that allow

(Vousinas, 2019). This ability is shaped by various component, including a person's position, intelligence, and psychological traits. Competency consists of six components, the first of which relates to situations where someone commits fraud while working in a company.

The second component is intelligence. According to (Wolfe & Hermanson, 2004),intelligence can exploit weaknesses in internal controls by leveraging a person's position and access. The third component is ego. According to Darajati and Suyono (2020), ego is a statement that determines a person's actions, indicating whether they exhibit a personal attitude or not within the organization.

The fourth component is management pressure on employees to help disguise discrepancies. The fifth component is fraud, convincing partners through lies. The sixth component is pressure, pushing perpetrators to commit fraud due to existing pressure (Wolfe & Hermanson, 2004).

Collusion

Collusion is another vital component of financial fraud, as it involves unethical collaboration between two or more parties to manipulate financial data for mutual benefit (Vousinas, 2017). Fraudulent activities are often difficult to detect when multiple individuals conspire to conceal them. (Desviana et al., 2020) suggest that collusion plays a significant role in facilitating fraud within organizations, as it allows perpetrators to bypass internal controls and maintain fraudulent practices over extended periods.

Opportunity

Opportunities become apparent when there are shortcomings in the organizational control framework (Romney and Steinbart, 2018). A lack of stringent financial oversight, inadequate regulatory compliance and weak corporate governance create an environment where fraudulent activities can occur undetected. Organizations with insufficient monitoring mechanisms provide opportunities for individuals to manipulate financial statements to serve their interests. Additionally, weak supervision and the abuse of power grant certain individuals unrestricted access to financial data, increasing the risk of fraudulent reporting (Wahyuni & Budiwitjaksono, 2017).

Rationalization

Rationalization refers to the psychological justification of fraudulent behavior, allowing individuals to perceive their unethical actions as acceptable. According to Sari and Nugroho (2020), rationalization occur when individuals internal validate their misconduct by framing it as necessary or justified. Skousen et al. (2008) argue that many perpetrators of financial fraud believe their actions are warranted due to perceived injustices, financial hardship, or organizational pressure. Clinard & Cressey (1954)futher elaborate that rationalization is not merely a defense mechanism but also reflects a broader failure to assume ethical responsibility.

Ego

Freud (2017) identifies three main component of human personality: the id (instinctual desires such as hunger, sex, and survival-related needs), the superego (internalized moral standards and societal rules), and the ego (the mediator between the id and reality). According to Freud (2017), the ego plays a crucial role in helping individuals navigate reality by balancing the demands of the id, the superego, and

environmental conditions. However, an overactive ego can lead to distorted thinking and decision-making processes.

Permissive Attitude

Permissive attitude is characterized by a lack of structure, high tolerance, and minimal control (Syauket and Zainab, 2019).Robinson et al., (1995) define a permissive attitude as one that grants excessive freedom, allowing individuals to act without adherence to norms or regulations. According to Susanti & Ginting (2017), individuals who are raised or operate within a permissive environment may develop resistance to authority and struggle with compliance. This lack of regulation can have implications for decision-making and organizational effectiveness.

Professional Ethics Theory

In the context of public organizations—particularly in the management of BOS (School Operational Assistance) funds—professional ethics, as developed by the International Federation of Accountants (IFAC) and the International Ethics Standards Board for Accountants (IESBA), can serve as a foundational framework. The core principles of professional accounting ethics consist of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. When these principles are ignored or tolerated (in a permissive context), the ethical control within the organization tends to weaken. (The International Federation of Accountants (IFAC), 2020), (International Auditing and Assurance Standars Boards (IAASB), 2021).

Ethical Tolerance and Permissive Attitudes in Financial Governance

In financial governance, a permissive attitude refers to managerial tolerance toward rule violations, inadequate enforcement of ethical standards, or the lack of meaningful consequences for noncompliance. Such attitudes can erode internal controls and increase the risk of financial misstatements (The International Federation of Accountants (IFAC), 2020); (Louwers et al., 2018).

Management Control Systems Theory

Permissiveness within organizations can be associated with weak management control systems, particularly regarding the control environment and disciplinary enforcement. When leaders or management allow violations to occur without taking corrective action, it reflects a significant deficiency in the organization's control structure (Deloitte, 2015).

In organization, a permissive leadership approach often reflects weaknesses in control systems, where noncompliance and deviations are tolerated. According to the COSO framework, a strong control environment is essential to support reliable financial reporting. Without it, permissiveness can contribute to ineffective oversight and poor accountability (COSO), 2013).

Quality of Financial Reports

Accurate financial reports are essential for evaluating a company's operational success and strategic planning (Richardson et al., 2001). High-quality financial reports rely on transparent and accurate information systems, which enable users to make informed decisions (Scott, 2015). Salsabillah et al. (2020), emphasize that financial reports

serve as critical tools for decision-making among stakeholders.

The quality of financial reports is determined by adherence to established accounting standard (Solikhah et al., 2019). According to The Government Regulation of the Republic of Indonesia (2010), outlines four key criteria for high-quality financial reports:

Relevant
a. Provides information that allows users to make well-informed decisions about past, present, and future events.
b. Offers predictive value based on past performance and current trends.
c. Ensures timely presentation of information for effective decision-making.
d. Presents comprehensive data, minimizing misinterpretation and enhancing decision-making   accuracy.

Reliable
Reliable financial reports provide accurate, verifiable, and unbiased information ensuring that stakeholders can rely on the data for decision-making. A report is considered reliable when is is free from material errors, misstatements, or misleading information. The financial information presented must truthfully reflect the entity's financial position and performance.

Additionally, financial reports must recognize all claims and liabilities, even those subject to legal disputes. Transparency in disclosure allows users to assess financial risks accurately. A financial report remains reliable when it includes comprehensive notes on uncertainties, ensuring that users can make well-informed judgments about the organization's financial standing.

Comparability
Comparability in financial reporting allows users to analyze financial data across different periods and between various entities. Consistency in applying accounting policies ensures meaningful comparisons. According to theGovernment Regulation of the Republic of Indonesia, 2010), financial statements should use uniform accounting principles to facilitate both internal and external comparisons.

Internal comparability is achieved when an entity consistently applies the same accounting methods over multiple reporting periods. External comparability occurs when different entities follow standardized accounting frameworks, enabling analysts and stakeholders to assess financial performance on a common basis. If changes in accounting policies occur, clear disclosures must be provided to maintain transparency and avoid misinterpretations.

Understandability
Understandability refers to the clarity and accessibility of financial reports for intended users. Financial statements should be structured and presented in a manner that facilitates comprehension. Users are expected to possess fundamental financial literacy to interpret key metrics and disclosures effectively.

Standardized terminology and symbols enhance readability, ensuring that financial data is not misinterpreted. Additionally, financial statements should be free from excessive complexity allowing decision-makers to extract relevant insight without undue difficulty. While some technical details may be unavoidable, efforts

should be made to enhance clarity through well-organized presentation formats and explanatory notes (Mardinan et al., 2018).

The Influence of Transformational Leadership Style on the Quality of Financial Reports

According to (Bass & Eds, 1995), a leader with a transformational leadership style is one who strives to help their employees reach their best potential and possesses worthy needs, morals, and value systems. According to Fazril (2014), transformational leadership style emphasizes social feelings, attention, and respect or admiration between the leader and staff. The transformational style is easier to understand than the transactional approach (Daft & Lane, 2008). Therefore, the vision, strategy, and culture of an organization can be transformed by the transformational leadership style.

This research focuses on the quality of the BOS financial reports at the high school/vocational school level in Cirebon under the transformational leadership style. The presentation of BOS financial reports in educational institutions is deemed appropriate in the implementation of the transformational leadership style. The transformational leadership style helps employees grow and become sensitive to discrepancies in the financial reports. Transformational leaders strive to improve the quality of BOS financial reports every quarter to demonstrate the alignment of financial report recording with reality. Based on the explanations above, the first hypothesis in this study is:

H1: Transformational leadership style has a positive effect on the quality of financial reports.

The Influence of Permissive Attitude on Financial Reporting Quality

Research conducted by Susanti & Ginting (2017) found a negative relationship with children's learning discipline. Thus, a permissive attitude may have a negative impact on financial reports. When connected to the organizational realm, a permissive attitude may negatively affect organizational performance. This can also influence the quality of an organization's financial reports.

Actions that allow mistakes within the organization can affect the quality of the financial reports. The financial reports of educational institutions serve as a guideline for external parties to determine the amount of BOS funds that should be disbursed. However, the relevance and credibility of educational institutions may decline and lead to legal violations if errors in the financial reports related to BOS funds are considered acceptable by the relevant parties. Based on the explanation above, the second hypothesis in this study is as follows:

H2: Permissive attitude negatively affects the quality of financial reports.

RESEARCH METHOD

The method used in this research is a quantitative method utilizing purposive sampling. The criteria for purposive sampling are stated as follows: 1) high school/vocational school in Cirebon Regency/City, 2) respondents are treasurers involved in the preparation of BOS funds, 3) respondents have at least a Bachelor's degree (S1). The testing involved distributing a questionnaire that was pre-tested on 30 Master's students in the Accounting Postgraduate Program at Jenderal Soedirman University from the 2021 cohort to determine the reliability and validity of the instrument.

The questionnaire that has been deemed to meet the levels of validity and reliability is then distributed to all respondents to answer the formulated problems and test the two proposed hypotheses both offline and online. The variables in this study are measured using instruments in the form of closed-ended questions and are measured using a likert scale with intervals ranging from 1 to 7.

Conceptual Definition of Variables

Table 1. Conceptual Definiton of Variables

Variable	Concept	Scale Indicators
Transformational Leadership Style (TLS)	Transformational leaders help their subordinates grow and develop into leaders by responding to individual subordinates' needs, empowering them, and aligning the goals and objectives of individual subordinates, leaders, groups, and the larger organization (Bass & Riggio, 2006).	According to Bass & Riggio (2006), the indicators of transformational leaders are as follows: 1. Idealized influence 2. Inspirational 3. Motivation 4. Intellectual stimulation 5. Individual consideration
Permissive Attitude (PA)	Rationalization is carried out for the interests of the company, which justifies unethical behavior, as well as external demands to meet obligations so that the company's financial performance appears to be in good condition (Agustina & Pratomo, 2019).	1. No behavioral guidance 2. Free to build relationships 3. Making decisions on their own 4. No concern 5. No advice related to education 6. No reprimand when doing wrong
Quality of Financial Reports (QFR)	Quality financial reports are those where the information presented in the financial statements is well-prepared, accurate according to accounting principles, and understandable to the users of the information (Government Regulation, 2010)	According to the (Government Regulation, 2010), the indicators of financial report quality are: 1. Relevant 2. Reliable 3. Understandable 4. Comparable

RESEARCH RESULTS
Descriptive Statistics

Descriptive statistical analysis is a type of statistics used to analyze data by describing or depicting the collected data. Descriptive statistics can be observed from the mean, minimum, maximum, and standard deviation values. The following descriptive statistics are presented in the table below:

Table 2. Descriptive Statistics

	N	Range	Minimum	Maximum	Mean	Std. Deviation
TLS	32	37,00	33,00	70,00	60,3125	8,42974
PA	33	207,00	90,00	297,00	129,1818	34,03533
QFR	32	52,00	60,00	112,00	93,3750	15,15671
Valid N (listwise)	32					

Source: Primary data processed, 2023
Description:
QFR: Quality of Financial Reports
TLS: Transformational Leadership Style
PA: Permissive Attitude

All variables in Table 2 indicate that the mean value is greater than the standard deviation. Therefore, it can be concluded that the data deviations that occur are lower, resulting in a more uniform distribution of values.

Data Quality Testing
Data Validity Testing

Table 3. Results of Testing the Validity of Transformational

Indicators	Question items	calculated r	table r	Description
Idealized influence	TLS1	0,727	0,349	Valid
	TLS2	0,856	0,349	Valid
	TLS3	0,943	0,349	Valid
Inspirational motivation	TLS4	0,913	0,349	Valid
	TLS5	0,887	0,349	Valid
Intellectual stimulation	TLS6	0,862	0,349	Valid
	TLS7	0,855	0,349	Valid
Individual consideration	TLS8	0,539	0,349	Valid
	TLS9	0,841	0,349	Valid
	TLS10	0,825	0,349	Valid

Source: Primary data processed, 2023

Table 3 shows that there is a transformational leadership style variable that is the subject of the research. The questionnaire for the transformational leadership style variable consists of 10 question items. The results of the validity calculation based on Table 3 indicate that the calculated r > table r. Thus, it can be concluded that the 10 questionnaire items are declared valid.

Table 4. Results of the Validity Testing of Permissive Attitudes

Indicators	Questions item	Calculated r	Table r	Description
	PA1	-0,040	0,349	Invalid
	PA2	0,510	0,349	Valid
	PA3	0,678	0,349	Valid
No behavioral guidance	PA4	0,682	0,349	Valid
	PA5	0,350	0,349	Valid
	PA6	0,563	0,349	Valid
	PA7	0,677	0,349	Valid
	PA8	0,828	0,349	Valid
	PA9	0,136	0,349	Invalid
Free to build relationships	PA10	0,704	0,349	Valid
	PA11	0,502	0,349	Valid
	PA12	0,574	0,349	Valid
Making decisions on their own	PA13	0,426	0,349	Valid
	PA14	0,832	0,349	Valid
	PA15	0,765	0,349	Valid
	PA16	0,749	0,349	Valid
No concern	PA17	0,690	0,349	Valid
	PA18	0,274	0,349	Invalid
	PA19	0,579	0,349	Valid
	PA20	0,605	0,349	Valid
No advice related to education	PA21	0,705	0,349	Valid
	PA22	0,691	0,349	Valid
	PA23	0,870	0,349	Valid
No reprimand when doing wrong	PA24	0,715	0,349	Valid
	PA25	0,581	0,349	Valid

Source: Primary data processed, 2023

Based on Table 4, the permissive attitude variable consists of 25 question items. The variable being studied has indicators that can measure the overall questionnaire. There are 22 question items that have a calculated r value greater than the table r value, as shown in Table 4, thus those question items are declared valid. Meanwhile, there are 3 question items that are declared invalid because they have a calculated r value < table r value. Therefore, the 22 valid questionnaire items will be used in the subsequent data processing.

Table 6. Results of Testing the Validity of Financial Report Quality

Indicators	Question Items	Calculated r	Table r	Description
Relevant	QFR1	0,857	0,349	Valid
	QFR2	0,878	0,349	Valid
	QFR3	0,931	0,349	Valid
Reliable	QFR4	0,626	0,349	Valid
	QFR5	0,502	0,349	Valid

Indicators	Question Items	Calculated r	Table r	Description
	QFR6	0,731	0,349	Valid
	QFR7	0,894	0,349	Valid
	QFR8	0,829	0,349	Valid
	QFR9	0,903	0,349	Valid
	QFR10	0,891	0,349	Valid
	QFR11	0,953	0,349	Valid
Comparable	QFR12	0,898	0,349	Valid
	QFR13	0,864	0,349	Valid
Understandable	QFR14	0,936	0,349	Valid
	QFR15	0,904	0,349	Valid
Relevant	QFR16	0,938	0,349	Valid

Source:Primary data processed, 2023

Based on Table 5, there are variables related to the quality of financial reports that are the subject of this research. The variables under study have indicators that can measure the questionnaire, totaling 16 questions. Table 8 shows that the calculated r value for the Quality of Financial Reports is above the table r value, thus all questions are declared valid.

Data Reliability Testing

Table 6. Results of Data Reliability Testing

Variable	Cronbach Alpha Value	Reliability Testing Coefficient SPSS	Description
TLS	0,60	0,935	Reliabel
PA	0,60	0,892	Reliabel
QFR	0,60	0,964	Reliabel

Source: Primary data processed, 2023
Description:
QFR: Quality of Financial Reports
TLS: Transformational Leadership Style
PA: Permissive Attitude

Based on Table 6, the results of the reliability test indicate that all variables can be considered reliable.

Classical Assumption Test

This test is conducted to determine whether the data used experiences any deviations from classical assumptions. The classical assumption test is carried out on three tests that are used: the normality test, multicollinearity test, and heteroscedasticity test. The results of the three tests are as follows:
Normality Test of Data
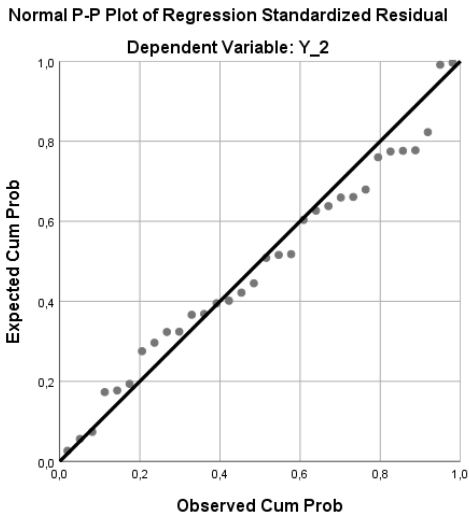
Picture 2. Normally Test of Data

The results of the test in Figure 2 show that the points are not far from the diagonal line. Thus, the regression model is normally distributed, making it suitable for further testing. Normality testing of the data can also be conducted using the Kolmogorov-Smirnov test.

Table 7. Kolmogorov Smirnov Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		32
Normal Parameters	Mean	0,00
	Std. Deviation	0,00089203
Most Extreme Differences	Absolute	0,104
	Positive	0,104
	Negative	-0,103
Test Statistic		0,104
Asymp. Sig. (2-tailed)		0,200

Source: Primary data processed, 2023

Based on Table 7, it can be seen that the Kolmogorov-Smirnov significance value is 0.200. This significance value is greater than 0.05. Thus, it can be concluded that the regression model in this study is normally distributed.

Test for Multicollinearity of Data

Table 8. Results of Muticollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
TLS	0,347	2,885
PA	0,347	2,885

Source: Primary data processed, 2023

Table 8 shows that all variables have a tolerance value above 0.1 and a VIF value below 10. Therefore, it can be concluded that there is no multicollinearity among the variables in the regression model of this study.

Heteroscedasticity Test

Scatterplot
Dependent Variable: KLK
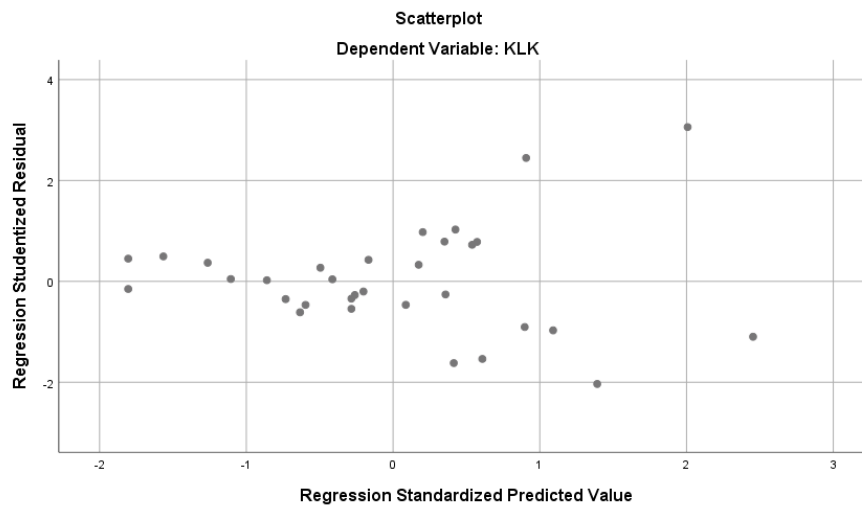
Picture 3. Scatterplot of Heteroskedasticity

Based on Figure 3, the points are randomly scattered both above and below the number 0 and the Y-axis. This can be interpreted as an absence of heteroskedasticity in the regression model. Therefore, the regression model is suitable for use in testing for this research. Heteroskedasticity testing can be conducted using the Glejser test. The results of the Glejser test are as follows:

Table 9. Results of Heteroskedasticity Test Using Glejser Test

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficient	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0,02	0,001		-4,440	0,000
	TLS	0,349	0,188	0,392	1,854	0,074
	PA	0,209	0,114	0,388	1,832	0,077

Source: Primary data processed, 2023

Table 9 shows that all variables have significance values above 0.05. Therefore, all variables do not exhibit heteroskedasticity.

Coefficient of Determination (R2)

Table 10. Coefficient of Detemination (R2)

Model	R	R Square	Adjusted R Square
1	0,759	0,576	0,546

Source: Primary data processed, 2023

Based on Table 10, it can be seen that the R value is 0.759 for the independent variable. This indicates that the correlation between the independent and dependent

variables has a moderate linear relationship. The value of the adjusted R Square is 0.576 or 57.6%. This can be interpreted that transformational leadership style (TLS) and permissive attitude (PA) explain the variation of the quality of financial reports (QFR) by 57.6%, and the remainder is influenced by other independent variables not included in this research model.

Multiple Linear Regression Analysis

Table 11. Results of Multiple Linear Regression Test

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0,001	0,001		-584	0,564
	TLS	1,023	0,412	0,510	2,484	0,019
	PA	0,345	0,250	0,284	1,383	0,177

Source: Primary data processed, 2023

Based on Table 11, it can be seen that the multiple linear regression equation reflects the relationships between the variables in the study. The variables TLS and PA have coefficient values of 1.023 and 0.345, respectively. The equation in the multiple linear regression is expressed in the equation below:

Hypothesis Testing

Table 12. Results of Hypothesis Testing

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0,001	0,001		-584	0,564
	TLS	1,023	0,412	0,510	2,484	0,019
	PA	0,345	0,250	0,284	1,383	0,177

Source: Primary data processed, 2023

Based on Table 12, the significance value of TLS is lower than 0.05, which means H1 is accepted. This indicates that TLS has a positive effect on the quality of financial reports. Furthermore, since the significance value is higher than 0.05, it can be concluded that H2 is rejected. This indicates that permissive attitude does not have an effect on the quality of financial reports.

RESULT AND DISCUSSION

The Influence of Transformational Leadership Style on the Quality of BOS Fund Financial Reports

The results of the hypothesis testing show that the transformational leadership style has a positive effect on the quality of financial reports. This indicates that the implementation of transformational leadership style in an organization can enhance the quality of financial report presentations.

The transformational leadership style has a significant influence on the performance of subordinates within an organization. This aligns with leadership theory, which states that members are influenced by the characteristics and behaviors of their leader. A leader supports subordinates to develop their existing abilities for

the progress of the organization. This research demonstrates the importance of implementing a transformational leadership style, as subordinates are not only required to produce quality performance. Quality performance can also be supported by the leader's understanding of subordinates on a psychological level.

The results of this test are consistent with the studies conducted by Pradipa et al., (2016), Agung and Gayatri (2018), and Herniyasa et al., (2015) which state that the transformational leadership style has a significant effect on the quality of financial reports. Furthermore, research conducted by Khan et al., (2016), Barbuto and Gifford (2012), and state that there is a positive relationship in transformational leadership style. Similar research by Manane and Manek (2022) states that transformational leadership style can enhance the performance of subordinates.

Based on the theory and previous research, it can be concluded that organizations with a good transformational leadership style will find it easier to achieve their goals. The transformational leadership style applied by leaders encourages quality financial reporting. Therefore, the higher the implementation of transformational leadership style, the more it will enhance the quality of BOS fund financial reports.

The Influence of Permissive Attitude on the Quality of BOS Fund Financial Reports

The results of hypothesis 2 indicate that permissive attitudes do not have an effect on the quality of financial reports, thereby not supporting the developed hypothesis. The results of this study are not in line with research conducted by Susanti and Ginting (2017) and Pasaribu et al., (2013), which state that there is a negative influence of permissive attitudes on a person's discipline and character. According to Yulianti et al., (2020),a permissive attitude can decrease the relevance of organizational performance. However, it aligns with the research conducted by Albar and Andriani, (2021), which states that permissive attitudes do not have an effect on an individual's independence.

The results of this study do not support the fraud hexagon rationalization theory. The fraud hexagon rationalization theory explains that someone who commits financial fraud believes that such actions are reasonable. The rationalization act claims that fraudulent actions are justified. This is due to several factors, including: 1) the indicators of permissive attitudes are adopted from an overseas article by Baumrind in 1965, which may not be appropriate for the conditions of organizations in Indonesia, 2) the descriptive statistical values for the permissive attitude variable are greater than for other variables, and 3) the variation in the data is generally large.

The results of the research on the hypothesis related to permissive attitudes are not yet relevant in Indonesia due to a lack of research conducted in the country. Research on permissive attitudes is more commonly found in psychology and parenting studies, which may have a larger influence only within those fields.

Quality financial reports are not affected by the permissive attitudes held by individuals. A permissive attitude indicates the presence of a poor system implemented in the organizational domain. However, it does not rule out the possibility that the indicators of low-quality financial reports are due to a management system that does not align with the needs of subordinates.

Based on the analysis, the financial reports of the BOS (School Operational Assistance) in West Java are periodically audited by the Financial Inspectorate General. This can minimize permissive attitudes in financial reporting. Thus, it can be

said that the level of permissive attitude does not affect the quality of the BOS financial reports.

CONCLUSION

Based on the discussion of the findings of the research, several conclusions can be drawn to answer the research problems and objectives. Firstly, transformational leadership has a positive influence on the quality of BOS financial reports in high schools/vocational schools in Cirebon. This means that the transformational leadership style, which consists of four indicators, is capable of influencing the quality of BOS financial reports. Secondly, a permissive attitude does not have an effect on the quality of BOS financial reports in high schools/vocational schools in Cirebon. This means that a permissive attitude, as part of the rationalization actions in the fraud hexagon theory, is unable to influence the quality of BOS financial reports.

LIMITATION

This study was limited to the low involvement of respondents in filling out the distributed research questionnaire. This may be that the questionnaire is distributed online so that it does not provide motivation for respondents to fill out the questionnaire. The solution that can be overcome regarding the low involvement of respondents is that the questionnaire is distributed face-to-face.

SUGGESTIONS

The results of this research can be used as input for educational institutions to be able to implement the basics of leadership, especially the indicators contained in transformational leadership styles. The implementation of transformational leadership in BOS financial statements in educational institutions is useful for decision-making. Furthermore, the involvement of the parties in the preparation of BOS financial statements should report the actual results. Do not manipulate and misrepresent BOS's financial statements. This is in order to achieve harmony in the implementation of the leadership of educational institutions with permissive attitude.

IMPLICATIONS

The results of the study can provide an understanding of the contribution of transformational leadership style to the quality of financial statements. Furthermore, the results of this research are used to improve the existing system in order to improve better leadership. Thus, the organization is able to minimizing permissive attitudes that can reduce the relevance of organizational performance.

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