



# International Conference on Finance, Economics, Management, Accounting and Informatics

“Digital Transformation and Sustainable Business: Challenges and Opportunities for Higher Education Research and Development”

## Influencing Factors Accountability of Fund Management Villages in O'O'U District South Nias Regency

Merisa Aguspani Laia<sup>1\*</sup>, Dimita Hemalili Premasari Purba<sup>2</sup>, Mitha Cristhina Ginting<sup>3</sup>, Arthur Simanjuntak<sup>4</sup>

<sup>1,2,3,4</sup> Accounting Program, Universitas Methodist Indonesia

\* [merisaaguspanilaia@gmail.com](mailto:merisaaguspanilaia@gmail.com)

### Abstract

This study investigates the influence of human resource competence, leadership, community participation, and organizational commitment on village fund management accountability in O'o'u District, South Nias Regency, Indonesia. A quantitative research design was employed using primary data collected through questionnaires distributed to 55 respondents selected via purposive sampling from village officials, Village Consultative Body members, and community leaders across 11 villages. Data were analyzed using multiple linear regression analysis with SPSS version 26. The results reveal that leadership ( $\beta = 0.388$ ,  $p < 0.05$ ) and community participation ( $\beta = 0.325$ ,  $p < 0.05$ ) significantly and positively influence village fund management accountability. Human resource competence and organizational commitment demonstrate positive but insignificant effects. Collectively, these four variables explain 32.6% of the variance in village fund management accountability (Adjusted  $R^2 = 0.326$ ,  $F = 7.543$ ,  $p < 0.001$ ). The study's geographic focus on a single district and the relatively small sample size may limit generalizability. Future research should consider larger samples across multiple regions and incorporate additional variables such as internal control systems and information technology utilization. The findings suggest that local governments should prioritize leadership development programs for village heads and create mechanisms to enhance community participation in village fund management to improve accountability. This study contributes to the limited empirical evidence on village fund management accountability in remote Indonesian regions, particularly in island communities with unique socio-cultural characteristics.

**Keywords:** *Village fund management; Accountability; Leadership; Community participation; Human resource competence; Organizational commitment; Stewardship theory; Indonesia*

### Introduction

The decentralization of governance in Indonesia, marked by the enactment of Law Number 6 of 2014 concerning Villages, represents a significant paradigm shift in public administration. This legislation mandates the allocation of village funds from the State Budget (APBN), channeled through Regional Revenue and Expenditure Budgets (APBD), directly to village governments. The primary objective is to empower rural communities, accelerate infrastructure development, and reduce socioeconomic disparities between urban and rural areas. However, this devolution of fiscal authority necessitates robust accountability mechanisms to ensure that public resources are utilized effectively and transparently.

Accountability in village fund management has emerged as a critical concern for policymakers, practitioners, and scholars alike. As Wahjahanan et al. (2023) articulate, accountability confers full authority upon village governments for all administrative actions, positioning them as agents whose performance must be evaluated by their principals—the community. This principal-agent relationship underscores the importance of establishing effective governance mechanisms that ensure village officials act in the best interests of their constituents.

Despite the government's ambitious development agenda, numerous villages, particularly those in remote regions such as South Nias Regency, face persistent challenges in achieving satisfactory levels of accountability. These challenges often stem from limited human resource capacity, inadequate leadership capabilities, minimal community engagement, and weak organizational commitment among village officials. Understanding the



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determinants of village fund management accountability is therefore essential for designing targeted interventions that can enhance governance quality at the grassroots level.

This study addresses the following research question: What factors influence the accountability of village fund management in O'o'u District, South Nias Regency? Specifically, this research examines the effects of human resource competence, leadership, community participation, and organizational commitment on village fund management accountability. By investigating these relationships within a geographically and socially distinct context, this study contributes to the growing body of literature on public sector accountability in decentralized governance systems.

## Literature Review

### Stewardship Theory

This study is grounded in Stewardship Theory, originally developed by Donaldson and Davis (1991). Unlike Agency Theory, which assumes self-interested behavior among managers, Stewardship Theory posits that organizational actors are inherently motivated to serve collective interests and achieve organizational objectives. In this framework, stewards—in this case, village government officials—are perceived as trustworthy individuals who prioritize the welfare of their principals (the community) over personal gain.

Stewardship Theory is particularly applicable to public sector organizations, which typically operate to serve community interests rather than maximize profits. Village governments function as stewards entrusted with managing public resources on behalf of their constituents. The theory emphasizes that effective stewardship requires competent personnel, capable leadership, participatory governance structures, and committed organizational members—all of which are examined in this study.

### Village Fund Management Accountability

Mardiasmo (2017) defines accountability as the obligation to utilize appropriate accountability mechanisms for periodically reporting and justifying the success or failure in achieving predetermined organizational objectives. According to Imbarudin (2019), accountability requires trustees (management) to present, report, and disclose all activities and actions within the scope of authority to their principals. In the context of village governance, accountability encompasses the systematic reporting of fund utilization, transparent decision-making processes, and responsiveness to community needs and concerns.

### Human Resource Competence

Human resource competence refers to the knowledge, skills, attitudes, and behaviors that officials must possess to effectively discharge their responsibilities (Susanti et al., 2022). Anggraeni et al. (2023) further elaborate that competence encompasses attributes with direct impacts on performance outcomes. In village governance, competent human resources are essential for ensuring proper financial management, accurate reporting, and compliance with regulatory requirements. Paramita (2022) emphasizes that quality and competent human resources are fundamental components of the government apparatus in managing village finances effectively.

### Leadership

According to Hutahaean (2020), leadership encompasses the innate ability to lead and influence the behavior of others, which is shaped by various internal and external factors. Krisnanti et al. (2022) assert that leadership capability serves as a benchmark for assessing a leader's competence, requiring expertise in persuading and directing groups toward common objectives. Effective leadership in village governance extends beyond authority and firmness to include serving as role models and guiding subordinates toward accountable practices.

### Community Participation

Paramita (2022) conceptualizes community participation as involving communities in identifying issues and opportunities, selecting and deciding on potential solutions, implementing these solutions, and evaluating



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resulting changes. Greater community involvement in decision-making processes correlates with enhanced ownership and responsibility for outcomes (Fajri & Julita, 2021). In village fund management, participatory mechanisms ensure that resource allocation aligns with community priorities and that officials remain accountable to their constituents.

## Organizational Commitment

Wahjahanri et al. (2023) describe organizational commitment as employees' genuine belief in and adherence to organizational goals and values, manifested through loyalty and willingness to perform at their best. Situngkir and Simarmata (2022) further explain that organizational commitment derives from emotional connections with the organization, acceptance of its values and goals, and desire to remain within it. In village governance contexts, committed officials demonstrate heightened responsibility for service quality improvement over time.

## Hypothesis Development

Based on the theoretical framework and literature review, the following hypotheses are proposed:

H1: Human resource competence has a positive effect on village fund management accountability.

H2: Leadership has a positive effect on village fund management accountability.

H3: Community participation has a positive effect on village fund management accountability.

H4: Organizational commitment has a positive effect on village fund management accountability.

H5: Human resource competence, leadership, community participation, and organizational commitment simultaneously have a positive effect on village fund management accountability.

## Methods

### Research Design

This study employs a quantitative descriptive research design. According to Sugiyono (2018), quantitative research is characterized by systematic, structured methodology from inception through research plan development, utilizing specific populations or samples, research instruments for data collection, and statistical analysis for hypothesis testing.

### Population and Sample

The research population comprises village officials, Village Consultative Body (BPD) members, and community leaders across 11 villages in O'o'u District, South Nias Regency. Purposive sampling was employed to select respondents based on specific criteria: (1) active involvement in village fund management processes, (2) minimum one-year tenure in their respective positions, and (3) willingness to participate in the study. The final sample consisted of 55 respondents from an initial target of 66, representing an 83.3% response rate.

### Data Collection

Primary data were collected through structured questionnaires administered directly to respondents. The questionnaire comprised five sections measuring each research variable using five-point Likert scales (1 = strongly disagree to 5 = strongly agree). Each variable was operationalized using five indicator items, resulting in 25 total measurement items.

### Data Analysis

Data analysis was conducted using SPSS version 26 and proceeded in several stages: (1) validity and reliability testing of measurement instruments, (2) classical assumption tests (normality, multicollinearity, and heteroscedasticity), and (3) multiple linear regression analysis. The regression model is specified as follows:



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$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where: Y = Village Fund Management Accountability;  $\alpha$  = Constant;  $\beta_1$ - $\beta_4$  = Regression coefficients;  $X_1$  = Human Resource Competence;  $X_2$  = Leadership;  $X_3$  = Community Participation;  $X_4$  = Organizational Commitment;  $\varepsilon$  = Error term.

## Results and Discussion

### Descriptive Analysis

Table 1 presents the descriptive statistics for all study variables. The sample comprised 55 respondents, with all variables demonstrating adequate variability for regression analysis.

**Table 1. Descriptive Statistics**

Variable	N	Min	Max	Mean	S.D.
Human Resource Competence (X1)	55	18	25	21.58	1.911
Leadership (X2)	55	18	25	21.36	1.859
Community Participation (X3)	55	19	25	21.63	1.859
Organizational Commitment (X4)	55	17	25	21.30	2.402
Village Fund Management Accountability (Y)	55	17	25	21.72	2.164

The descriptive results indicate that all variables exhibit mean values above 21 on a 25-point maximum scale (five items  $\times$  five-point Likert scale), suggesting generally positive perceptions among respondents regarding each construct. The standard deviations range from 1.859 to 2.402, indicating moderate variability in responses.

### Instrument Quality Tests

Validity testing confirmed that all measurement items achieved correlation coefficients exceeding the critical value ( $r$ -table = 0.266) at the 5% significance level, indicating construct validity. Reliability testing yielded Cronbach's Alpha values exceeding 0.70 for all variables (Human Resource Competence = 0.713; Leadership = 0.756; Community Participation = 0.728; Organizational Commitment = 0.741; Village Fund Management Accountability = 0.762), demonstrating acceptable internal consistency.

### Classical Assumption Tests

The Kolmogorov-Smirnov test yielded an Asymptotic Significance value of 0.200, exceeding the 0.05 threshold, confirming normal data distribution. Multicollinearity diagnostics indicated tolerance values above 0.10 and Variance Inflation Factor (VIF) values below 10 for all independent variables, confirming the absence of problematic multicollinearity. The scatter plot analysis revealed random distribution of residuals around zero, indicating no heteroscedasticity concerns.

### Multiple Regression Analysis

Table 2 presents the multiple regression results examining the relationships between independent variables and village fund management accountability.

**Table 2. Multiple Regression Results**

Variable	Coefficient ( $\beta$ )	t-value	Sig.	Decision
Constant	1.354	0.510	0.612	-



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Human Resource Competence (X1)	0.167	1.000	0.322	H1 Not Supported
Leadership (X2)	0.388	2.259	0.028**	H2 Supported
Community Participation (X3)	0.325	2.229	0.030**	H3 Supported
Organizational Commitment (X4)	0.068	0.661	0.512	H4 Not Supported
<b>Model Statistics:</b> F = 7.543***; Adjusted R <sup>2</sup> = 0.326; N = 55				

Notes: \*\*\*p < 0.01; \*\*p < 0.05; \*p < 0.10; Dependent variable: Village Fund Management Accountability

The regression equation derived from the analysis is:  $Y = 1.354 + 0.167X_1 + 0.388X_2 + 0.325X_3 + 0.068X_4 + \varepsilon$ . The model demonstrates adequate explanatory power with an Adjusted R<sup>2</sup> of 0.326, indicating that the four independent variables collectively explain 32.6% of the variance in village fund management accountability. The F-statistic of 7.543 (p < 0.001) confirms the overall significance of the regression model.

## Hypothesis Testing and Discussion

**Hypothesis 1 (H1):** Human resource competence demonstrates a positive but statistically insignificant effect on village fund management accountability ( $\beta = 0.167$ ,  $t = 1.000$ ,  $p = 0.322$ ). While the direction of the relationship aligns with theoretical expectations, the lack of statistical significance suggests that human resource competence alone may not be sufficient to enhance accountability. This finding contrasts with Watu et al. (2019) but may be explained by the relatively uniform competence levels among village officials in the study area, limiting the observable variance in accountability outcomes.

**Hypothesis 2 (H2):** Leadership exhibits a significant positive effect on village fund management accountability ( $\beta = 0.388$ ,  $t = 2.259$ ,  $p = 0.028$ ), supporting H2. This finding corroborates Krisnanti et al. (2022) and underscores the critical role of village heads in establishing accountable governance practices. Effective leaders not only possess authority but also serve as role models who inspire subordinates to maintain high standards of financial management and reporting.

**Hypothesis 3 (H3):** Community participation significantly and positively influences village fund management accountability ( $\beta = 0.325$ ,  $t = 2.229$ ,  $p = 0.030$ ), supporting H3. This result aligns with Fajri and Julita (2021) and validates the importance of participatory governance mechanisms. When community members actively engage in village fund management processes, they provide external oversight that motivates officials to maintain transparent and accountable practices.

**Hypothesis 4 (H4):** Organizational commitment shows a positive but insignificant effect on village fund management accountability ( $\beta = 0.068$ ,  $t = 0.661$ ,  $p = 0.512$ ). Although the relationship direction supports theoretical predictions, the weak coefficient and lack of significance suggest that commitment alone may not translate into improved accountability without supporting governance structures. This finding partially contradicts Soegijapranata (2023) and warrants further investigation.

**Hypothesis 5 (H5):** The F-test results ( $F = 7.543$ ,  $p < 0.001$ ) confirm that human resource competence, leadership, community participation, and organizational commitment simultaneously exert a significant positive effect on village fund management accountability, supporting H5. This finding validates the Stewardship Theory premise that multiple governance factors collectively contribute to effective stewardship of public resources.

## Conclusion

This study investigated the determinants of village fund management accountability in O'o'u District, South Nias Regency, Indonesia. The empirical findings reveal that leadership and community participation are the primary drivers of accountability, while human resource competence and organizational commitment, though positively related, do not demonstrate statistically significant individual effects. Collectively, the four variables



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explain 32.6% of the variance in accountability, suggesting that additional factors merit investigation in future research.

The theoretical implications of this study support Stewardship Theory's applicability in village governance contexts, demonstrating that effective stewardship requires capable leadership and active principal (community) engagement. The practical implications highlight the importance of investing in leadership development programs for village heads and establishing robust mechanisms for community participation in fund management processes.

## Limitations and Future Research Directions

Several limitations should be acknowledged. First, the study's geographic focus on a single district may limit generalizability to other Indonesian regions with different socio-cultural characteristics. Second, the relatively small sample size ( $N = 55$ ) may have constrained statistical power for detecting smaller effect sizes. Third, the cross-sectional design precludes causal inference.

Future research should consider larger, more geographically diverse samples and longitudinal designs to establish causal relationships. Additional variables such as internal control systems, information technology utilization, regulatory oversight, and political factors may enhance the explanatory power of accountability models. Comparative studies across different Indonesian regions would provide valuable insights into contextual factors affecting village fund management accountability.

## Practical Recommendations

Based on the findings, several practical recommendations are offered. First, local governments should prioritize leadership development programs for village heads, focusing on transformational leadership skills, ethical governance, and accountability practices. Second, mechanisms for enhancing community participation should be strengthened, including regular village meetings, transparent budgeting processes, and accessible grievance redressal systems. Third, while human resource competence and organizational commitment did not demonstrate significant individual effects, these factors remain important and should be addressed through comprehensive capacity building programs and organizational culture initiatives.



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