

Research Article

Navigating Village Financial Effectiveness: The Role of Competence, Participation, Budget Transparency and Leadership Commitment in Village Financial Management

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ABSTRACT

This study intends to analyze the determining factors of effective village financial management, namely Competence of Apparatus, Community Participation, and Budget Clarity. Crucially, this study also discusses function Leadership Commitment be a moderator of these relationships. Effective village financial management is a key pillar of successful village development and the achievement of public accountability. Using a quantitative approach, data were obtained from questionnaires distributed to 200 village government officials in Sigi Regency, Central Sulawesi. The data was analyzed using the Structural Equation Modeling (SEM) method using Partial Least Squares (PLS) technique. The study findings indicate that Official Competence, Community Participation, and Budget Clarity have been partially proven to have a positive and significant impact on the effectiveness of village financial management. This study also found that leadership commitment significantly strengthens the influence of Competence of Apparatus and Community Participation in the effectiveness of village financial management. However, leadership commitment does not play a strong role ties between fund transparency and the effectiveness of village financial management. These findings indicate that the competence of the apparatus ensures accuracy and compliance with technical procedures, community participation creates social control and legitimacy, and transparency in budgeting is important. The implications of this study suggest that human and ethical factors are more influential in optimizing social factors.

Keywords: Budget Clarity, Commitment, Competence of Apparatus, Community Participation, Village Financial Management

1. INTRODUCTION

Effectiveness is the achievement of predetermined goals. Effectiveness is always related to the relationship between the desired results and the clear results obtained. Opinion Kumuroto (2005:362), effectiveness is a measure of the completion of a particular task within an organization, in terms of whether or not the task was successful in achieving its objectives (Adam et al., 2024). However, the size of the village fund budget allocation does not always guarantee optimal results. The Deputy Minister of Finance noted that the village fund budget allocation reached IDR 71 trillion (Liputan6,2024). However, a large budget does not necessarily guarantee optimal results. BPS data (2025) shows that the rural poverty rate in September 2024 was still at 11.34%. This data is far above the urban area rate of 6.66%. This indicates that the utilization of village funds has not been effective. This condition also occurs in Sigi Regency, Central Sulawesi. Although the village fund budget has increased every year, the decline in poverty rates has not shown significant results. The data in the following table indicated an increase in the budget does not always go hand in hand with total decline of the poor.

Table 1. Village Fund Budget for Sigi Regency for 2021-2024

Year	Budget Amount	Percentage of Poor Population
2021	144.905.160	13,05
2022	142.625.540	12,30
2023	152.166.403	12,83
2024	154.494.636	12,06

Source: BPS (2025)

The discrepancy between the increase in the budget and the achievement of poverty reduction indicates a problem in the effectiveness of village financial management. This phenomenon is also seen in a number of subdistricts in Sigi Regency, such as in the villages of Dolo Barat, Sigi Biromaru, and Palolo. Physical development is still uneven. The same is true for facilities and infrastructure, as evidenced by the large number of damaged roads that have not been adequately repaired. As a result, the community has not been able to fully benefit from development. This situation shows namely the use of the village budget in these areas has not been fully effective in supporting improved services and community welfare. This ineffectiveness reflects suboptimal governance.

Empirically, various factors such as inadequate bureaucratic competence, lack of community participation, unclear budget targets, and weak leadership commitment can affect the quality of governance. This condition is reflected in the suboptimal realization of Village Funds, where various governance obstacles, such as low capacity of officials and ineffective coordination and administrative feedback mechanisms, are the causes (Anam et al., 2023). This indicates that there are problems in village financial management.

Law No. 6 of 2014 on Villages gives villages broad authority to manage their finances. This is expected to encourage local development and reduce poverty (Ernawati & Kristiono, 2020). This financial management includes planning, reporting, and accountability for all village financial activities (Anjelita Liana Risnasari et al., 2023). This indicates if quality of village financial management is largely determined by governance factors.

Several previous studies have shown how crucial these factors are. Yolanda Maramis Daud (2025) and Yuni Veronika et al. (2023) indicates whether the capabilities of the apparatus and the contribution of the population have an impact on the village financial management. The more effective the capabilities of the apparatus and community participation, the higher the value of village financial management. Nurhalimah et al. (2024) dan Ego & Suartana (2025) also found that clear budget targets produce positive aspects influence on the level of effectiveness in village fund management. Such aspects indicate if number of funds clarity targets increases the effectiveness of village fund management. Meanwhile, Fatolosa Hulu & Rida Rahim (2022) and Sriani (2021) emphasized that village head leadership influences village fund management. which thus indicates if leaders, in this case, village heads, who are committed, can encourage accountability in village financial management.

Empirically, the study findings show inconsistencies between researchers. Juniarti et al. (2022) and Juniarti et al. (2022) found if that ability apparatus not impactful the effectiveness of Village Fund management, which is thought to be due to the low involvement of the apparatus in capacity building training. In contrast to these results, Saragih & Alpi (2023) revealed if the population's contribution is not the same contribute to improving the effectiveness of Village Fund management, because the level of community participation in village development programs is still low. In addition, Abidin et al. (2025) also stated that budgetary clarity actually have a negative impact on village budget management, especially when Village officials do not fully understand its purpose of the budget. These differing findings indicate the existence of situational factors and contextual conditions that influence the correlation of variables studied and the effectiveness of Village Fund management. Therefore, it is necessary to re-examine leadership commitment as a moderating variable. Referring to Baron & Kenny (1986), moderator variables serve to determine when and under what conditions the relationship between independent and dependent variables becomes strong, weak, or changes, so that their existence can explain the variation in empirical findings in different contexts. In the context of this study, leadership commitment will be tested as a moderating variable to see whether leadership commitment strengthens or weakens village financial management. The results of this study can play a role local government in formulating policies to strengthen community participation, improve the clarity of budget planning, and develop the capacity of the apparatus maximize the utilization of Village Funds.

2. LITERATURE REVIEW

Stewardship Theory

Stewardship Theory views managers as administrators who prioritize needs the organization and community among personal needs Donaldson & Davis (1991).Referring to Perdana (2018), this theory is considered appropriate for the government sector because it is oriented towards public service, not profit (Wardani et al., 2021). By emphasizing collective and pro-organizational behavior, this theory encourages officials to act in the common interest. In the scope of village government, this theory positions the village government as a public institution is responsive to citizens' complaints, provides effective services, and is responsible for achieving community welfare (Budiana et al., 2019).

The Concept of New Public Management (NPM)

New Public Management, initiated by Hood in 1991, adapts private sector management to improve the effectiveness, efficiency, and performance of government (Hartati, 2020). This approach emphasizes cost savings, simplified procedures, results-based accountability, innovation, and optimizing information technology for public services (Supawanhar, Askani, 2024). NPM encourages a more professional and responsive bureaucracy and places the community as the party that must be served. The principles of NPM are relevant to village financial management because they require competence of the apparatus, function of the population, as well budget clarity. Leadership commitment strengthens the application of these principles make effectiveness village capable financial management achieved.

Competence of Apparatus

According to Hutapea and Thoha (2008:4), competence is a person's ability to complete tasks to achieve organizational goals (Juniarti et al., 2022). Competency reflects the quality of human resources, which includes insight, ability, experience, and behavior in line with job requirements (Mulyati et al., 2021). This instrument is measured according to studies from Yuni Veronika et al. (2023) from indicators, namely knowledge, attitude, and ability.

Community Participation

Referring to Sumarto (2003:17), who explains that Community participation is the full contribution of the population in the design, procurement, and monitoring of policies that affect their lives (Juniarti et al., 2022). Participation performs the main function on village development because the community is involved in problem identification, potential mapping, and the decision-making process. Without participation, it is difficult for development programs to achieve optimal results (Indah Pratiwi & Sari Dewi, 2021). This instrument is measured menurut studi dari Yuni Veronika et al. (2023) dari indicators, namely involvement in planning, involvement in supervision, and involvement in evaluating results.

Budget Clarity

Kenis (1979) explains that budget clarity describes how clearly the budget objectives are formulated and understood by those responsible (Masruhin & Kaukab, 2019). Martínez-Guzmán et al. (2023), McDonald & McCandless (2021, 2025), and Wooldridge et al. (2024) reveal that clarity facilitates target setting, implementation, and supervision. Effective budgeting also ensures that public services are available evenly and according to community needs (Taylor et al., 2025). Therefore, village fund allocations need to be detailed and transparent so that they are easily understood by all relevant parties (Lingtias & Yamin, 2024). This statement is measured using indicators from the research by Masruhin & Kaukab (2019), which include objectives, performance, standards, time frame, priority targets, level of difficulty, and the importance of coordination.

Effectiveness of Village Financial Management

The issuance of Law No. 6 of 2014 on Villages not only changed village regulations but also ensured that villages received significantly more funds from the central and regional governments. On the other hand, this authority requires that village fund management can take place effectively, efficiently, and accountably to avoid irregularities and corruption. Currently, villages manage various sources of funds, such as village funds from the Ministry of Finance, provincial assistance, village fund allocations, and tax revenue sharing from district/city governments, as well as assistance from the private sector (Adam et al., 2024). In line with this, Permendagri No. 20 of 2018 regarding Village Financial Management emphasizes that village financial management covers every village right and obligation can be respected monetary terms, including money and goods related to the administration of village government (Faizzatus Solihah et al., 2022). This regulation also emphasizes that Village financial management must be carried out according to the concepts of openness, accountability, contribution, and carried out well and regularly (Masruhin & Kaukab, 2019). The instruments used refer to Sriani (2021) research, which was measured using indicators, namely goal achievement, timeliness, benefit suitability, and expectation suitability.

Leadership Commitment

According to Yukl (2012,6), leadership is the process of influencing and directing people to work together to achieve agreed-upon goals (Anders Barslund Grøn & Jacobsen, 2025). The village head plays a central function on directing the administration, including budget management, so that the quality of his leadership greatly determines the success of the

village (Nandyasa Vania Sarinastiti & Bhilawa, 2023). Commitment in this case is reflected in the leader's ability and willingness to adjust their behavior to the needs and goals of the organization, as well as placing the organization's mission above personal interests (Wendi Adha et al. 2014). The indicators and instruments used refer to Sriani (2021) research, namely, collaborating with subordinates, making decisions together, appreciating the potential of subordinates, listening to criticism, listening to suggestions, and listening to opinions from subordinates.

Hypothesis Development

The Influence Competence of Apparatus on the Effectiveness of Village Financial Management

Opinion Edison et al. (2017), competency is defined as an individual's ability to perform tasks seriously using a combination of knowledge, skills, and attitudes (Ramly et al., 2024). From the perspective of Stewardship Theory, competent apparatus will act according to the needs of the population. Meanwhile, NPM emphasizes professionalism and efficiency. Previous studies, including Artika et al. (2023), Fatolosa Hulu & Rida Rahim (2022), Rasmini & Mimba, (2021), Yolanda Maramis Daud et al (2025) and Yuni Veronika et al. (2023), show that civil servant competency has positive effect on village fund management. It means competence aparatur is an important factor in establishing transparency and accountability, as well as the effectiveness of policies to improve welfare and support the local economy (Taylor et al., 2025). Thus, the hypothesis below is formed.

H1: Competence of aparatur has a significant effect on the effectiveness of village financial management.

The Influence of Community Participation on the Effectiveness of Village Financial Management

Community participation is the involvement of citizens in the village governance process, which allows them to convey their aspirations, needs, and complaints (Juniarti et al., 2022). In Stewardship Theory, this aspect is in line with the village government acting as a steward for the interests of the community, while NPM emphasizes efficiency and results-based accountability. Research by Artika et al. (2023) and Ego & Suartana (2025), Putra & Rasmini (2019), Rasmini & Mimba (2021), Yolanda Maramis Daud et al. (2025), Yuni Veronika et al. (2023), Abidin et al. (2025), and Rasmini & Mimba (2021) also proves that Community participation has a positive effect on village fund management. Better community participation in every stage of village fund management facilitates budget preparation and reduces the potential for data manipulation.

H2: Community participation has a significant effect on the effectiveness of village financial management.

The Effect of Budget Clarity on the Effectiveness of Village Financial Management

Ronal (2023) explains that details of funding targets helps village officials understand the allocation and use of funds appropriately. This makes implementation more focused (Sulistiyowati & Prasetyo, 2025). In the view of Stewardship Theory, clarity of targets encourages officials respond to the needs of the population. Meanwhile, NPM emphasizes performance and accountability menurut results. Study from Nurhalimah et al. (2024), and Ego & Suartana (2025) shows that clear budget targets have positive effect on village fund management. in a way specific objectives, evaluating the success or failure of a program becomes easier, thereby increasing the accountability and effectiveness of village financial management (Nuryaman et al., 2020).

H3: The clarity of the budget has a significant effect on the effectiveness of village financial management.

Leadership Commitment Moderates the Influence of Apparatus Competence on the Effectiveness of Village Financial Management

Committed leadership plays an important role in guiding civil servants to work according to standards, while also increasing the effectiveness of village financial management. Study from Fatolosa Hulu & Rida Rahim (2022) and Masruhin & Kaukab (2019) shows that village head leadership and apparatus competency produce a positive effect on the management of village funds. When village leaders exercise good leadership, and the apparatus has adequate capabilities, village fund management tends will get better and accountable. This aspect is in line with Stewardship Theory, where views leaders as managers who prioritize the public interest, so that the commitment of leaders can encourage officials to work collectively and responsibly. The concept of New Public Management (NPM) also emphasizes the need for professionalism, efficiency, and accountability of results, so that the competence of officials and strong leadership are key to improving the performance of village financial management.

H4: Leadership commitment moderates the influence of apparatus competence on the effectiveness of village financial management.

Leadership Commitment Moderates the Influence of Community Participation on the Effectiveness of Village Financial Management

Leadership is the ability to influence others to achieve common goals. At village level, leaders who understand the needs of the community can encourage citizen participation and improve village fund management. Research by Fatolosa Hulu & Rida Rahim (2022) and Sriani (2021) shows that village head leadership and citizen participation have a positive effect on developing the effectiveness of village fund management. When village leaders have a strong commitment and are able to demonstrate good leadership qualities, their sense of responsibility for the running of the government will be greater, which in turn will encourage the community to participate more actively in the village fund management process. Such findings agree with Stewardship Theory, which positions leaders as managers who put public interests above personal interests and encourage collective work for the common good. In line with this, the concept of NPM emphasizes the importance of efficiency, professionalism, and performance-based accountability, making leadership commitment the main thing element in strengthening the quality of village financial management.

H5: Leadership commitment moderates the influence of community participation on the effectiveness of village financial management.

Leadership Commitment Moderates the Influence of Budget Clarity on the Effectiveness of Village Financial Management

As the highest authority, leaders not only determine the utilization of all resources in policy implementation, but also have the power to mobilize and direct these resources as needed (Wendi Adha et al. 2014). From a stewardship perspective, leaders act as administrators who prioritize the interests of the organization and the community, so that leadership commitment becomes an important factor in ensuring consistency in the implementation of budget clarity and increasing discipline and accountability in village financial management. Masruhin & Kaukab (2019) show that organizational commitment and budget clarity produce a positive effect on the management of village funds. Thus, the higher the leader's commitment, the stronger the influence of budget clarity in promoting the effectiveness of village financial management.

H6: Leadership commitment moderates the influence of budget clarity on the effectiveness of village financial management.

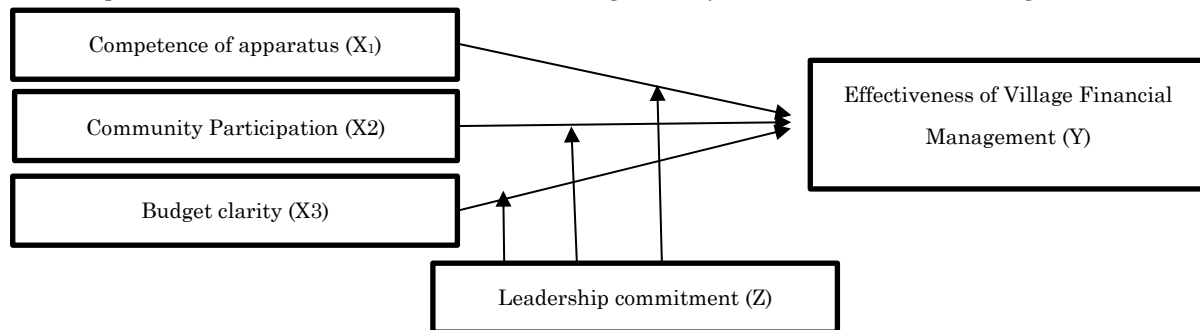


Figure 1. Framework for the Research

3. RESEARCH METHOD

This study was conducted on village governments in Sigi Regency. The population is defined as all objects and subjects that have specific characteristics and form the basis for drawing conclusions (Sugiyono, 2013). Population in this research consisted of 177 village governments in Sigi Regency. The sample was determined using the probability random sampling method. That is, the sample determined according to population and the area of the villages in five subdistricts in Sigi Regency. The respondents in this study were from villages officials who were directly involved in village financial management, namely the village head, village secretary, finance officer, planning officer, and administrative and general affairs officer. Respondents were selected with reference to the provisions in Permendagri 20 of 2018 regarding village financial management, which explains that the village head is the Village Financial Manager Authority (PKPKD) who has the authority to organize all village financial management, the village secretary is the PPKD coordinator, the finance officer as the treasury function executor, and the administrative and general affairs officer and planning officer as budget activity executors. Using the Slovin formula, 40 village governments were obtained as samples. Thus, the total data analyzed

amounted to 200 village officials. Data analysis was carried out using Structural Equation Modeling (SEM) from Partial Least Squares (PLS) technique through the WarpPLS 8.0 application. This software is capable of identifying nonlinear relationships between latent variables and accurately correcting path coefficients (Kock, 2012).

4. RESULTS AND DISCUSSION

Demographic characteristics of respondents

The characteristics of respondents in this study included gender, age, address, education level, and length of employment. Data was collected through questionnaires, and 200 usable data points were obtained. Based on the characteristics of the respondents, the majority were male, accounting for 42.50% between percentages respondents. The most dominant age group among the respondents was 36-50 years old, accounting for 11.40% of the total respondents. On aspect educational background, most of the respondents had a high school/vocational school background, accounting for 13.57% of the total respondents. Meanwhile, the majority of village officials had worked for 1-3 years, accounting for 10.67% of the total respondents.

Evaluation of the Measurement Model (Outer Model)

In the measurement model analysis stage, validity and reliability were tested to ensure the suitability of the instrument. In non-linear SEM, validity includes convergent and discriminant validity. The results indicate that all factor loading values exceed 0.70, thus satisfying the convergent validity requirement. The Average Variance Extracted (AVE) score also exceeded 0.50, indicating that discriminant validity was fulfilled. Besides that, Composite Reliability is also Cronbach's Alpha scores, both of which exceeded 0.70, confirmed that the instrument produced good reliability.

Table 2. Testing the Validity and Reliability of Latent Variable Results

Item	Code	Composite Reliability	Cronbach Alpha	AVE
Competence Of Apparatus				
X1.1	(0.736)	0.938	0.926	0.602
X1.2	(0.787)			
X1.3	(0.754)			
X1.4	(0.737)			
X1.5	(0.819)			
X1.6	(0.739)			
X1.7	(0.848)			
X1.8	(0.773)			
X1.9	(0.794)			
X1.10	(0.762)			
Community Participation				
X2.1	(0.729)	0.932	0.919	0.554
X2.2	(0.714)			
X2.3	(0.794)			
X2.4	(0.728)			
X2.5	(0.738)			
X2.6	(0.734)			
X2.7	(0.756)			
X2.8	(0.774)			
X2.9	(0.746)			
X2.10	(0.751)			
X1.11	(0.722)			
Budget Clarity				
X3.1	(0.745)	0.949	0.942	0.572
X3.2	(0.767)			
X3.3	(0.771)			
X3.4	(0.780)			
X3.5	(0.756)			
X3.6	(0.750)			
X3.7	(0.783)			
X3.8	(0.769)			

Item	Code	Composite	Reliability	Cronbach Alpha	AVE
X3.9	(0.745)				
X3.10	(0.774)				
X3.11	(0.729)				
X3.12	(0.736)				
X3.13	(0.742)				
X3.14	(0.744)				
Effectiveness of Village Financial Management					
Y.1	(0.808)		0.952	0.945	0.622
Y.2	(0.759)				
Y.3	(0.779)				
Y.4	(0.765)				
Y.5	(0.783)				
Y.6	(0.721)				
Y.7	(0.833)				
Y.8	(0.811)				
Y.9	(0.800)				
Y.10	(0.810)				
Y.11	(0.805)				
Y.12	(0.786)				
Leadership Commitment					
Z.1	(0.792)		0.976	0.974	0.680
Z.2	(0.819)				
Z.3	(0.847)				
Z.4	(0.846)				
Z.5	(0.841)				
Z.6	(0.830)				
Z.7	(0.842)				
Z.8	(0.811)				
Z.9	(0.846)				
Z.10	(0.746)				
Z.11	(0.848)				
Z.12	(0.860)				
Z.13	(0.846)				
Z.14	(0.746)				
Z.15	(0.807)				
Z.16	(0.784)				
Z.17	(0.847)				
Z.18	(0.839)				
Z.19	(0.856)				

Source: Output Warp-PLS 8.0,2025

Evaluation of Structural Model Measurement (Inner Model)

The structural model test was conducted to assess the correlation between latent constructs. The feasibility of the model in SEM-PLS was evaluated through the APC, ARS, and AVIF values. The results in Table 3 indicate that the p-scores for APC and ARS below 5%, while AVIF is less than 5. Therefore, the study model concluded that the model fit was sufficient criteria.

Table 3. Model fit and quality indices

Criteria	Values	P-Values	Description
Average path coefficient (APC)	0.247	P<0.001	Accepted
Average R-squared (ARS)	0.307	P<0.001	Accepted
Average block VIF (AVIF)	2.335	-	Accepted

Source: Output Warpls 8.0,2025

Table 4 shows the R-Square score for the effectiveness of village financial management of 0.307, which means that 30.7% of the variability in effectiveness can be explained from ability the apparatus, community participation, budget clarity, and leadership commitment. Others are impacted from other aspects besides this aspect variables studied.

Table 4. Coefficient of Determination (R2)

Variable	R-square	Q-squared (Q2)
Effectiveness of Village Financial Management	0.307	0.566

Source: output warpls 8.0,2025

Hypothesis Testing

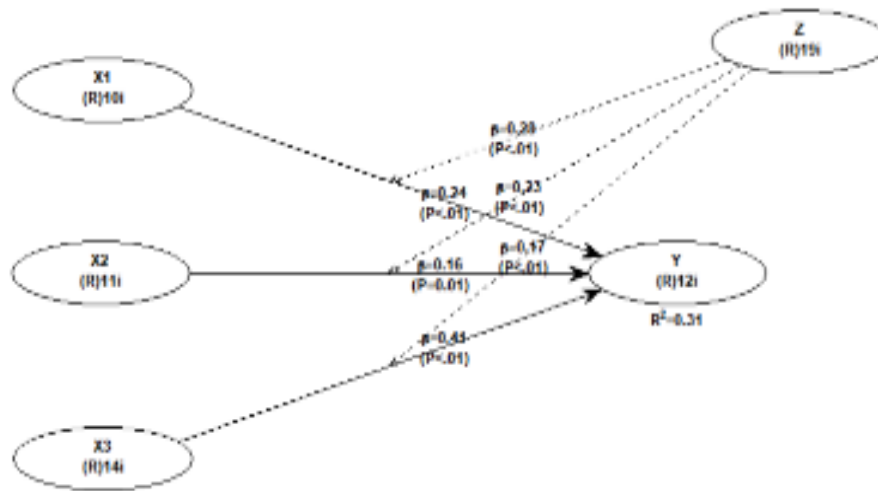


Figure 1. Diagram Path

Source: Output Warp-PLS 8.0,2025

Hypothesis testing in this study was carried out sequentially SEM-PLS through the WarpPLS 8.0 application. A hypothesis was accepted if the probability score (p-value) was ≤ 0.05 .

Path	Path coefficient	p-value	Description
Competence Of Apparatus → Effectiveness of Village Financial Management	0.240	<0.001	Accepted
Community Participation → Effectiveness of Village Financial Management	0.156	0.012	Accepted
Budget Clarity → Effectiveness of Village Financial Management	0.413	<0.001	Accepted
Leadership Commitment → Competence Of Apparatus → Effectiveness of Village Financial Management	0.278	<0.001	Accepted
Leadership Commitment → Community Participation → Effectiveness of Village Financial Management	0.232	<0.001	Accepted
Leadership Commitment → Budget Clarity → Effectiveness of Village Financial Management	0.166	0.008	Accepted

Source: output warp-PLS 8.0,2025

The Influence of Civil Servant Competence on the Effectiveness of Village Financial Management

Statistical results show that competence produces a positive effect on the effectiveness of village financial management. This is indicated in terms of a number of path coefficient scores 0.240 and a P-value of < 0.001 . Officials who have an adequate understanding of regulations, budget preparation and implementation procedures, as well as accounting and reporting procedures, will be better able to carry out each stage of financial management appropriately and accountably. Such aspects indicate that the village apparatus is correct knowledge, attitudes, and abilities will have an effect on effective village financial management. As indicated by the respondents' responses, they are able to provide solutions when facing obstacles in procurement of village fund management activities. This indicates if technical and problem-solving abilities of officials have supported an increase in the effectiveness of budget management performance. However, some respondents stated that they did not strongly agree that they had a strong interest in continuing to develop themselves in their work.

This condition indicates that the aspects of learning motivation and capacity building of officials still need to be strengthened so that the quality of public services can be optimized.

Theoretically, these findings are in line with Stewardship Theory, where views officials as parties responsible to managing the interests of the community in a professional, responsive, and public welfare-oriented manner. Public servants with good competencies will be able to make the right decisions and maintain public trust. This is in line with the New Public Management principle that professionalism and developing the quality of HR are important parts of realizing effective, efficient, and results-oriented village administration. These findings viz also reinforced by previous studies. Artika et al. (2023), Fatolosa Hulu & Rida Rahim (2022), Rasmini & Mimba (2021), Yolanda Maramis Daud et al (2025), and Yuni Veronika et al. (2023) revealed if the competence of the authorities has a positive effect on the management of village funds. Thus, improving the competence of officials, including motivation for self-development, is the main thing step in strengthening the effectiveness of village financial management and improving the quality of services provided to the community.

The Influence of Community Participation on the Effectiveness of Village Financial Management

Statistical the findings indicate community participation produce positive effects for effectiveness of village financial management. That's it indicated by a path coefficient scores of 0.156 and a P score of 0.012. Resident participation in design, procurement, monitoring, and outcome assessment stages is an important aspect in promoting transparency and accountability. This can be seen from the responses of respondents who agreed that it was easy to access information on village development, reflecting that public control functions were working quite well. However, there were still respondents who strongly disagreed with their involvement in the evaluation process. This indicates that participation was not yet fully equitable in all stages of development. These findings are aligned to Stewardship Theory, which confirms responsibility of officials in fulfilling public interests. They are also consistent with the concept of New Public Management, which prioritizes performance-based accountability and community involvement in overseeing government administration. The findings of study also supported by studies Artika et al. (2023), Ego & Suartana (2025), Putra & Rasmini, (2019), Rasmini & Mimba (2021), Yolanda Maramis Daud et al. 2025), Yuni Veronika et al. (2023), dan Abidin et al. (2025), which all prove if the resident's contribution has a positive effect on the management of village funds.

The Effect of Budget Clarity on the Effectiveness of Village Financial Management

Statistical The study findings indicate that open funds have a positive effect on the effectiveness of village financial management. This aspect is indicated by the path coefficient score of 0.413 and the P-value < 0.001. Clarity regarding objectives, performance targets, implementation standards, timeframes, priority targets, levels of difficulty, and coordination provides clear guidelines for officials in implementing each village budget program. This is shown by the majority of respondents who agreed that budget targets have helped them carry out their duties in a focused manner. However, there are still some respondents who disagree with the implementation of a comprehensive evaluation. This condition illustrates that although budget clarity at the planning stage is good, the aspect of budget performance evaluation still needs to be strengthened so that the results of implementation can be measured in an accountable manner. Theoretically, these findings are in line with Stewardship Theory, where emphasizes the responsibility of village governments when managing funds for the needs of the population. Similarly, the principles of New Public Management prioritize transparency and results-based accountability in public governance. The study findings align against Masruhin & Kaukab (2019), Nurhalimah et al.(2024), and Ego & Suartana (2025) which prove that budget clarity has a positive effect on the effectiveness of village fund management.

Leadership Commitment Moderates the Influence of Apparatus Competence on the Effectiveness of Village Financial Management

The statistical results show a path coefficient score 0.278 and P-value <0.001. So capable therefore can be stated if leadership commitment strengthens the competence of the apparatus in terms of the effectiveness of village financial management. This indicates if there is synergy with subordinates, joint decision-making, appreciation of subordinates' potential, and the opportunity for officials to express criticism, suggestions, and opinions can enhance the role of officials' competence. This makes the implementation of village financial management more effective. Respondents' responses indicate that leaders assign tasks according to the potential of their subordinates. This allows officials to carry out their responsibilities optimally because the tasks assigned are tailored to their respective abilities and expertise. This condition reflects that leadership support has encouraged officials to work with more confidence, be more focused, and be able to complete tasks well om

village financial management. These findings aligned to research by Fatolosa Hulu & Rida Rahim (2022) and Masruhin & Kaukab (2019), which shows that leadership and the competence of apparatuses produce a positive effect on village budget management. That's it confirms so combination of leadership commitment and competent apparatuses including the main aspects of realizing effective village financial management. From the perspective of Stewardship Theory, it emphasizes that village leaders respond to the needs of the population and encourage officials to work professionally. Meanwhile, New Public Management (NPM) emphasizes professionalism, accountability, and results orientation in village fund management. This study also shows that the moderating leadership impact commitment on ability of the apparatus on the effectiveness of village financial management ($X1 \rightarrow Y$) is quasi-moderation, which is a variable that moderates the correlation of the independent variable and the dependent variable. Where the quasi moderating variable is correlated with the independent variable while also acting as an independent variable (Sharma et al., 1981).

Leadership Commitment Moderates the Influence of Community Participation on the Effectiveness of Village Financial Management

Statistical results indicated path coefficient score 0.232 and P-value <0.001 . So capable therefore can be stated if leadership commitment strengthens community participation in the effective management of village finances. This condition shows that when village leaders implement participatory leadership, correlation of shared community participation effective management of village finances becomes stronger. Leaders who build cooperation with officials, involve subordinates in decision-making, appreciate the potential of subordinates, and listen to criticism, suggestions, and opinions from subordinates are able to create a more open and communicative work atmosphere. This provides support for officials in facilitating community participation in design, monitoring, and evaluation of activities that use village funds. In addition, the respondents agreed that leaders assign tasks according to the potential of their subordinates, which shows that leaders are able to place officials in the right work positions so that the implementation of tasks is optimal and supports the success of village financial management. Such aspects are in harmony with research by Fatolosa Hulu & Rida Rahim (2022) and Sriani (2021), which states that Leadership and community participation have a positive impact on village fund management. That's it condition indicates if higher the commitment of leadership, the more it encourages community involvement and participation in village financial management. Conceptually, These the findings are in line with Stewardship Theory, in where leaders act in the public interest and encourage those they lead to contribute to community service. In the view of New Public Management (NPM), leadership commitment will increase the professionalism, performance, and accountability of officials. Thus, community participation can provide more tangible and effective results in village financial management. This study also shows that the moderating leadership impact commitment on bureaucratic competence regarding the effectiveness of village fund management ($X2 \rightarrow Y$) is quasi-moderation, which is a variable that moderates the relationship between the independent as well as the dependent variable. Where the quasi moderating variable is correlated with the independent variable while also acting as an independent variable (Sharma et al., 1981).

Leadership Commitment Moderates the Influence of Budget Clarity on the Effectiveness of Village Financial Management

Statistical results indicated path coefficient score 0.166 with a P-value of 0.008. Although significant, findings between study indicate that leadership commitment does not produce a function that is closely related to this aspect strengthening correlation of budget clarity and the effectiveness of village financial management. Leaders who cooperate with subordinates, make joint decisions, appreciate the abilities of subordinates, and open space for criticism and suggestions should be capable of developing contribution of officials in village financial management. However, some respondents disagreed that the village head involved village officials in every important decision. This indicates that participatory leadership is not yet optimal. Leaders who work together with their subordinates, make joint decisions, appreciate the abilities of their subordinates, and open space for criticism and suggestions should be able to add contribution of the apparatus in village financial management. However, some respondents disagreed that the village head involved the village apparatus in every important decision, indicating that participatory leadership was not yet optimal.

This finding differs from Masruhin & Kaukab (2019), who stated that organizational commitment and detailed budget targets have a positive impact on village fund management, but is consistent with Jabida Latuamury (2022), who found if organizational commitment does not have a significant impact. That explains such leadership commitment is not always a major factor, especially when financial management is standardized through clear regulations and procedures. Theoretically, these results are in line with Stewardship, where leaders act in population needs and encourage officials to work collectively and responsibly. Similarly, the New Public Management (NPM) perspective emphasizes professionalism, efficiency, results-

based accountability, and community involvement. This study also indicates if moderating effect of leadership commitment on bureaucratic competence on the effectiveness of village financial management ($X_3 \rightarrow Y$) is quasi-moderation, which is a variable which moderates the correlation of the independent and dependent variables. Where the quasi-moderating variable is correlated with the independent variable and has a function independent variable (Sharma et al., 1981).

5. CONCLUSION

According to the findings this study, can be stated if competence of the apparatus, community participation, and budget clarity has a positive and significant impact on village effectiveness financial management. This study also found that leadership commitment strengthens the influence of the competence of the apparatus on the effectiveness of village financial management. Similarly, leadership commitment strengthens the influence of community participation for village effectiveness financial management. However, leadership commitment weakens the influence of budget clarity regarding the effectiveness of village financial management. Leadership commitment is a quasi-moderator. The implications of these research results indicate the need to improve the competence of the apparatus through continuous training making village financial management more likely to be accountable targeted. Community participation also needs to be expanded at every stage of development to strengthen transparency and public control. In addition, details of the funding target must be continue to be improved so that program implementation is more focused and the results can be measured properly. Participatory leadership commitment that is the main aspect supporting aspect on optimizing the performance of the apparatus and encouraging community involvement so that the effectiveness of Village Fund management is capable maximized. Recommendations for further research include expanding the scope to cover all villages in a single district. Further research could also examine the issue from a different perspective, namely that of the community. Additionally, for further research, leadership commitment could be re-examined as an independent variable or a mediating variable.

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