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Implementing Financial Management in Increasing Community Participation through Village Fund Accountability, in Taloto Village, Seko District, North Luwu Regency

Gibeon Mangngiri [1*] *Edwin Basmar* [2], *Harlina Liong* [3]

[1,2,3]*STIE Amkop Makassar, Makassar City, South Sulawesi, Indonesia*

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*Corresponding author.
E-mail addresses: gibeonmangiri@gmail.com

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Conflict of Interest Statement:

The authors declare that this research was conducted independently and without any involvement of commercial, financial, or other external interests that could be perceived as having the potential to influence the objectivity, integrity, or outcomes of the study.

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Abstract

Purpose: This study aims to examine the effect of Budget, Financing, and Revenue on Accountability, and how these factors contribute to increasing community participation in Taloto Village, Seko District, North Luwu Regency.

Research Design and Methodology: This research employed a quantitative approach with a focus on individuals within a group. Data were analyzed using multiple linear regression analysis with the assistance of SPSS 25. A total of 92 respondents were sampled for this study.

Findings and Discussion: The results indicate that Budget does not have a significant effect on Accountability, and Financing also does not significantly influence Accountability. However, Revenue has a significant positive impact on Accountability. Furthermore, Accountability significantly affects community participation. When analyzed simultaneously, Budget, Financing, Revenue, and Accountability together have a significant effect on community participation.

Implications: The findings suggest that while Budget and Financing alone may not directly enhance accountability, Revenue plays a crucial role in strengthening accountability, which in turn promotes greater community participation. Policy-makers and village administrators should focus on optimizing revenue management and accountability mechanisms to encourage active community involvement in local governance.

Introduction

Community participation reflects the active involvement of citizens in decision-making processes and the implementation of programs that directly affect their lives. Such participation is widely recognized as an integral aspect of development, as it ensures that policies and decisions are aligned with the needs and aspirations of the community. Active engagement of community members plays a significant role in enhancing the accountability of village fund management, as it ensures that the allocation and utilization of village funds are conducted transparently and responsibly. High-quality participation can also contribute independently to community empowerment (Aprilya & Fitria, 2020).

In addition, community participation strengthens transparency and accountability within local governance structures. Higher levels of engagement enable residents to monitor program implementation more effectively, which in turn improves social welfare (Kuswanti, 2020). Active participation serves as a key mechanism for villages to achieve greater transparency and accountability. The close connection between participation, welfare, transparency, and accountability suggests that increasing community involvement not only amplifies citizen voices but also enhances the overall quality of life in the community (Sofia et al., 2023).

Previous studies have emphasized the importance of community participation in village fund management, highlighting that ideal engagement strengthens accountability through improved transparency and organizational commitment (Aprilya & Fitria, 2020). Furthermore, the degree of citizen involvement has been shown to correlate positively with collective welfare, reinforcing the necessity of active participation in local decision-making processes (Kuswanti, 2020).

Despite these ideals, a persistent gap exists between policy intentions and practical implementation. In many regions, community participation in village fund management remains low (Pebrianti, 2021), often due to limited understanding of fund management processes, insufficient access to information, or inadequate mechanisms for citizen involvement (Sofia et al., 2023). As a result, development programs funded by village funds may fail to fully address community needs, and the sense of ownership over development outcomes may be diminished.

Focusing on village financial management, this study investigates how appropriate budget allocation and resource management can stimulate community participation in Taloto Village. Research on this topic has not yet fully explored the role of village financial management in fostering citizen engagement through accountability mechanisms at the local level. This study addresses this gap by analyzing the influence of village budget, financing, and revenue on accountability, as well as the subsequent effect on community participation in Taloto Village, Seko District, North Luwu Regency.

By examining the interplay between financial management and accountability, this research provides empirical evidence on how structured budgetary and revenue management can enhance citizen engagement and participatory governance. Insights gained from this study are expected to inform improvements in village fund management practices and promote higher levels of community participation, contributing to more transparent, accountable, and inclusive local development.

Literature Review

Economic Growth Theory

According to Milton Friedman, economic growth is primarily influenced by the growth of money supply rather than fiscal policy. Friedman's theory of economic growth emphasizes several key aspects that affect economic development, particularly in the context of money management and economic policy. One crucial aspect is the role of money in the economy, as the amount of money used in financial transactions significantly impacts economic growth. Controlling the money supply is therefore essential for maintaining economic stability and fostering growth (Series, 2007). Financial stability and economic growth promote the formation of financial circulation, facilitating faster financial flows and contributing to the development of efficient financial markets.

Friedman (1957) argued that economic growth is strongly supported by monetary policies aligned with the principles of classical economics proposed by Adam Smith (1972), which highlight that economic growth is driven by the balance between demand and supply in financial markets. While classical theory emphasizes long-term financial equilibrium, it does not fully account for short-term financial dynamics (Larson, 2015). Friedman's ideas also align with certain Keynesian perspectives, suggesting that government policies can maximize financial stability and economic growth, assuming minimal influence from internal and external economic pressures.

Accountability in Village Development

Accountability, as defined in the Kamus Besar Bahasa Indonesia (KBBI), refers to responsibility or a state that can be held accountable. According to Mardiasmo, as cited by Aminuddin Ilmar, accountability is the obligation to be responsible for both the successes and failures in executing organizational missions to achieve planned objectives. It encompasses the responsibility to implement policies and manage resources while providing periodic reports on performance. Mahsun, Sulistyowati, and Purwanugraha (2012:32) emphasize that accountability involves managing entrusted resources and implementing necessary policies consistently and systematically (Kuswanti, 2020). In government administration, public sector management, and financial oversight authorities, effective accountability requires adherence to several principles. First, the primary focus should be achieving the organization's mission, vision, and intended outcomes. Second, compliance with values such as innovation, transparency, honesty, and objectivity is essential, which involves updating procedures, preparing accountability reports, and measuring performance. Third, systems must align with existing laws and regulations to ensure consistent resource utilization. Fourth, information regarding targets and achievements should be communicated clearly. Finally, leaders and staff must demonstrate a commitment to responsible organizational management.

Community Participation

Participation is defined as the voluntary contribution of individuals or groups in decision-making processes, involving mental and emotional engagement to achieve goals that enhance their quality of life. It represents both the personal involvement and responsibility of community members in supporting collective objectives (Hakim, 2017). Community participation is essential for the success and sustainability of development programs, as it ensures that activities reflect the actual needs and aspirations of the community. Active involvement of citizens in village fund management is particularly significant, as it impacts the effectiveness of development initiatives at the local level. Participation goes beyond decision-making to include engagement in all stages, from planning to implementation and evaluation. Its importance lies in enhancing transparency, trust, and accountability in fund utilization. By incorporating the community, village authorities can ensure that programs are aligned with local priorities and deliver tangible benefits. Five key aspects support effective participation in village fund management: transparency, trust, benefits, responsibility, and practical implementation. Each of these aspects interacts to create a more efficient and community-centered system for managing village funds.

Research Design and Methodology

Research Design

This study employs a quantitative research approach, which emphasizes the collection and analysis of numerical data to test hypotheses and address research questions. Quantitative methods are commonly used in both social and natural sciences to obtain objective and measurable information. The research design combines both descriptive and causal approaches. The descriptive design aims to describe the current state of village financial management and accountability through the measurement of relevant variables. The **causal design** seeks to identify the relationships between village financial management and community participation through the accountability of village fund.

The study was conducted in Taloto Village, Seko District, North Luwu Regency, over a period of approximately two months, from May to June 2025. This location was chosen because the research subjects include both the residents and village officials, including members of the Village Consultative Body (BPD), making the sample representative of the population under investigation.

Population and Sampl

The population in this study consists of all residents of Taloto Village, Seko District, North Luwu Regency, including village officials and members of the Village Consultative Body. The total population comprises 1,143 individuals, based on official data obtained from the Village Head at the Taloto Village Office. According to Sugiyono (2001), a sample is a subset of the population that represents the characteristics of the larger group. Studying the entire population may be impractical, especially for large populations, making sampling essential. In this study, the sample size was determined using the **Slovin formula** as recommended by Sugiyono (2020):

$$n = \frac{N}{1 + N \cdot e^2}$$

Where: n = sample size; N= population size = 1,143; e = tolerated error rate = 0.1 (10%).
Calculation:

$$(0{,}1)^2 = 0{,}01$$
$$1{,}143 \cdot 0{,}01 = 11{,}43$$
$$1 + 11.43 = 12.43$$
$$n = \frac{1.143}{12.43} = 91.9 \approx 92$$

Thus, the determined sample for this study consists of 92 respondents.

Data Analysis Tools

The data analysis in this study utilizes multiple linear regression analysis with the assistance of the Statistical Package for the Social Sciences (SPSS) version 25. Multiple linear regression is employed to present and interpret data numerically. The data collected in this research are of an ordinal scale (Sugiyono, 2019). This method allows the examination of the effect of independent variables, such as village budget, financing, and revenue, on dependent variables like accountability and community participation.

Findings and Discussion

Findings

Respondent Characteristics and Descriptive Statistics

The study involved 92 respondents from Taloto Village, Seko District, North Luwu Regency. Based on gender, 43.5% of respondents were male and 56.5% were female. Age distribution indicated that the largest group of respondents was aged 20–25 years (29.3%), followed by 41–45 years (18.5%). Other age groups included 26–30 years (13.0%), 31–35 years (14.1%), 36–40 years (13.0%), 46–50 years (7.6%), 51–55 years (1.1%), and 56–60 years (3.3%).

Regarding educational background, most respondents had completed elementary school (35.9%), while 23.9% had attended high school, 18.5% junior high school, and 15.2% had never attended school. Only a small portion of respondents held diploma (D3, 2.2%), undergraduate (S1, 3.3%), and postgraduate (S2, 1.1%) degrees. Occupation data showed that the majority were farmers (79.3%), followed by housewives (13.0%), clergy (3.3%), village officials (kades, 2.2%; kadus, 1.1%), and civil servants (1.1%).

Descriptive statistics for the key variables showed that the village budget had a mean of 16.10 (SD = 3.797), financing 16.89 (SD = 3.963), revenue 16.55 (SD = 4.077), accountability 45.86 (SD = 12.408), and community participation 37.37 (SD = 14.172).

Validity and Reliability Tests

The validity test results indicated that all items for the variables of village budget, financing, revenue, accountability, and community participation were valid, as the calculated correlation coefficients (r) exceeded the critical value of 0.205. Reliability analysis showed that all variables had Cronbach's alpha values above 0.60: village budget (0.611), financing (0.636), revenue (0.626), accountability (0.918), and community participation (0.939), confirming that the instruments were reliable.

Classical Assumption Tests

According to Normality Test, the Kolmogorov-Smirnov test for unstandardized residuals showed a significance value of 0.200, indicating that the data were normally distributed. According to Multicollinearity Test, Variance inflation factor (VIF) values for village budget (1.064), financing (1.116), revenue (1.124), and accountability (1.118) were all below 10, while tolerance values exceeded 0.10, indicating that multicollinearity was not present. According to, Heteroscedasticity Test, Significance values for village budget (0.079), financing (0.512), revenue (0.072), and accountability (0.514) were all greater than 0.05, confirming the absence of heteroscedasticity in the data

Multiple Linear Regression Analysis

Multiple linear regression analysis was performed to examine the effect of village budget, financing, revenue, and accountability on community participation. The results indicated that accountability ($\beta = 0.327$, $t = 2.721$, $p = 0.008$) had a significant positive effect on community participation. In contrast, village budget ($\beta = 0.324$, $t = 0.845$, $p = 0.400$), financing ($\beta = -0.406$, $t = -1.079$, $p = 0.283$), and revenue ($\beta = 0.458$, $t = 1.248$, $p = 0.215$) did not show significant effects individually.

Hypothesis Testing

According Partial (t-test) results, the t-test results revealed that the village budget ($t = -0.159$, $p = 0.874$) and financing ($t = -1.602$, $p = 0.113$) had no significant effect on accountability. Revenue ($t = 2.955$, $p = 0.004$) positively influenced accountability, while accountability ($t = 3.354$, $p = 0.001$) significantly affected community participation. According to Simultaneous (F-test) results, the ANOVA test showed $F = 3.498$, $p = 0.011$, indicating that village budget, financing, revenue, and accountability together significantly influenced community participation. Thus, Coefficient of Determination (R^2) value was 0.099, suggesting that 9.9% of the variation in community participation could be explained by village budget, financing, revenue, and accountability, while the remaining 90.1% was influenced by other factors not included in the model.

Discussion

The Effect of Village Budget on Accountability in Village Fund Management

A budget is a financial plan for a future period, identifying objectives and the actions required to achieve them (Hansen & Mowen, 2006). It details the allocation of resources, both in the form of funds and goods, to achieve specific goals within a designated timeframe. In government or organizational contexts, a budget encompasses planned expenditures for programs and activities, as well as anticipated revenues. It serves as a control and planning tool, enabling efficient and effective resource management and promoting accountability in the use of public funds.

The results of this study indicate that the village budget does not have a significant effect on accountability in Taloto Village, Seko District, North Luwu Regency. While a positive relationship suggests that better-managed or increased budgets could enhance financial management, the effect on accountability is not statistically significant. This implies that budget management in Taloto Village has not yet fully translated into accountable financial practices. These findings contrast with previous research by Wardani and Silvia (2021), which reported a significant positive effect of budgeting on accountability (Anggaran et al., 2021).

The Effect of Financing on Accountability in Village Fund Management

Financing refers to funds provided by one party to another to support planned investments, whether internally or through institutions (Rianto & Arif, n.d.). It involves acquiring the necessary resources to implement specific activities or projects, including government budgets, loans, grants, and private investments, all aimed at supporting various programs. The primary objective of financing is to ensure sufficient resources are available to achieve predetermined targets and to foster sustainable growth and development.

Based on the findings, financing does not significantly influence accountability in village fund management. Although financing is intended to support planned activities, it has not yet translated into accountable practices in Taloto Village. As a result, community involvement in overseeing financial projects remains limited, indicating a gap in the transparency and responsibility of financing mechanisms at the village level.

The Effect of Revenue on Accountability in Village Fund Management

Revenue refers to income generated from normal operational activities, including sales, service fees, interest, dividends, royalties, and rents. In the context of village administration, revenue represents the total financial resources received to fund development programs and activities. These sources include Village Original Revenue (PADes) from local levies and businesses, transfers from central or regional governments such as village funds, as well as contributions, grants, or loans for specific projects. Revenue plays a crucial role in enhancing community welfare, improving infrastructure, and supporting sustainable development initiatives.

The results indicate that revenue has a significant positive effect on accountability in Taloto Village. This suggests that as revenue increases or is managed effectively, accountability in financial management also improves. A strong relationship between revenue and accountability demonstrates that transparent and responsible handling of village income enhances the capacity of local governments to meet development objectives, ultimately fostering higher levels of community participation.

The Effect of Accountability on Community Participation

Accountability is the responsibility of individuals or organizations to explain, justify, and report their actions, decisions, and use of resources. In governance, accountability encompasses transparency in decision-making, accurate financial reporting, and responsibility to stakeholders, ensuring that all actions conform to ethical standards and regulations. According to Friedrich and Brandi, accountability entails the ability to be held responsible for actions and the obligation to provide relevant information to stakeholders.

This study found that accountability significantly and positively affects community participation in Taloto Village. Higher levels of accountability are associated with increased citizen engagement, indicating that transparent and responsible management practices encourage community involvement in local governance. These findings align with Lasa and Lestari (2019), who reported a positive and significant relationship between accountability and community participation.

The Simultaneous Effect of Budget, Financing, Revenue, and Accountability on Community Participation

The village budget, financing, revenue, and accountability collectively influence community participation. The budget provides a plan for resource allocation, financing ensures the availability of funds for projects, revenue represents the total income for village programs, and accountability ensures responsible management of resources. The simultaneous test in this study confirmed that these four variables significantly affect community participation ($F = 3.498$, $p = 0.011$).

This finding indicates that accountability plays a critical role in mediating the relationship between financial management and community engagement. Effective management of budgets, financing, and revenue, when combined with high accountability, fosters greater citizen participation. Conversely, inadequate accountability in managing village funds may reduce community involvement. Therefore, transparent and responsible financial management across budgeting, financing, and revenue collection is essential to promote active participation and achieve the objectives of village development programs

Conclusion

Based on the results and discussion of this study, it can be concluded that the village budget does not have a significant effect on accountability in Taloto Village, Seko District, North Luwu Regency. Similarly, financing does not have a significant positive impact on accountability in village fund management. In contrast, revenue demonstrates a significant positive effect on accountability, indicating that effective management or an increase in revenue leads to higher accountability. Accountability itself has a significant positive influence on community participation, meaning that the more transparent and responsible the management of village funds, the higher the level of citizen engagement. Furthermore, when considered simultaneously, the village budget, financing, revenue, and accountability collectively have a significant impact on community participation. This implies that improvements in these financial management components, along with accountability, contribute directly to increasing community involvement, highlighting the crucial role of responsible and well-managed village funds in fostering active citizen participation.

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