

THE INFLUENCE OF COMMUNITY PARTICIPATION, TRANSPARENCY IN VILLAGE FUND MANAGEMENT, AND DIGITAL COMPETENCE OF VILLAGE OFFICIALS ON THE EFFECTIVENESS OF VILLAGE FUND UTILIZATION, WITH THE ROLE OF VILLAGE FACILITATORS AS A MEDIATING VARIABLE



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Abstract

This study examines the influence of community participation, transparency in village fund management, and the digital competence of village officials on the effectiveness of village fund utilization, with village facilitators serving as a mediating variable. The study addresses the issue of suboptimal village fund management and inconsistent findings in previous studies regarding factors influencing utilization effectiveness. In particular, this research highlights the intermediary role of village facilitators, which has received limited attention in previous literature. This study employs a quantitative approach using Partial Least Squares-Structural Equation Modeling (PLS-SEM). The sample consists of 128 village officials from Bae District, Kudus Regency, selected using a saturated sampling technique. Data were analyzed to examine the direct and indirect relationships among variables. The results indicate that community participation, transparency in village fund management, and the digital competence of village officials positively and significantly influence the effectiveness of village fund utilization. These variables also positively affect the role of village facilitators. Furthermore, village facilitators significantly influence the effectiveness of village fund utilization and mediate the relationship between community participation, transparency, digital competence, and utilization effectiveness. The findings suggest that effective village fund governance depends not only on internal administrative capacity but also on participatory governance, transparency, and institutional support through village facilitators. This study reinforces Stewardship Theory in the context of village governance and provides practical implications for policymakers and village governments in improving accountability, transparency, and the digital competence of village officials to support sustainable village development.

Keywords: Community Participation, Transparency, Digital Competence, Village Facilitators, Effectiveness

INTRODUCTION

Regional autonomy in Indonesia represents the implementation of a decentralization policy that grants authority and responsibility to local governments to independently regulate and manage governmental affairs in accordance with the principles of autonomy and oversight, as stipulated in Law No. 23 of 2014 concerning Regional Government. This policy aims to improve efficiency in resource management, accelerate equitable development, and strengthen transparency and accountability in public financial management. One of the concrete manifestations of this policy is the Village Fund program, which is sourced from the State Budget (APBN) and allocated directly to villages to support rural development and community empowerment (Aziz, 2022).

Villages hold a strategic position in national development because they are the governmental units closest to the community and serve as the primary arena for implementing public policies. Since the majority of Indonesia's population resides in rural areas, the success of village development significantly influences national welfare and socioeconomic improvement. Therefore, the effectiveness of Village Fund utilization has become an important priority in achieving sustainable rural development. The effectiveness of Village Fund utilization can be reflected through the achievement of development objectives, timeliness of implementation, and the benefits generated for the community (Sari, 2021). In this context, Village Fund management should be carried out in accordance with the principles of good governance, including transparency, accountability, participation, effectiveness, and efficiency (Widiyana et al., 2023).

Despite its strategic importance, Village Fund management in practice still faces various challenges that may hinder the achievement of development goals. Several recurring problems include low levels of community participation in planning and monitoring processes, limited transparency in disseminating financial information, and inadequate competencies among village officials, particularly in the use of digital technology (Dukalaa et al., 2022). These conditions indicate that the management and utilization of Village Funds have not yet been fully optimized, thereby potentially reducing their effectiveness in supporting village development and public welfare.

Based on the researcher's observations and interviews, community participation has been facilitated through Village Deliberation (Musdes) forums as part of development planning activities. Transparency efforts have also been implemented through public dissemination of reports and financial information to the community. In addition, village officials have utilized digital applications such as the Village Financial System (SISKEUDES) to support financial administration and reporting processes. Village facilitators have also provided guidance and assistance to village officials to ensure that village fund management complies with applicable regulations. Nevertheless, several challenges remain, including limited public understanding, unequal access to information, and the suboptimal ability of village officials to utilize digital technology effectively. These issues may ultimately affect the effectiveness of Village Fund utilization.

Previous studies have produced inconsistent findings regarding the determinants of Village Fund utilization effectiveness. Several studies reported that community participation and transparency positively influence the effectiveness of Village Fund management (Masruroh et al., 2023). However, other studies found that community participation does not significantly affect the effectiveness of Village Fund utilization (Agustina & Gunawan, 2022). Inconsistent findings were also identified regarding the competencies of village

officials, particularly digital competence (Hafizurrahman et al., 2022). These inconsistencies indicate the existence of a research gap that requires further investigation.

Furthermore, most previous studies have focused primarily on the direct influence of participation, transparency, and competence variables without considering the intermediary role of village facilitators. In fact, village facilitators play a strategic role in encouraging participatory, transparent, and accountable village governance, particularly in the planning, implementation, and monitoring of village development programs (Okem et al., 2024). Therefore, this study seeks to address the existing research gap by examining the role of village facilitators as a mediating variable in the relationship between community participation, transparency in village fund management, and the digital competence of village officials on the effectiveness of Village Fund utilization. This study is expected to provide both theoretical contributions to the development of public sector governance literature and practical implications for improving the quality and effectiveness of village fund management in Indonesia.

REVIEW OF LITERATURE

Stewardship Theory

This study is grounded in Stewardship Theory introduced by Donaldson and Davis (1991). Stewardship Theory explains that leaders or managers are not merely driven by personal interests but are more oriented toward achieving organizational goals and collective welfare. In the context of village governance, village officials act as stewards who are expected to prioritize public interests and support the achievement of village development objectives through responsible and accountable governance practices.

The principles of stewardship emphasize trust, responsibility, collaboration, and commitment to collective interests. Therefore, the effectiveness of Village Fund management is influenced not only by the competence of village officials but also by community participation, transparency in governance, and support from village facilitators. This theory is relevant for explaining the relationships among community participation, transparency, digital competence, the role of village facilitators, and the effectiveness of Village Fund utilization. Through the stewardship perspective, all stakeholders involved in village governance are expected to work collaboratively to achieve effective, transparent, and accountable management of Village Funds.

Community Participation

Community participation is an essential element in village governance, particularly in the management of Village Funds. Community participation refers to the active involvement of citizens in decision-making processes, implementation of development programs, and monitoring of village activities. According to Samaun et al. (2022), community participation reflects public awareness and responsibility in supporting development that is oriented toward collective welfare.

In democratic village governance, participation is not limited to attendance at village deliberation forums but also includes contributing ideas, engaging in development activities, and evaluating government programs. Active participation helps ensure that village development programs are aligned with community needs and priorities. Consequently, a higher level of community participation is expected to improve the effectiveness of Village

Fund utilization because the implemented programs become more targeted, relevant, and beneficial to society.

Transparency in Village Fund Management

Transparency is one of the fundamental principles of good governance, particularly in public financial management. Transparency in Village Fund management refers to the openness of the village government in providing clear, accessible, and accurate information regarding the planning, allocation, implementation, and reporting of Village Funds. According to Moniung et al. (2023), transparency enables the community to understand and monitor the entire financial management process.

The implementation of transparency can be carried out through village meetings, publication of financial reports, budget information boards, and other public information channels. Transparent governance is important for strengthening public trust and minimizing the potential for misuse of Village Funds (Dukalaa et al., 2022). Therefore, greater transparency is expected to encourage more effective Village Fund utilization because it enhances public oversight and accountability in village governance.

Digital Competencies of Village Officials

Digital competence refers to the ability of village officials to utilize information and communication technology in carrying out governmental duties, especially in village financial management. These competencies include operating village financial applications, managing digital data, and utilizing technology to improve public services. Wahidin (2021) states that digital competence plays an important role in improving the performance and effectiveness of village administration in the era of digital governance.

The increasing implementation of digital systems, such as the Village Financial System (SISKEUDES), requires village officials to possess adequate technological skills. Village officials with strong digital competence are more capable of improving work efficiency, ensuring accurate data management, and supporting transparency in Village Fund management. Conversely, limited digital competence may hinder the optimal utilization of technology and reduce the effectiveness of fund management. Therefore, digital competence is considered an important factor influencing the effectiveness of Village Fund utilization.

Effectiveness of Village Fund Utilization

The effectiveness of Village Fund utilization refers to the extent to which Village Funds are managed and utilized successfully to achieve village development objectives. Effectiveness is not only measured by budget absorption but also by the extent to which development programs provide real benefits to the community and address village priorities. In this context, effectiveness reflects the ability of village governments to allocate, implement, and account for Village Funds appropriately and efficiently.

Effective utilization of Village Funds is expected to improve community welfare, reduce development disparities, and strengthen village independence. Previous studies suggest that the effectiveness of Village Fund utilization is influenced by several factors, including community participation, transparency, the competence of village officials, and the role of village facilitators (Ludiharto et al., 2023). High community participation helps ensure that development programs correspond to community needs (Hatu et al., 2024), while transparency strengthens public trust and reduces the risk of irregularities (Telaumbanua et al., 2025). Furthermore, competent village officials supported by effective management

systems are more likely to improve the sustainability and effectiveness of Village Fund utilization (Polutu et al., 2022).

The Role of Village Facilitators

Village facilitators are development assistants responsible for supporting village governments in implementing development programs and community empowerment activities. Their role extends beyond technical assistance to include functions as facilitators, mediators, coordinators, and motivators in village development processes. According to Okem et al. (2024), village facilitators play a strategic role in strengthening the capacity of village officials and encouraging active community participation.

In Village Fund management, village facilitators assist village governments in ensuring that planning, implementation, and reporting processes are carried out in accordance with applicable regulations. They also provide technical guidance regarding administration, financial management, and the use of digital systems such as SISKEUDES. The presence of village facilitators is therefore essential in supporting transparency, accountability, and effective governance.

The role of village facilitators in providing guidance, supervision, and communication between village governments and communities can significantly improve the effectiveness of Village Fund management (Telaumbanua et al., 2025). However, several obstacles remain, including low community participation, limited infrastructure, and inadequate human resources at the village level (Calundu, 2024). Therefore, village facilitators are considered an important mediating factor in strengthening the relationship between governance variables and the effectiveness of Village Fund utilization.

Hypotheses Development

Based on the theoretical framework and previous empirical studies, the hypotheses proposed in this study are as follows:

H1: Community participation has a positive effect on the effectiveness of Village Fund utilization.

H2: Transparency in Village Fund management has a positive effect on the effectiveness of Village Fund utilization.

H3: The digital competence of village officials has a positive effect on the effectiveness of Village Fund utilization.

H4: Community participation has a positive effect on the role of village facilitators.

H5: Transparency in Village Fund management has a positive effect on the role of village facilitators.

H6: The digital competence of village officials has a positive effect on the role of village facilitators.

H7: The role of village facilitators has a positive effect on the effectiveness of Village Fund utilization.

H8: Community participation influences the effectiveness of Village Fund utilization through the mediating role of village facilitators.

H9: Transparency in Village Fund management influences the effectiveness of Village Fund utilization through the mediating role of village facilitators.

H10: The digital competence of village officials influences the effectiveness of Village Fund utilization through the mediating role of village facilitators.

RESEARCH METHOD

This study employs a quantitative associative research design aimed at examining the direct and indirect relationships among the variables under investigation. The quantitative approach is considered appropriate because this study seeks to analyze causal relationships between community participation, transparency in village fund management, digital competence of village officials, the role of village facilitators, and the effectiveness of Village Fund utilization. The research was conducted in Bae Subdistrict, Kudus Regency, which consists of 10 villages. This area was selected because Village Funds play an important role in supporting rural development and community empowerment, particularly in agrarian communities and growing microenterprise sectors.

The population of this study comprised all village officials involved in Village Fund management in Bae Subdistrict, Kudus Regency, totaling 128 respondents across the 10 villages. The study applied a saturation sampling technique, in which the entire population was included as research respondents. The use of saturation sampling ensures that all relevant stakeholders involved in Village Fund management are adequately represented in the study. The respondents consisted of Village Heads, Village Secretaries, Finance Officers, General Affairs Officers, Planning Officers, Government Section staff, Welfare and Services Section staff, members of the Village Consultative Body (BPD), and village facilitators.

The study utilized primary data collected through questionnaire distribution. Prior to the main data collection process, a pilot study involving 20 respondents was conducted to test the validity and reliability of the research instrument. This pilot testing was intended to ensure that all questionnaire items were appropriate, reliable, and capable of accurately measuring the variables under study. Following the pilot study, the main questionnaires were distributed to the remaining 108 respondents. In addition, preliminary interviews were conducted to support and strengthen information related to Village Fund management practices in the research area.

The questionnaire was developed based on the indicators of each research variable and measured using a five-point Likert scale ranging from strongly disagree to strongly agree. The use of a Likert scale facilitates the measurement of respondents' perceptions, attitudes, and experiences regarding Village Fund management.

Data analysis was carried out using Partial Least Squares-Structural Equation Modeling (PLS-SEM) through the SmartPLS version 4 application. The application of PLS-SEM is considered appropriate because the research model involves complex relationships and mediating effects among variables. Furthermore, PLS-SEM allows simultaneous testing of both the measurement model and the structural model, enabling comprehensive analysis of the proposed hypotheses. This analytical approach is also suitable for predictive research models and studies involving multiple latent variables and mediation relationships.

RESULTS AND DISCUSSION

Convergent Validity Test

Convergent validity testing is used to measure the correlation between constructors and latent variables. The test is conducted by examining the *Average Variance Extracted* (AVE) value, where a construct is considered valid if it has an AVE value greater than 0.50. The AVE test results for each variable are presented in the following table:

Table 1.
Convergent Validity Test Results (AVE)

Variable	AVE	Description
Community Participation (X1)	0.676	Valid
Transparency in Village Fund Management (X2)	0.694	Valid
Digital Competence of Village Officials (X3)	0.721	Valid
Role of Village Facilitators (Z)	0.641	Valid
Effectiveness of Village Fund Utilization (Y)	0.703	Valid

Source: Data Processed by SmartPls

From the table, the Average Variance Extracted (AVE) values for all variables in this study are above 0.50, so it can be concluded that all constructs have met the criteria for convergent validity. This indicates that the indicators used are capable of adequately explaining the constructs and are suitable for use in further analysis.

Discriminant Validity Test (HTMT)

Discriminant validity was tested using the *Heterotrait-Monotrait Ratio* (HTMT) approach. A construct can be said to have good discriminant validity if the HTMT's " " value is less than 0.90. This value indicates the extent to which a construct can be distinguished from other constructs in the research model. The results of the HTMT test for each relationship between variables are presented in the following table:

Table 2
Discriminant Validity Test Results (HTMT)

Variable Relationships	HTMT Value	Description
Digital Competence – Effectiveness	0.440	Valid
Participation – Effectiveness	0.570	Valid
Participation – Digital Competence	0.103	Valid
Mentor Role – Effectiveness	0.824	Valid
Mentor Role – Digital	0.417	Valid

Competence		
Mentor Role – Participation	0.431	Valid
Transparency – Effectiveness	0.574	Valid
Transparency – Digital	0.100	Valid
Competence		
Transparency – Participation	0.113	Valid
Transparency – Role of	0.459	Valid
Facilitators		

Source: Data Processed by SmartPls

Based on the test results, all HTMT values between variables are below 0.90, so it can be concluded that the model meets the criteria for discriminant validity. Although there are relatively high values, such as the relationship between the Role of Facilitators and the Effectiveness of Village Fund Utilization at 0.824, these values are still acceptable.

On the other hand, most relationships between variables showed lower values, such as Digital Competence and Effectiveness (0.440), Participation and Effectiveness (0.570), and Transparency and other variables. This indicates that each construct has distinct differences and there is no overlap between variables. Thus, all constructs in this study have met the criteria for discriminant validity, allowing the model to be used in the next stage of analysis.

Construct Reliability Test

Construct reliability was tested to ensure the internal consistency of the indicators in forming the variables. The test was conducted by examining the *Composite Reliability* (CR) and *Cronbach's Alpha* values, where a construct is considered reliable if both values exceed 0.70.

Table 3.
Results of the Construct Reliability Test

Variable	Cronbach's Alpha	Composite Reliability
Community Participation (X1)	0.947	0.952
Transparency in Village Fund Management (X2)	0.951	0.954
Digital Competence of Village Officials (X3)	0.957	0.959
Role of Village Facilitators (Z)	0.938	0.940

Effectiveness of Village Fund Utilization (Y)	0.953	0.954
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Source: Data Processed by SmartPLS

The results of the construct reliability test indicate that all variables in this study have very high Cronbach’s Alpha and Composite Reliability values, namely above 0.70. Thus, it can be concluded that all constructs have a very good level of internal consistency, so the research instrument is deemed reliable and trustworthy for consistently measuring the variables under study.

Coefficient of Determination Test (R²)

The coefficient of determination (R²) test was conducted to evaluate the explanatory power of the structural model in predicting endogenous variables. The R² results are presented in the following table:

Table 4.
Results of the Coefficient of Determination Test (R²)

Variable	R-Square	Description
(Y)	0.788	Strong
(Z)	0.457	Moderate

The R-Square value for the “Effectiveness of Village Fund Utilization” variable (Y) is 0.788, which falls into the strong category. This indicates that 78.8% of the variation in the effectiveness of village fund utilization can be explained by community participation, transparency in village fund management, digital competence of village officials, and the role of village facilitators. Substantively, this finding suggests that the effectiveness of village fund governance is highly dependent on governance quality, institutional support, and human resource capacity within village administration.

This strong explanatory power also indicates that the selected variables are highly relevant in explaining how village funds are managed effectively in practice. In particular, the findings imply that improving participatory governance, strengthening transparency mechanisms, and enhancing the competence of village officials can substantially improve the quality of village fund utilization.

Meanwhile, the R-Square value for the “Role of Village Facilitators” variable (Z) is 0.457, categorized as moderate. This indicates that community participation, transparency, and digital competence explain 45.7% of the variation in the role of village facilitators. Practically, this finding reflects that the effectiveness of village facilitators is influenced not only by governance factors examined in this study but also by other external factors such as institutional coordination, regulatory support, leadership quality, and local social dynamics.

Predictive Relevance Test (Q²)

The predictive relevance test (Q²) was conducted to evaluate the predictive capability of the research model. The Q² values for all endogenous variables were greater than zero, indicating that the model possesses satisfactory predictive relevance.

Table 5.
Predictive Relevance Test Results (Q²)

Variable	Q ² Predict	Description
Effectiveness of Fund Utilization	0.428 – 0.536	Strong prediction
Role of the Companion	0.174 – 0.357	Moderate to strong prediction

The Q²_predict results for the “Effectiveness of Village Fund Utilization” variable ranged from 0.428 to 0.536, indicating strong predictive capability. This means that the research model is not only statistically valid but also capable of predicting the effectiveness of village fund governance in real conditions. In practical terms, the model can be used as an important reference for policymakers in identifying factors that contribute to successful village fund management.

Meanwhile, the Q²_predict value for the “Role of Village Facilitators” variable ranged from 0.174 to 0.357, indicating moderate to strong predictive relevance. This finding suggests that the role of village facilitators can be reasonably predicted through participation, transparency, and digital competence variables, although other contextual factors beyond the model may also influence facilitator performance in village governance practices.

Effect Size (F²)

The effect size (F²) test was conducted to determine the relative contribution of each exogenous variable in explaining the endogenous variable.

Table 6.
Effect Size Test Results (F²)

Variable	F ²	Description
Digital Competence	0.198	Moderate
Community Participation	0.455	High
Transparency	0.438	High
Supportive Role	0.379	Large

Source: Data Processed by SmartPLS

The results indicate that community participation (0.455) and transparency in village fund management (0.438) have the largest effect sizes on the effectiveness of village fund utilization. This finding implies that participatory governance and transparency are the most dominant factors in ensuring that village funds are managed effectively and aligned with community needs. In the context of village governance, these results demonstrate that effective management is strongly associated with active community involvement and open access to financial information.

The role of village facilitators also demonstrates a substantial effect size (0.379), highlighting the importance of facilitators in strengthening coordination, supervision, and governance quality within villages. This finding confirms that village facilitators function

not merely as administrative assistants but as strategic actors who support accountability and implementation effectiveness.

Meanwhile, digital competence shows a moderate effect size (0.198). Although its influence is smaller compared to participation and transparency, digital competence remains important because it supports administrative efficiency, reporting accuracy, and the implementation of technology-based governance systems. This suggests that technological competence alone is insufficient without strong participatory and transparency mechanisms.

Model Fit Test

Model Fit Tests are used to assess the suitability of the constructed model. The general indicator reported is SRMR.

Table 7.
Model Fit Test Results

Indicator	Results	Criteria	Description
SRMR	0.066	≤ 0.08	Fit
NFI	0.646	≥ 0.90	Not a Good Fit

Source: Data Processed by SmartPLS

The SRMR value of 0.066 indicates that the discrepancy between the empirical data and the estimated model is relatively small, suggesting that the structural model adequately represents the actual conditions of village fund governance. Although the NFI value of 0.646 does not reach the ideal threshold, this does not substantially weaken the model because PLS-SEM prioritizes predictive capability and variance explanation over absolute model fit. Therefore, the model remains acceptable for explaining the relationships among governance variables in the context of village fund utilization.

Hypothesis Testing

Hypothesis testing was conducted by examining the T-statistic and P-value from the bootstrapping results at a=5%

Table 8.
Hypothesis Test Results (Direct Effect)

Hypothesis	Relationship	Coefficient	T-Statistic	P-Value	Notes
H1	Participation → Effectiveness	0.349	5.834	0.001	Accepted
H2	Transparency → Effectiveness	0.350	5.898	0.001	Accepted
H3	Digital	0.229	3.782	0.001	Accepted

	Competence →				
	Effectiveness				
H4	Participation → Role of Companion	0.365	5.351	0.001	Accepted
H5	Transparency → Role of Facilitator	0.406	6.280	0.001	Accepted
H6	Digital Competence → Role of Mentor	0.359	5.494	0.001	Accepted
H7	Role of Companion → Effectiveness	0.391	4.961	0.001	Accepted

The results of the hypothesis testing indicate that community participation, transparency in village fund management, and the digital competence of village officials have a positive and significant effect on the effectiveness of village fund utilization ($p < 0.05$). Furthermore, these three variables also have a positive and significant effect on the role of village facilitators. The role of village facilitators was subsequently found to have a positive and significant effect on the effectiveness of village fund utilization.

Table 9.
Results of the Mediation Hypothesis Test (Indirect Effect)

Hypothesis	Mediation Relationship	Coefficient	T-Statistic	P-Value	Notes
H8	Digital Competence → Mentor's Role → Effectiveness	0.140	3.045	0.002	Accepted
H9	Participation →	0.143	2.967	0.003	Accepted

	Role of Companion → Effectiveness				
H10	Transparency → Role of Facilitator → Effectiveness	0.159	3.148	0.002	Accepted

The results of the indirect effect test indicate that the digital competence of village officials, community participation, and transparency in village fund management have a positive and significant effect on the effectiveness of village fund utilization through the role of village facilitators ($p < 0.05$). Thus, all hypotheses in this study (H1–H10) are accepted.

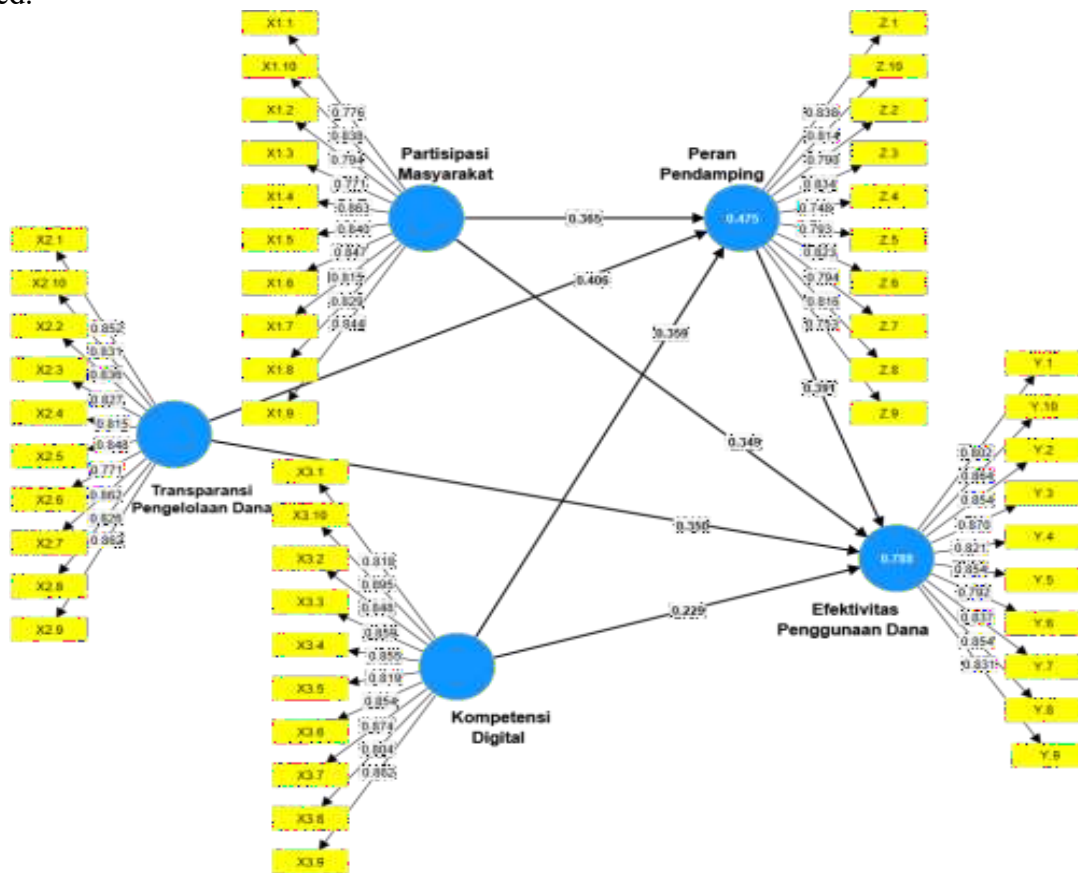


Figure 1.
Path Coefficients

Figure 1 shows the results of the structural model testing that illustrates the relationships between variables in the study. The path coefficient values indicate that all relationships between variables are positive and significant. Additionally, the R-square value

for the variable “effectiveness of village fund utilization” of 0.788 indicates that the model has strong explanatory power.

Discussion

The research findings indicate that digital competence has a positive and significant impact on the effectiveness of village fund utilization. This suggests that the ability of village officials to leverage digital technology—such as the use of village financial applications, system-based data management, and electronic reporting—can enhance efficiency, precision, and accuracy in the management of village funds. Officials with strong digital competencies tend to minimize administrative errors and enhance transparency in financial reporting. From a stewardship theory perspective, village officials, as stewards of public resources, are required to possess adequate capacity to fulfill their mandate optimally (Donaldson & Davis, 1991). In the context of Islamic economics, this reflects the principles of *amanah* and *itqan* (professionalism), where financial management must be conducted responsibly and effectively. This finding is also consistent with research (Hafizurrahman et al., 2022) stating that officials’ competencies significantly influence the quality of village financial management.

Community participation has also been proven to have a positive impact on the effectiveness of village fund utilization. Community involvement in the planning, implementation, and monitoring of village development programs ensures that fund usage aligns with community needs and priorities. The higher the level of community participation, the greater the likelihood of creating targeted and sustainable programs. This finding aligns with research (Masruroh et al., 2023), which states that community participation is a key factor in enhancing the effectiveness of village fund management. From an Islamic economics perspective, community participation reflects the principle of *consultation* (*shura*), which emphasizes collective involvement in decision-making, thereby resulting in policies that are fairer and more inclusive.

The findings demonstrate that governance-related variables, particularly participation and transparency, exert stronger influences than technological competence alone. This suggests that the effectiveness of village fund utilization is fundamentally rooted in governance quality and social accountability rather than merely administrative digitalization. Although digital competence improves efficiency and reporting accuracy, village fund governance remains highly dependent on collective involvement, public trust, and institutional transparency. Therefore, strengthening participatory governance mechanisms may produce greater practical impacts than focusing solely on technological modernization.

Transparency in village fund management also has a positive and significant impact on the effectiveness of village fund utilization. Open access to information regarding planning, implementation, and financial reporting enables the community to conduct direct oversight, thereby minimizing potential irregularities and enhancing accountability. Transparency also plays a role in increasing public trust in the village government, which ultimately leads to higher community participation. These findings align with research (Moniung et al., 2023) stating that transparency has a significant influence on village fund management. From an Islamic economics perspective, transparency reflects the principles of *shiddiq* (honesty) and *tabligh* (openness), which form the foundation of integrity in public financial management.

The role of village facilitators has proven to have the strongest influence on the effectiveness of village fund utilization compared to other variables. This indicates that

village facilitators play a strategic role in supporting sound village financial governance through facilitation activities, technical assistance, and oversight of program implementation. Village facilitators also play a role in enhancing the capacity of village officials and encouraging community participation, thereby fostering synergy between the village government and the community. These findings align with research (Okem et al., 2024), which states that village facilitators play a crucial role in enhancing the effectiveness of village development. From an Islamic economics perspective, the role of village facilitators can be linked to the concept of *hisbah*—a supervisory mechanism aimed at ensuring justice, transparency, and accountability in the management of public resources.

Furthermore, the research results indicate that village facilitators mediate the relationships among digital competencies, community participation, and transparency in the effectiveness of village fund utilization. This suggests that the presence of village facilitators not only serves as a facilitator but also strengthens the relationships among variables within the research model. Village facilitators can optimize the use of officials' digital competencies, guide more structured community participation, and ensure transparency is genuinely implemented in practice. Thus, the role of village facilitators becomes a key factor in comprehensively enhancing the effectiveness of village fund utilization.

The strong explanatory power of the model confirms that the effectiveness of village fund utilization is a multidimensional governance issue influenced by institutional, social, and managerial factors simultaneously. This finding reinforces the relevance of Stewardship Theory, which emphasizes responsibility, trust, and collective interests in public governance. In practice, village fund effectiveness cannot rely solely on formal regulations but also requires collaboration among village officials, facilitators, and the community to ensure accountable and sustainable governance.

CONCLUSION

This study aims to analyze the influence of community participation, transparency in village fund management, and the digital competence of village officials on the effectiveness of village fund utilization, with the role of village facilitators serving as a mediating variable. The findings reveal that community participation, transparency, and the digital competence of village officials each have a positive and significant effect on the effectiveness of village fund utilization. In addition, the role of village facilitators was found to significantly influence the effectiveness of village fund utilization and mediate the relationships between the independent variables and utilization effectiveness.

These findings indicate that the effectiveness of village fund governance is not determined solely by internal administrative capacity but also by collaborative governance practices involving community participation, transparency, and institutional support through village facilitators. The results further demonstrate that participatory and transparent governance mechanisms play an important role in ensuring that village funds are managed effectively, accountably, and in accordance with community needs. Meanwhile, digital competence strengthens administrative efficiency and supports technology-based governance systems in village financial management.

Theoretically, this study reinforces the relevance of Stewardship Theory in explaining village financial governance, particularly in emphasizing responsibility, trust, and collective interests in public resource management. This study also contributes to the existing literature by highlighting the mediating role of village facilitators, which has received limited attention

in previous studies. The inclusion of mediation effects provides a broader understanding of how governance factors interact to improve the effectiveness of village fund utilization.

Practically, the findings imply that village governments and policymakers should strengthen participatory governance, improve transparency in financial management, and enhance the digital competencies of village officials through continuous training and institutional support. In addition, optimizing the role of village facilitators is essential to strengthen supervision, coordination, and accountability in village fund governance. These efforts are expected to support more effective, transparent, and sustainable village development.

This study is limited by its geographical scope, which focuses only on one subdistrict, thereby limiting the generalizability of the findings to broader contexts. In addition, this study examines only selected governance variables related to village fund utilization. Therefore, future research is recommended to expand the study area, involve larger and more diverse samples, and include additional variables such as accountability, internal control systems, leadership quality, and organizational culture to provide a more comprehensive understanding of village fund governance effectiveness.

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