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DRIVERS OF ACCOUNTABILITY IN URBAN VILLAGE FUND MANAGEMENT: EMPIRICAL EVIDENCE FROM INDONESIA

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Abstract
This study examined the influence of internal control systems, utilization of information technology, competency, and leadership on the accountability of urban village fund management. Urban village funds play an important role in supporting regional development, improving the quality of public services, and fostering the potential of local communities. Therefore, the management of these funds had to be carried out accountably to ensure that budget utilization remained in accordance with applicable regulations. This research was conducted in all urban villages within Tambaksari District, Surabaya City. The study employed a quantitative approach, supported by primary data collected through questionnaires distributed to respondents. A total of 56 respondents, consisting of urban village officials from eight urban villages in Tambaksari District, participated in this study. Purposive sampling was applied as the sampling technique. Data analysis was conducted using the Partial Least Squares (PLS) method with the assistance of SmartPLS 4 software. The empirical findings indicated that internal control systems, utilization of information technology, competency, and leadership had a positive and significant effect on improving the accountability of urban village fund management. Therefore, these findings could serve as a strategic reference for urban village administrations in optimizing fund management and enhancing transparency in financial reporting.

Keywords: Internal Control System, Utilization of Information Technology, Competency, Leadership, Accountability of Urban Village Fund Management

1. Introduction

Based on Government Regulation Number 17 of 2018, the position and administrative authority of districts have been legally affirmed. Within this regulatory framework, urban villages are positioned as work units under the district that hold strategic responsibility in optimizing service delivery to the community. This regulation governs organizational structure, operational mechanisms, and the management of regional affairs so that services at the district and urban village levels can run more orderly, effectively, and accountably. In addition, strengthening the role of urban villages through the delegation of authority, budgetary support, and adequate facility availability is expected to boost service quality while comprehensively meeting community needs.

The government allocated additional General Allocation Funds (DAU) for urban village funding needs in the 2025 State Budget as a strategic measure to strengthen the quality of public services and smooth the conduct of governance at the urban village level. These funds are directed toward supporting the development of environmental facilities and infrastructure as well as reinforcing community self-reliance at the urban village level, all of which ultimately aim at improving community welfare (Pattylima et al., 2023). Although urban village funds play an important role in supporting governance and public services, their management remains vulnerable to irregularities, particularly in urban villages with limited human resources. Therefore, rigorous oversight is key to realizing accountability in the use of these funds.

The management of urban village funds demands the achievement of good governance principles, which are a primary focus in the conduct of government. As stated by Sadjijono (2007) in Maryam (2016), the concept of good governance is understood as the conduct of governmental activities that place community interests as the top priority and are carried out in accordance with applicable regulatory standards in order to realize the fundamental goals and aspirations of the nation's goal. A sound system of governance places accountability as the primary instrument in ensuring that every entity performs its functions with discipline and transparency. This principle obliges every party to report and be held responsible for its performance to the relevant authorities, so that misuse of funds can be prevented and public trust can be maintained.

To realize such accountability, an optimally implemented internal control system is required. This system plays a role in ensuring that budget preparation complies with all applicable legal and regulatory provisions, so that every planned activity can be carried out effectively with efficient use of resources (Savitri & Kurniasari, 2019). In addition to strengthening internal control, the government also develops digital systems to deliver better public services. The utilization of information technology can reduce the potential for operational irregularities, whether intentional or accidental. Through neater, more accurate, and more efficient data management processes, officials find it easier to manage and account for every activity to the community (Sarah et al., 2020).

The competency of officials is a key factor in realizing optimal accountability, because strong ability in budget management supports the effective and responsible completion of tasks (Kurniawati & Mutmainah, 2024). This condition demonstrates that the quality of fund management is highly dependent on the competency of the individuals who handle it. Urban village officials who possess sufficient capability will more easily understand procedures and carry out fund management in accordance with applicable regulations. Leadership also plays an important role in ensuring the accountability of urban village fund management, namely through providing firm direction, supervising every stage of activity, and maintaining information transparency. A firm leader helps officials work more purposefully so that the obligation to account for the use of funds to the community can be fulfilled. In addition, a leader's discipline in enforcing regulations and promoting a culture of transparency is capable of shaping a work ethic that upholds honesty and regulatory compliance.

Based on a report by Indonesia Corruption Watch (2025), as many as 73 village heads were named suspects in corruption cases throughout 2024. This data indicates that corrupt practices at the village/urban village level remain a fairly serious problem. On this basis, strengthening the accountability of urban village fund management is urgently needed to ensure transparency, prevent abuse of authority, and guarantee that budget benefits are genuinely felt by the community.

Noting the gap between empirical reality and normative expectations in urban village fund management, this study is directed at conducting an in-depth evaluation and analysis of the factors that influence the accountability of urban village fund management. The variables examined include the internal control system, utilization of information technology, competency, and leadership within the Tambaksari District, Surabaya City. The findings of this study are projected to contribute to strengthening policies and operational practices related to efforts to improve effective and responsible urban village financial governance.

The urgency of this research is driven by several critical factors. First, the high number of corruption cases at the village/urban village level in Indonesia (73 village heads named as suspects in 2024) indicates a significant threat to the integrity of fund management that requires immediate investigation (Indonesia Corruption Watch, 2025). Second, the management of urban village funds is vulnerable to irregularities, particularly in urban villages with limited human resources, necessitating empirical investigation into the factors that can strengthen accountability. Third, the inconsistency of previous research findings regarding the influence of internal control systems, information technology utilization, competency, and leadership on accountability indicates a research gap that needs to be addressed. Some studies demonstrate that these factors positively influence accountability (Afifi et al., 2021; Sari & Rohman, 2024; Savitri et al., 2022; Wijaya & Suardana, 2019), while others reveal mixed or limited effects. Fourth, the role of leadership as a driver of accountability in the urban village context has not been extensively studied, particularly in the Surabaya City setting. Fifth, the gap between theoretical predictions from Stewardship Theory and empirical findings necessitates renewed investigation with more comprehensive research designs.

The research gap in this study lies in the limited understanding of how internal control systems, utilization of information technology, competency, and leadership influence the accountability of urban village fund management. While individual studies have examined the direct effects of some of these variables on accountability, the integrative model combining all four factors has not been extensively tested in the Indonesian urban village context. Additionally, most previous studies have focused on village fund management in rural settings, leaving a significant gap in knowledge regarding the dynamics of accountability in urban village contexts, which face different challenges such as higher transaction volumes, more complex stakeholder demands, and greater scrutiny from oversight bodies.

The novelty of this research lies in several aspects. First, this study adopts the Stewardship Theory framework, which posits that officials as stewards have the authority to manage and allocate resources strategically in order to optimally achieve organizational goals, providing a more positive perspective on managerial behavior compared to Agency Theory. Second, this study develops an integrative model that simultaneously examines the influence of internal control systems, utilization of information technology, competency, and leadership on accountability, providing a more comprehensive understanding of the determinants of fund management accountability. Third, this study focuses on the urban village context in Surabaya City, which represents a unique setting characterized by high administrative complexity, diverse stakeholder expectations, and increasing demands for transparency. Fourth, this study employs the Partial Least Squares (PLS) method, which is suitable for predictive analysis and complex variable relationships involving multiple constructs.

The purpose of this study is to examine the influence of internal control systems, utilization of information technology, competency, and leadership on the accountability of urban village fund management in Tambaksari District, Surabaya City. Specifically, this research aims to: (1) analyze the effect of internal control systems on accountability; (2) analyze the effect of utilization of information technology on accountability; (3) analyze the effect of competency on accountability; and (4) analyze the effect of leadership on accountability.

The contribution of this research is multifaceted. From a theoretical perspective, this research contributes to the enrichment of literature on accountability in public sector financial management by proposing and testing an integrative model that links internal control systems, information technology utilization, competency, and leadership with accountability, extending the application of Stewardship Theory to the context of urban village fund management in Indonesia. The findings contribute to the understanding of how each factor influences accountability, providing a more nuanced theoretical framework for analyzing public sector governance. From a practical perspective, this study provides actionable insights for urban village administrations, district governments, and regulators in strengthening accountability mechanisms. For urban village officials, the findings provide guidance on which factors most significantly influence accountability and how to optimize fund management practices.

2. Theoretical Background

2.1 Stewardship Theory

Donaldson and Davis (1991) within the framework of stewardship theory, argue that managers place the fulfillment of organizational goals above personal ambitions or interests. Examining this theoretical framework, officials as stewards have the authority to manage and allocate resources strategically in order to optimally achieve organizational goals. Government actions are driven by values of trust, a sense of responsibility, and a commitment to serving the community in order to realize organizational goals.

This theory is reflected in the way urban village officials carry out their responsibility to manage entrusted funds from the government, so that every use of the budget is always directed toward supporting development activities and community self-reliance in accordance with established needs and priorities. Therefore, stewardship theory affirms that organizational success is highly dependent on the willingness of officials to act professionally in order to maintain integrity and remain oriented toward shared goals, so that the public interest always remains the top priority.

2.2 Internal Control System

Referring to the mandate of Government Regulation Number 60 of 2008, the internal control system is understood as an integral process that must be carried out continuously by the leadership and all employees of the organization. The achievement of organizational targets can be supported by the implementation of this mechanism, particularly in aspects of improving operational efficiency, ensuring the reliability of financial reports, safeguarding state assets, and ensuring compliance with applicable regulations. Meanwhile, according to Juhadi and Sofyan (2020), an internal control system is a supervisory system that is necessary due to the need to delegate authority and responsibility to certain parties within an organization.

2.3 Utilization of Information Technology

Zhenyi (2024) argues that information technologies are an integrated combination of methods, operational procedures, software applications, and technical tools that function within a unified technological framework to facilitate the gathering, retention, management, dissemination, and presentation of information. Meanwhile, Anjani et al. (2021) define the utilization of technology as the maximum use of computers to process, handle, store, retrieve, display, and disseminate data in various forms and ways, thereby providing tangible benefits to users.

2.4 Competency

Competency is a person's ability to complete work effectively and is supported by knowledge, expertise, and a work ethic that is appropriate to the demands of the job (Sari et al., 2023). Meanwhile, according to Vitello et al. (2021), competency is the proficiency demonstrated through merging relevant expertise, technical capabilities, and psychosocial factors such as convictions, dispositions, principles, and motivation to maintain consistently high performance within a designated area of practice.

2.5 Leadership

According to Muktamar et al. (2024), leadership is defined as a person's capacity to guide, initiate movement, and influence the collective or individual behavior of others in certain situations. Through such acts of leadership, every member of the organization is directed to have the motivation to adjust their behavior in order to achieve mutually agreed upon organizational targets. Meanwhile, according to Abasilim (2024), leadership is a collaborative process within a group setting whereby a leader and followers unite around shared goals and engage in efforts to realize them.

2.6 Accountability

Accountability is the obligation borne by an individual or organization to account for the implementation of their duties, authority, and performance to the party authorized to conduct oversight, and to explain the achievement of the organization's mission and objectives through reports submitted periodically based on established provisions (Agustin & Dwiningwarni, 2023). Meanwhile, according to Making and Handayani (2021), accountability is a form of responsibility presented by an organization or institution to interested parties for all activities and actions that have been taken.

2.7 Hypothesis Development

2.7.1 The Influence of Internal Control System on Accountability

The internal control system is a crucial mechanism for ensuring that fund management processes comply with applicable regulations and are carried out with discipline and transparency. Based on Stewardship Theory, urban village officials as stewards bear the responsibility of ensuring that resource management runs in accordance with established policies, procedures, and objectives. The role of the internal control system is realized through a supervisory mechanism over officials, aimed at ensuring regulatory compliance and discipline in fund management. In addition, the prevention of irregularity risks and fraudulent actions becomes a fundamental function integrated into the design of this system. Previous research by Afifi et al. (2021) and Sari and Rohman (2024) found that internal control systems positively influence accountability. Based on these arguments, the following hypothesis is proposed:

H1: Internal control system has a positive effect on the accountability of urban village fund management.

2.7.2 The Influence of Utilization of Information Technology on Accountability

The utilization of information technology enables more effective financial management processes through accurate recording, processing, and delivery of information. Based on Stewardship Theory, urban village officials as stewards strive to utilize information technology to support the management of urban village funds in an accurate, integrated, and accountable manner. Information technology also supports the supervisory function and facilitates access to information for those who need it, thereby substantially improving the quality of accountability in urban village fund management. Previous research by Purba et al. (2023) and Diansari et al. (2022) found that the utilization of information technology positively influences accountability. Based on these arguments, the following hypothesis is proposed:

H2: Utilization of information technology has a positive effect on the accountability of urban village fund management.

2.7.3 The Influence of Competency on Accountability

Adequate competency enables urban village officials to possess good capability in managing the organization. As stewards, officials are motivated to prioritize the interests of the organization. In realizing this role, officials are required to possess the knowledge, skills, and technical expertise to manage funds accurately and in compliance with regulations. Adequate competency serves as a crucial foundation in ensuring the precision of budget allocation. This capability enables officials to prepare financial reports accurately, carry out work programs effectively, and ensure that fund use is accounted for transparently, thereby improving overall accountability. Previous research by Savitri et al. (2022) and Juwita and Murti (2023) found that competency positively influences accountability. Based on these arguments, the following hypothesis is proposed:

H3: Competency has a positive effect on the accountability of urban village fund management.

2.7.4 The Influence of Leadership on Accountability

The Stewardship Theory perspective is used in this study as a theoretical framework to examine how the behavior of urban village officials can influence the quality of organizational governance. Leaders are viewed as parties responsible for carrying out organizational duties while always prioritizing the interests of the organization and community above personal interests. Supportive leadership in urban village fund management functions not only as a provider of direction and supervisor, but also as a driving force for officials in carrying out their obligations accountably in order to realize organizational targets. Effective leadership acts as a catalyst in building a work culture that is transparent and disciplined in following regulations. Previous research by Wijaya and Suardana (2019) and Ratmono et al. (2023) found that leadership positively influences accountability. Based on these arguments, the following hypothesis is proposed:

H4: Leadership has a positive effect on the accountability of urban village fund management.

3. Methods

3.1 Research Design

A quantitative method was applied in this study as the primary approach to answer the research questions. To ensure the level of validity of the findings, researchers collected primary data directly at the research location. This study using a questionnaire as an instrument to collect primary data directly from relevant respondents. The quantitative approach is considered appropriate because the study aims to empirically test the proposed hypotheses using statistical analysis of numerical data derived from questionnaire responses. The explanatory research design enables the examination of causal relationships between independent variables (Internal Control System, Utilization

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of Information Technology, Competency, and Leadership) and the dependent variable (Accountability of Urban Village Fund Management).

3.2 Population and Sample

The population consists of all urban village officials in eight urban villages within Tambaksari District. Purposive sampling was applied as the sampling technique to obtain respondents who possess characteristics that match the research criteria, including having at least one year of work experience. From each urban village, seven officials were selected, consisting of the Urban Village Head, Secretary, Treasurer, two Technical Activity Implementation Officers (PPTK), Administrative Staff, and IT Staff, so that the total sample collected amounted to 56 respondents.

3.3 Data Collection Techniques

Primary data were collected through questionnaire distribution to urban village officials in Tambaksari District, Surabaya City. The questionnaire was designed based on the operational definitions of the research variables and employed a Likert scale ranging from 1 to 5, where 1 indicated "strongly disagree" and 5 indicated "strongly agree." The data collection procedure involved several sequential steps: (1) identification of urban village officials meeting the predetermined purposive sampling criteria; (2) distribution of questionnaires to respondents directly at the urban village offices; (3) collection and validation of respondent responses; and (4) documentation of all collected data systematically organized for statistical analysis using SmartPLS 4.

3.4 Operational Definition of Variables

The operational definitions of the variables examined in this study are presented in Table 1.

Table 1. Operational Definition and Measurement of Variables

Variable	Definition	Measurement	Scale	References
Accountability of Urban Village Fund Management (Y)	The obligation to account for the implementation of duties, authority, and performance in fund management	Indicators: honesty and transparency of information, compliance in reporting, procedural compliance, accuracy of report submission	Likert (1–5)	Hasniati (2016)
Internal Control System (X_1)	An integral process carried out continuously by leadership and employees to ensure operational efficiency, financial report reliability, and	Indicators: control environment, risk assessment, control activities, information and communication, monitoring of internal control	Likert (1–5)	Rezkiyanti (2019)

Variable	Definition	Measurement	Scale	References
	regulatory compliance			
Utilization of Information Technology (X_2)	The maximum use of computers and technology to process, store, retrieve, and disseminate data	Indicators: availability of supporting software, availability of internet network, utilized in accordance with regulations, computerized process	Likert (1–5)	Perdana (2018)
Competency (X_3)	A person's ability to complete work effectively supported by knowledge, expertise, and appropriate work ethic	Indicators: knowledge, ability to enhance knowledge, technical expertise, ability to find solutions, initiative in work	Likert (1–5)	Edison et al. (2016), as cited in Nandea (2019)
Leadership (X_4)	A person's capacity to guide, initiate movement, and influence collective or individual behavior to achieve organizational goals	Indicators: personal qualities, administrative actions, working relationship, provision of rewards, problem solving	Likert (1–5)	Lagantondo (2019)

Source: Developed for this research (2026)

3.5 Data Analysis Techniques

Data analysis in this study is conducted using the Partial Least Squares (PLS) method with the assistance of SmartPLS 4 software. The analysis stages include:

1) Outer Model Test (Measurement Model): The outer model is evaluated to assess the validity and reliability of the measurement instruments. Convergent validity is assessed through outer loading values (>0.7) and Average Variance Extracted (AVE) (>0.5). Discriminant validity is assessed through cross-loading analysis, where indicator loading values on a given construct must be higher than its values on other constructs. Reliability testing is conducted using Composite Reliability and Cronbach's Alpha with a threshold of >0.7.
2) Inner Model Test (Structural Model): The inner model is evaluated to assess the predictive power of the structural model. The R-square (R^2) value is used to measure

the extent to which the independent variables explain the variance of the dependent construct.

3) Hypothesis Testing: Hypothesis testing is conducted using the bootstrapping procedure to determine the significance of the relationships between variables. The hypothesis is accepted if the t-statistic value exceeds 1.96 and the p-value is less than 0.05. The path coefficient value describes the direction of the relationship between variables in the tested model.
All hypothesis tests are conducted at a significance level of 5% ($p < 0.05$).

4. Results and Discussion

4.1 Results

4.1.1 Outer Model Test (Measurement Model)

An evaluation of the role of indicators in reflecting latent variables was conducted through convergent validity testing. In this process, an indicator is considered valid if it meets two criteria: an outer loading value above 0.7 and an Average Variance Extracted (AVE) value exceeding 0.5. To provide a more comprehensive picture of the test results, the detailed outer loading values of each indicator are presented in Table 2.

Table 2. Outer Loading Values of the Research Indicators

Variable	Indicator	Outer Loading
Internal Control System (X_1)	X1.1	0.832
	X1.2	0.859
	X1.3	0.802
	X1.4	0.875
	X1.5	0.812
Utilization of Information Technology (X_2)	X2.1	0.838
	X2.2	0.778
	X2.3	0.825
	X2.4	0.800
	X2.5	0.862
	X2.6	0.786
Competency (X_3)	X3.1	0.847
	X3.2	0.789
	X3.3	0.883
	X3.4	0.784
	X3.5	0.814
	X3.6	0.825
	X3.7	0.858
	X3.8	0.795
Leadership (X_4)	X4.1	0.824
	X4.2	0.829
	X4.3	0.763
	X4.4	0.880
	X4.5	0.809
	X4.6	0.934
	X4.7	0.842
Accountability (Y)	Y.1	0.919
	Y.2	0.899

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Variable	Indicator	Outer Loading
	Y.3	0.899
	Y.4	0.941
	Y.5	0.853
	Y.6	0.926

Source: Processed Data (2026)

All indicators in this study have been verified as valid because they successfully exceeded the outer loading threshold of 0.7, as shown by the data obtained. This confirms that each instrument used has adequately reflected its construct and meets the convergent validity standards established in this study. Accordingly, all indicators are declared valid and the convergent validity requirement is fulfilled in its entirety.

Subsequently, the convergent validity stage was conducted through an evaluation of the Average Variance Extracted (AVE) values. A construct is declared to meet the validity parameters if it reaches the minimum AVE threshold of 0.50. Achieving this criterion is essential to ensure that each construct has adequate capacity to explain the variance of the indicators used to measure it. The detailed AVE test results for each variable are presented in Table 3.

Table 3. Average Variance Extracted

Variable	AVE
Internal Control System (X_1)	0.699
Utilization of Information Technology (X_2)	0.665
Competency (X_3)	0.681
Leadership (X_4)	0.708
Accountability (Y)	0.822

Source: Processed Data (2026)

Based on the model evaluation, it is confirmed that all research variables have met the convergent validity standard, as indicated by AVE values that consistently exceed the threshold of 0.50.

Discriminant validity testing was carried out with the aim of verifying the existence of significant differentiation between constructs within the developed research model. Analysis of the cross-loading values of each indicator was implemented as the primary procedure for assessing discriminant validity in this study. The principal rule in this testing requires that the loading value on a given construct must be higher than its values on other constructs. The detailed cross-loading analysis results for each variable studied are presented in Table 4.

Table 4. Detailed Cross Loading Test Results

Indicator	Internal Control System	Information Technology	Competency	Leadership	Accountability
X1.1	**0.832**	0.305	0.279	0.080	0.414
X1.2	**0.859**	0.159	0.292	0.239	0.547
X1.3	**0.802**	0.084	0.318	0.181	0.344
X1.4	**0.875**	0.326	0.314	0.264	0.457
X1.5	**0.812**	0.070	0.266	0.114	0.329
X2.1	0.254	**0.838**	0.253	0.240	0.441
X2.2	0.195	**0.778**	0.361	0.159	0.301
X2.3	0.191	**0.825**	0.255	0.257	0.468

Indicator	Internal Control System	Information Technology	Competency	Leadership	Accountability
X2.4	0.148	**0.800**	0.170	0.169	0.376
X2.5	0.164	**0.862**	0.350	0.440	0.455
X2.6	0.206	**0.786**	0.183	0.176	0.314
X3.1	0.405	0.309	**0.847**	0.416	0.543
X3.2	0.240	0.212	**0.789**	0.375	0.358
X3.3	0.278	0.318	**0.883**	0.400	0.585
X3.4	0.286	0.346	**0.784**	0.358	0.414
X3.5	0.322	0.277	**0.814**	0.397	0.449
X3.6	0.249	0.258	**0.825**	0.297	0.391
X3.7	0.309	0.215	**0.858**	0.409	0.440
X3.8	0.196	0.165	**0.795**	0.443	0.443
X4.1	0.082	0.140	0.346	**0.824**	0.381
X4.2	0.200	0.266	0.301	**0.829**	0.387
X4.3	0.057	0.291	0.317	**0.763**	0.310
X4.4	0.158	0.319	0.394	**0.880**	0.480
X4.5	0.194	0.193	0.392	**0.809**	0.508
X4.6	0.276	0.271	0.500	**0.934**	0.596
X4.7	0.242	0.331	0.459	**0.842**	0.502
Y.1	0.406	0.486	0.495	0.477	**0.919**
Y.2	0.443	0.438	0.492	0.468	**0.899**
Y.3	0.565	0.508	0.565	0.525	**0.899**
Y.4	0.464	0.452	0.487	0.466	**0.941**
Y.5	0.474	0.385	0.492	0.555	**0.853**
Y.6	0.435	0.400	0.503	0.515	**0.926**

Source: Processed Data (2026)

The cross-loading test reveals a pattern in which each indicator has a higher value with its own construct. These findings provide empirical evidence that each research construct has met the discriminant validity standard, confirming that there are differences in characteristics between variables within the tested model.

This study uses composite reliability as a measure to assess the internal consistency of a construct. This method takes into account the loading values of each indicator, so that the reliability evaluation results obtained are more accurate. A construct is categorized as having good reliability if its Composite Reliability value exceeds the minimum threshold of 0.7. The measurement of inter-indicator consistency within a construct was carried out using the Cronbach's Alpha method. The reliability level of a construct is considered adequate if the Cronbach's Alpha value exceeds 0.7. As a form of validation of the reliability of the instruments used, Table 5 presents a recapitulation of the Composite Reliability and Cronbach's Alpha test results.

Table 5. Construct Reliability Test Results

Variable	Composite Reliability	Cronbach's Alpha
Internal Control System (X_1)	0.921	0.894
Utilization of Information Technology (X_2)	0.922	0.900
Competency (X_3)	0.945	0.933

Variable	Composite Reliability	Cronbach's Alpha
Leadership (X_4)	0.944	0.932
Accountability (Y)	0.965	0.956

Source: Processed Data (2026)

The Composite Reliability and Cronbach's Alpha values exceeding the critical threshold of 0.7 for all research variables indicate that the reliability level of each construct has met the standards required in this study.

4.1.2 Inner Model Test (Structural Model)

The R-square parameter was applied as an inner model evaluation instrument to measure the extent to which the independent variables in this study are able to explain the variance of the dependent construct. Because the R-square value reflects the predictive strength of the model, this achievement becomes a crucial indicator in data analysis.

The test results show that the R-square value for the accountability variable (Y) reaches 0.579, indicating that this research model is able to explain 57.9% of the variance in the dependent variable. Accordingly, it can be understood that the remaining 42.1% of that variation is influenced by variables outside the research model framework used.

4.1.3 Hypothesis Testing

The hypothesis testing conducted in this study applies Partial Least Squares Structural Equation Modeling (PLS-SEM) with the support of SmartPLS 4 software. PLS-SEM was selected due to its ability to handle complex structural models and to test the significance of relationships between variables through a bootstrapping procedure. In determining hypothesis acceptance, a significance standard is used with a T-statistic parameter greater than 1.96 and a p-value less than 0.05. In addition, the path coefficient value describes the direction of the relationship between variables in the tested model. The hypothesis test results are presented in Table 6.

Table 6. Hypothesis Testing Results

Hypothesis	Original Sample (O)	Sample Mean (M)	Standard Deviation	T-Statistics	P-Values	Results
$X_1 \rightarrow Y$	0.310	0.303	0.106	2.929	0.003	Supported
$X_2 \rightarrow Y$	0.254	0.261	0.097	2.609	0.009	Supported
$X_3 \rightarrow Y$	0.228	0.235	0.091	2.511	0.012	Supported
$X_4 \rightarrow Y$	0.301	0.304	0.087	3.463	0.001	Supported

Source: Processed Data (2026)

The variables of internal control system, utilization of information technology, competency, and leadership have been proven to have a positive and significant influence on the accountability of urban village fund management, as evidenced by T-statistic values (> 1.96) and p-values (< 0.05). Accordingly, it can be stated that all research hypotheses tested have been successfully accepted through empirical data verification.

4.2 Discussion

4.2.1 The Influence of Internal Control System on Accountability

The internal control system was identified as a factor that positively and significantly drives improvements in the accountability of fund management at the urban village level. This finding reinforces the empirical evidence previously reported by Afifi et al. (2021)

and Sari and Rohman (2024), in which both studies affirm that the internal control system makes a positive contribution to the accountability of village fund governance, thereby strengthening the findings of this study in the urban village context.

According to Stewardship Theory, urban village officials as stewards bear the responsibility of ensuring that resource management runs in accordance with established policies, procedures, and objectives. The role of the internal control system is realized through a supervisory mechanism over officials, aimed at ensuring regulatory compliance and discipline in fund management. In addition, the prevention of irregularity risks and fraudulent actions becomes a fundamental function integrated into the design of this system. The positive and significant effect indicates that strengthening internal control mechanisms enhances the accuracy of financial reporting, reduces the risk of misappropriation, and improves overall accountability. When internal control systems function effectively, officials are more likely to comply with regulations, maintain transparent records, and demonstrate responsible use of public funds.

4.2.2 The Influence of Utilization of Information Technology on Accountability

The utilization of information technology was identified as a factor that positively and significantly drives improvements in the accountability of fund management at the urban village level. This finding reinforces the theoretical arguments previously established by Purba et al. (2023) and Diansari et al. (2022), in which both studies affirm the close link between the utilization of information technology and the accountability of village fund governance, thereby strengthening the findings of this study in the urban village context.

Based on Stewardship Theory, urban village officials as stewards strive to utilize information technology to support the management of urban village funds in an accurate, integrated, and accountable manner. The utilization of this technology enables more effective financial management processes through accurate recording, processing, and delivery of information. In addition, information technology also supports the supervisory function and facilitates access to information for those who need it, thereby substantially improving the quality of accountability in urban village fund management. The positive and significant effect indicates that the adoption of digital systems enhances transparency, reduces manual errors, and improves the efficiency of reporting processes. When information technology is effectively utilized, financial data becomes more accessible and verifiable, thereby strengthening stakeholder confidence in the accountability of fund management.

4.2.3 The Influence of Competency on Accountability

Official competency was identified as a factor that positively and significantly drives improvements in the accountability of fund management at the urban village level. This finding reinforces the empirical evidence previously reported by Savitri et al. (2022) and Juwita and Murti (2023), in which both studies affirm that the capacity and competency of personnel make a positive contribution to the accountability of village fund governance, thereby strengthening the findings of this study in the urban village context.

Stewardship Theory explains that adequate competency enables urban village officials to manage the organization effectively. As stewards, officials are motivated to prioritize the interests of the organization. In realizing this role, officials are required to possess the knowledge, skills, and technical expertise to manage funds accurately and in compliance with regulations. Adequate competency serves as a crucial foundation in ensuring the precision of budget allocation. This capability enables officials to prepare financial

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reports accurately, carry out work programs effectively, and ensure that the accountability for fund use is conducted transparently in order to improve accountability. The positive and significant effect indicates that officials with higher competency levels are better equipped to understand financial regulations, prepare accurate reports, and fulfill their obligations responsibly. Competency development through training and capacity building programs is therefore essential for strengthening accountability in urban village fund management.

4.2.4 The Influence of Leadership on Accountability

Leadership was identified as a factor that positively and significantly drives improvements in the accountability of fund management at the urban village level. This finding reinforces the empirical evidence previously reported by Wijaya and Suardana (2019) and Ratmono et al. (2023), in which both studies affirm that leadership makes a positive contribution to the accountability of village fund governance, thereby strengthening the findings of this study in the urban village context.

The Stewardship Theory perspective is used in this study as a theoretical framework to examine how the behavior of urban village officials can influence the quality of organizational governance. Leaders are viewed as parties responsible for carrying out organizational duties while always prioritizing the interests of the organization and community above personal interests. Supportive leadership in urban village fund management functions not only as a provider of direction and supervisor, but also as a driving force for officials in carrying out their obligations accountably in order to realize organizational targets. Effective leadership acts as a catalyst in building a work culture that is transparent and disciplined in following regulations. This has a direct impact on the optimization of targeted budget use, which will ultimately strengthen the accountability of fund management at the urban village level. The positive and significant effect indicates that leaders who demonstrate integrity, provide clear direction, and enforce accountability standards create an environment where officials are motivated to manage funds responsibly. Leadership commitment to transparency and compliance is therefore a critical determinant of accountability in urban village fund management.

5. Conclusion

This study resulted in several crucial conclusions after conducting data analysis and in-depth discussion regarding the factors that have implications for the accountability of urban village fund management in Tambaksari District, Surabaya City. Using Partial Least Squares (PLS) analysis on 56 respondents from eight urban villages, the results show that the internal control system has a positive and significant effect on accountability, indicating that strengthening internal governance and supervisory mechanisms is a crucial factor in improving accountability in urban village fund management. The utilization of information technology has a positive and significant effect on accountability, providing empirical evidence that the integration of technology into fund management systems simplifies administrative processes and strengthens transparency and comprehensiveness of accountability. Competency has a positive and significant effect on accountability, indicating that officials who possess adequate knowledge and skills are capable of carrying out fund management with full responsibility. Leadership has a positive and significant effect on accountability, confirming that effective leadership serves as the primary driving force in ensuring that the entire flow of fund management remains within applicable regulations. The R-square

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value of 0.579 indicates that all independent variables collectively explain 57.9% of the variance in accountability, while the remaining 42.1% is influenced by other factors outside the research model.

These findings extend Stewardship Theory to the context of urban village fund management in Indonesia. The positive effect of internal control systems, utilization of information technology, competency, and leadership supports Stewardship Theory by confirming that officials as stewards are motivated to prioritize organizational goals when supported by adequate systems, capabilities, and leadership. The findings demonstrate that organizational success is highly dependent on the willingness of officials to act professionally in order to maintain integrity and remain oriented toward shared goals. The integration of these four factors provides a more comprehensive understanding of the determinants of accountability, extending the application of Stewardship Theory to the urban village context.

From a practical perspective, urban village administrations should optimize the implementation of internal control systems through clear standard operating procedures, segregation of duties, and regular monitoring and evaluation. Urban village officials should enhance the utilization of information technology through training programs, infrastructure investment, and the adoption of integrated financial management systems. Competency development should be prioritized through continuous training, capacity building, and professional development programs for officials. Leadership commitment to transparency, compliance, and accountability should be strengthened through leadership development programs and the enforcement of ethical standards. District governments should provide adequate resources and support for urban village administrations to implement these recommendations effectively.

This study has several limitations. First, the analysis is limited to eight urban villages in Tambaksari District, Surabaya City, restricting generalizability to other districts or regions with different characteristics. Second, the study focuses on four independent variables, excluding other potential determinants such as community participation, organizational culture, and regulatory environment. Third, the sample size of 56 respondents, while statistically adequate, may not fully capture the diversity of urban village officials across different administrative levels.

Future research should broaden the scope to include multiple districts or regions to test the generalizability of findings across different urban village contexts. Future studies should integrate additional variables such as community participation, organizational culture, regulatory environment, and political influences to develop a more comprehensive model of accountability determinants. Finally, future research could incorporate qualitative methods such as in-depth interviews or case studies to gain richer insights into the mechanisms through which these factors influence accountability practices in urban village fund management.

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