

THE EFFECT OF VILLAGE FUND ALLOCATION AND INTELLECTUAL CAPITAL ON VILLAGE FUND MANAGEMENT ACCOUNTABILITY: INDIVIDUAL MORALITY AS MEDIATOR

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Abstract


This study examines the role of village fund allocation and intellectual capital in village fund management accountability, with individual morality as a mediator. The researchers used a convenience sampling method, involving village officials across Indonesia as the research sample. The study hypothesis was tested using SmartPLS version 4. The findings reveal several significant relationships: village fund allocation positively and significantly influences Village Fund Management Accountability, intellectual capital has a positive and significant effect on Village Fund Management Accountability, and individual morality positively and significantly affects Village Fund Management Accountability. Additionally, village fund allocation positively and significantly influences individual morality, and individual morality partially mediates the effects of village fund allocation and intellectual capital on village fund management accountability. These findings shed light on the importance of village fund allocation, intellectual capital, and individual morality in promoting accountability in managing village funds, providing valuable insights for improving fund management practices and addressing misuse of funds in Indonesia.

Keywords: *village fund allocation, intellectual modal, individual morality, village fund management accountability*

INTRODUCTION

Village Fund Management Accountability is a major concern due to numerous fraud cases in Indonesia, such as the corruption instances in Ngulan Wetan, Getas, and Tanjung Benanak villages. These cases involved fictitious fund management, mark-ups, and misallocation, causing significant financial losses for the state. For instance, Ngulan Wetan village faced a loss of 180 million rupiah (<http://kejarit.trenggalekkab.go.id>), while Getas village suffered a loss of 627 million rupiah, and Tanjung Benanak village experienced losses of 900 million rupiah. These incidents highlight the urgent need for improving accountability in village fund management to prevent further financial irregularities (<https://kejarit-tanjungjabungbarat.kejaksaan.go.id>).

Arfiansyah (2020), Village governments should reform how fund reports are presented to make them accessible to the community. This allows direct supervision and reduce misuse potential. Herianti & Litdia (2022) and Hasniati (2016), effective village fund management requires implementing principles such as transparency, accountability, participation, orderliness, and discipline. These principles enhance the quality of fund management, benefiting village communities. Failure to adhere to these principles can lead to manipulation, inadequate supervision, and unclear evaluation, undermining the management process. Implementing these principles is essential for proper fund management and avoiding challenges. Additionally, assistant staff may exploit the vulnerabilities of village officials, increasing the potential for corruption (Pramesti, 2015). Village Fund Management Accountability, defined by Hasniati (2016), Wijaya (2018) and Safitri (2022), entails officers responsibly handling assigned tasks efficiently, effectively, fairly, and transparently, with community participation. Village fund allocation, a determining factor, is a significant component of balanced funds received by the regional government, comprising approximately 10% after deducting special allocation funds. Therefore, it indicates low accountability in village fund management.



Stewardship theory emphasizes prioritizing organizational interests over individual interests in management (Davis et al., 1997; Schillemans & Bjurstrom, 2020). In village organizations, the village government prioritizes community interests over individual interests. This enables optimal management of village fund allocation, ensuring accountability and fulfilling the community's needs. Village fund allocation plays a crucial role in enhancing village fund management. In addition, the findings of the study conducted by Herianti & Litdia (2022), Setyawati et al. (2021), Luju et al. (2020), and Sumarni (2020), state that village fund allocation have the potential to enhance community welfare. This highlights that when village fund allocation are managed with accountability principles, it contributes to the prosperity of village communities.

Low-quality human resources in government contribute to the misuse of village fund allocations, reflecting the intellectual capital of the village government in managing funds (Pramesti, 2015). Stewart (1997) explains that intellectual capital is defined as knowledge, information, experience, intellectual property owned by the organization and can be optimized in achieving organizational goals. Intellectual capital is connected to human capital, structural capital, and customer capital (Budiarso, 2019). Intellectual capital, including human, structural, and customer capital, plays a crucial role in village government organizations. It encompasses competencies, knowledge, integrity, organizational culture, systems, bureaucracy, and public services. Intellectual capital is essential for enhancing the prosperity of village communities and enabling effective community service. Rossi et al. (2016) describe intellectual capital as comprising three crucial elements: human capital, relational capital, and structural capital. Human capital refers to the knowledge and skills of organizational managers. Relational capital involves the relationships between the government and the community, facilitating prompt responses to community interests. Structural capital encompasses organizational procedures and policies that enhance decision-making, serving societal interests and promoting sustainable development. Whyte & Zyngier (2014), intellectual capital is beneficial for organizations in various ways. In the context of village governments, possessing intellectual capital enables effective village fund management and ensures accountability. This is achieved through knowledge, skills, community relations, and efficient cultural and bureaucratic systems. The ultimate objective of intellectual capital is to enhance community welfare by ensuring accountable and efficient management of village funds.

The role of village fund allocation and intellectual capital in the village fund management accountability is closely related to individual morality. High individual morality reduces the potential for accounting fraud, highlighting the significance of ethics in maintaining accountability (Puspasari & Suwardi, 2012; Dewi, 2017; Harry et al., 2017; Atmadja & Saputra, 2017). According to Satria (2021), individual morality moderates compliance with financial reporting and whistleblowing to prevent village fund management fraud. However, it does not moderate the influence of the internal control system and ethical culture on fraud prevention. Asih et al. (2022), individual morality directly influences individuals' task completion actions. When individuals possess good moral values, they are more likely to make ethical decisions and abide by established rules.

Anisykurlillah & Wardianti (2018) highlight that individuals with strong moral values are more inclined to responsibly manage organizations. This aligns with the theory of moral development, suggesting that moral reasoning influences one's actions. Higher moral reasoning encourages individuals to uphold principles and integrity while pursuing the organization's interests, avoiding fraudulent actions that could harm the organization. In the context of village government, members with high moral values prioritize accountability in managing village funds for community welfare rather than personal gain. Individual morality acts as a mediating factor, influencing the impact of village fund allocation and intellectual capital on village fund management accountability.

Based on the research background provided by the authors, the purpose of this study is to examine and analyze the influence of village fund allocation and intellectual capital on village fund management accountability, with individual morality acting as a mediator.



THEORETICAL FRAMEWORK AND DEVELOPMENT OF HYPOTHESES

Stewardship Theory

Stewardship theory emphasizes prioritizing organizational interests over individual interests in management (Davis et al., 1997; Schillemans & Bjurstrom, 2020). This theory emphasizes that stewards acknowledge individualistic, opportunistic, and self-serving goals and it can be achieved by working in the best interest of the organization. Stewards will actively work on advancement of organization. The village government prioritizes community interests over individual interests, enabling effective management of village fund allocation and achieving accountability. This enhances village fund management overall. In addition, based findings of the study by Herianti & Litdia (2022), Luju et al. (2020), and Sumarni (2020), village fund allocation have the potential to enhance community welfare. The study conducted by Setyawati et al. (2021), found that village fund allocation increase community empowerment. This highlights that when village fund allocation is managed with accountability principles, it contributes to the prosperity of village communities.

Village Fund Allocation and Village Fund Management Accountability

Davis et al. (1997) and Schillemans & Bjurstrom (2020), state that stewardship theory emphasizes that managers should take actions aligned with organizational interests instead of pursuing personal gains. Village officials in the context of village fund management accountability act in fulfilling the interests of the organization through optimal utilization of village fund allocation. In this case, village officials will manage the village fund allocation in an orderly, transparent and accountable manner to meet the interests of the village community, so that the objective of this accountability for managing village funds can be achieved. This finding aligns with the study conducted by Herianti & Lydia (2019), prove that village fund allocation has a positive and significant effect on village fund management accountability. A study by Setyawati et al. (2021) revealed that village fund allocation has a positive and significant effect on community empowerment. Additionally, a study conducted by Taen & Eriswanto (2022) demonstrated that village fund allocation positively and significantly influenced expenditure in the villages. Therefore, this study proposes the following hypothesis;

H₁: Village fund allocation has a positive effect on village fund management accountability

Intellectual Capital and Village Fund Management Accountability

Budiarso (2019), Intellectual capital plays a crucial role in the success of organizations, including village governments. It is a valuable resource in knowledge-based economies and contributes to economic development. Recognizing and leveraging intellectual capital can lead to improved performance and a competitive advantage for village governments. Rossi et al. (2016) describe intellectual capital as comprising three crucial elements: human capital, relational capital, and structural capital. Human capital refers to the knowledge and skills of organizational managers. Relational capital involves the relationships between the government and the community, facilitating prompt responses to community interests. Structural capital encompasses organizational procedures and policies that enhance decision-making, serving societal interests and promoting sustainable development. Therefore, this study proposes the following hypothesis;

H₂: Intellectual capital has a positive effect on village fund management accountability

Individual Morality and Village Fund Management Accountability

Maroney & McDevitt (2008), individuals with high morality can conduct the accountability of managing village funds properly, as all their actions are guided by universal principles of morality. Asih et al. (2022), individual morality directly influences individuals' task completion actions. When individuals possess good moral values, they are more likely to make ethical decisions and abide by established rules. Anisykurlillah & Wardianti (2018), individuals with high moral values are more motivated to manage the organization responsibly. In the context of village government, all members of the village government who possess high moral values tend to prioritize accountability in managing village funds to achieve community welfare, rather than pursuing individual interests. Thus, individual morality is considered a determining factor that can mediate the impact of village fund allocation and intellectual capital on village fund management accountability. The aim is to foster a thriving society. As a result, village officials who possess high moral values will be capable of effectively ensuring



accountability in the management of village funds. Therefore, this study proposes the following hypothesis;

H₃: Individual morality has a positive effect on village fund management accountability

Village Fund Allocation and Individual Morality

Davis et al. (1997) and Schillemans & Bjurström (2020), stewardship theory emphasizes that managers should take actions aligned with organizational interests instead of pursuing personal gains. Stewardship theory contrasts with agency theory as the latter emphasizes individual interests over organizational interests. In the context of village government, village potential is defined as a means for village officials to enhance the prosperity of the community. This can be achieved through the optimal utilization of village potential in fulfilling organizational goals. Higher village potential, coupled with optimal utilization, leads to improved village financial management. Herianti & Lidia (2022), utilization of village potential is associated with the village's primary source of income, which is managed by the village government with the objective of meeting the diverse needs of the community. Therefore, this study proposes the following hypothesis;

H₄: Village fund allocation has a positive effect on individual morality

Intellectual Capital and Individual Morality

Whyte & Zyngier (2014), intellectual capital is beneficial for organizations in various ways. It helps articulate knowledge-related needs, develop knowledge management strategies, plan and review initiatives, and foster positive organizational development. In the context of village governments, possessing intellectual capital enables effective village fund management and ensures accountability. This is achieved through knowledge, skills, community relations, and efficient cultural and bureaucratic systems. The ultimate objective of intellectual capital is to enhance community welfare by ensuring accountable and efficient management of village funds. Wu et al. (2016), individuals with high moral values are more likely to exhibit ethical behavior and refrain from harming the organization. Therefore, this study proposes the following hypothesis;

H₅: village fund allocation has a positive effect on individual morality

Village Fund Allocation, Individual Morality and Village Fund Management Accountability

The village fund allocation can effectively contribute to organizational goals when village officials demonstrate accountability in fund management. By allocating a substantial amount of funds and increasing them annually, the objective is to ensure that the funds are utilized as intended and to foster accountability in their management. Accountability for village fund allocation is crucial for ensuring directed use, full control by village officials, and transparency, which improves the quality of performance" (Widyatama et al., 2017; Maarif, 2018; Mualifu et al., 2019; Kurniawati, 2019). This finding is consistent with the study by Rohmah et al. (2022), implementing supervision and control in village fund management significantly enhances accountability. Effective supervision and control in village fund management, as highlighted by Anisyku and Indah A (2018), improves community services. Additionally, individuals with high moral values are more motivated to responsibly manage the organization. The results of this study are consistent with study by Satria et al. (2021), demonstrating that a strong sense of morality among village officials can significantly minimize the potential for fraud and enhance their compliance with regulations in the management of village fund allocation.

H₆: Village fund allocation has a positive effect on village fund management accountability through individual morality

Intellectual Capital, Individual Morality and Village Fund Management Accountability

With a high level of intellectual capital, performance can be improved (Bismuth & Tojo, 2008; Salvi et al., 2020), and this is strongly correlated with the management's knowledge of the existing processes within the organization. Village governments with high intellectual capital will have better knowledge, competence, expertise and experience. Wang (2008) states that intellectual capital includes human capital, and this in turn affects organizational capabilities. Kristandl and Bontis (2007), Garanina and Dumay (2017), and Salvi et al. (2020) suggest that intellectual capital plays a crucial role in directing management's understanding of accurate financial management, thereby improving performance. Village officials with high intellectual capital are better equipped to manage

village finances effectively. The role of village officials, as stated by Dewi & Sudiana (2022), is to ensure transparent and high-quality management of village funds. With high intellectual capital, accountability in managing village funds can be enhanced, and high individual morality can minimize the occurrence of fraud in village fund management. The role of village officials in managing village fund allocation is vital, and their success is influenced by factors such as the transparency of disclosing village financial reports and the support from various stakeholders.

H₇: Intellectual modal has a positive effect on village fund management accountability through individual morality

Based on the earlier description of the hypothesis development, the framework of this study is as follows:

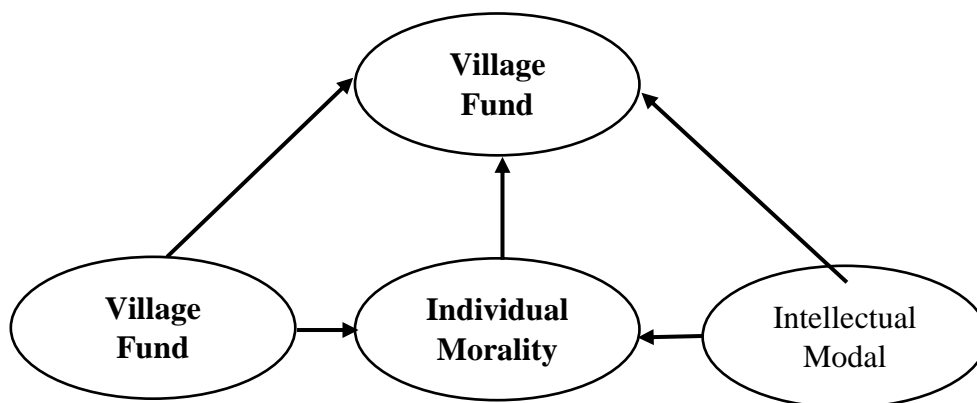


Figure 1. Theoretical Framework

RESEARCH METHOD

This study employed the population of village officials in Indonesia, specifically all village officials. The sample selection method employed was convenience sampling. The convenience sampling method for this study was conducted during a webinar event on accountability and village fund management organized by the Ministry of Villages in collaboration with Muhammadiyah University of Jakarta. The study variables include village fund allocation, intellectual capital, individual morality, and Village Fund Management Accountability. The operational definition and measurement variable are described in the table below

Table 1. Operational Definition and Measurement Variable

Definition	Measurement	Scale
Village Fund Allocation The village fund allocation is defined as an important element of the balanced funds received by the district or city regional government, amounting to approximately 10% after deducting special allocation funds	In measuring village fund allocation, this study employs four research indicators	Interval
Intellectual Capital Intellectual capital is defined as knowledge, information, experience, intellectual property owned by the organization and can be optimized in achieving organizational goals (Stewart, 1997)	In measuring intellectual capital, this study employs nine indicators	Interval
Individual Morality Individual morality refers to the personal code of ethics and principles that guide an individual's behavior and decision-making. When individuals possess good moral values, they are more likely to make ethical decisions and abide by established rules (Asih et al, 2022)	In measuring individual morality, this study employs six indicators	Interval

<p>Village Fund Management Accountability Village Fund Management Accountability is defined by the willingness of village fund officers to accept responsibility for what is assigned to them in an efficient, effective, fair, and transparent manner by involving community participation (Hasniati, 2016)</p>	<p>In measuring Village Fund Management Accountability, this study employs ten indicators</p>	<p>Interval</p>
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This study employs the SEM-PLS approach to test and examine the hypothesis. Researchers conduct this approach by testing the measurement model (outer model) and structural model (inner model). The measurement model includes tests for convergent validity, discriminant validity, and reliability (Hair et al., 2017). Subsequently, the testing of the structural model in this study includes hypothesis testing, coefficient of determination, and effect size f^2 testing. The mediation hypothesis in this study was tested using the mediation analysis procedure proposed by Hair et al. (2017). The procedure follows a specific outline for conducting mediation analysis (adapted from Hair et al., 2017).

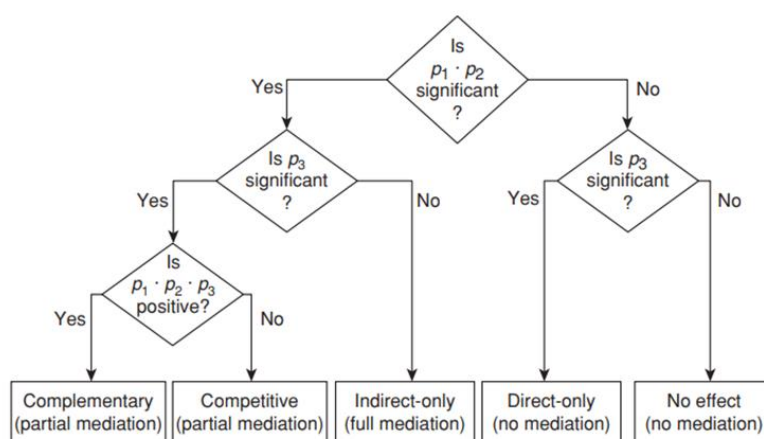


Figure 2. Mediation Analysis Procedure (adopted from et al., 2017)

RESULT AND DISCUSSION

This research obtained a sample of 122 village officials who attended a webinar event organized by the Faculty of Economics and Business, University of Muhammadiyah Jakarta, in collaboration with the Ministry. The characteristics of the 122 respondents in this study are as follows;

Table 2. Characteristics of Respondents

No.	Description	Number of Samples	Percentage
1.	Age:		
	a. 25 to 35	49	40%
	b. 36 to 55	73	60%
2.	Gender:		
	a. Male	96	78%
	b. Female	27	22%
3.	Last Education Attainment		
	a. High School or Equivalent	36	30%
	b. Diploma - Diploma	21	17%
	c. Strata 1 - Bachelor's Degree	53	43%
	d. Strata 2 - Master's Degree	12	10%
	e. Strata 3 - Doctoral Degree		
Total		122	100%

Source: Primary data processed by the researcher, 2023

Table 2 presented that the number of respondents in this study was 122 village officials. Based on the 122 village officials, it can be observed that there is an average of 40% below 35 years of age and an average of 60% below 55 years of age. The education level of the village officials also indicates that 43% have a Bachelor's degree (S1).

This study utilizes the variables of village fund allocation, intellectual capital, individual morality, and Village Fund Management Accountability. Therefore, the descriptive statistics of these variables are as follows:

Table 3. Descriptive Statistics of Variables

Variable	Min.	Max.	Mean
Village Fund Allocation	1	5	4
Intellectual Capital	1	5	4
Individual Morality	1	5	4
Village Fund Management Accountability	1	5	4

Source: Primary data processed by the researcher, 2023

Table 3 present that respondents provided responses to the indicators of village fund allocation, intellectual capital, individual morality, and Village Fund Management Accountability ranging from strongly disagree to strongly agree. Therefore, the overall average response for all the indicators of these variables by the respondents is strongly agree

This study tests a measurement model consisting of convergent and discriminant validity. The following is a display of convergent and discriminant validity

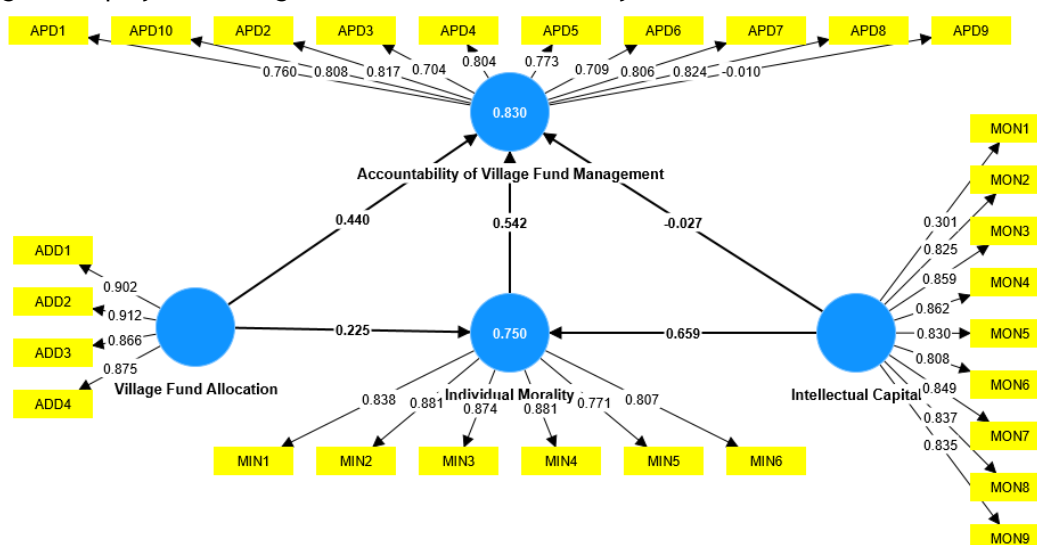


Figure 2. Convergent Validity Test (Factor Loading)

Figure 2 presents that the convergent validity test results (factor loading) for the village fund allocation variable have a range of factor loadings from 0.875 to 0.912. This condition indicates that the convergent validity of the village fund allocation variable is fulfilled. Furthermore, the intellectual capital variable has a range of factor loadings from 0.301 to 0.862. The factor loading value of 0.301 is less than 0.5, indicating the need to exclude this variable. Therefore, indicator 1 of the intellectual capital variable is removed from the model. Additionally, the individual morality variable has a range of factor loadings from 0.771 to 0.881. This condition indicates that the convergent validity of the individual morality variable is fulfilled. Finally, the village fund management accountability variable has a range of factor loadings from 0.010 to 0.824. The factor loading value of 0.010 is less than 0.5, indicating the need to exclude this variable. Consequently, indicator 9 of the village fund management accountability variable is removed from the model. The following is the revised measurement model.

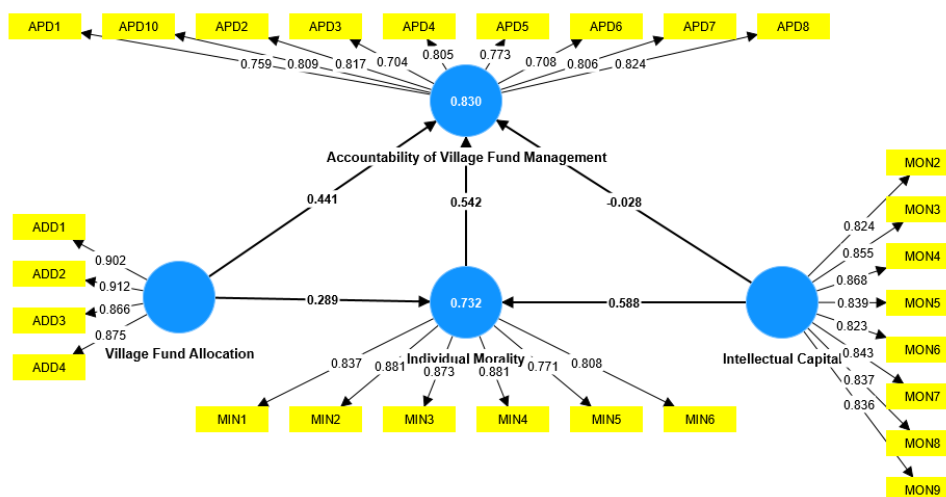


Figure 3. Revised Convergent Validity Test (Factor Loading)

Table 4. Convergent Validity Test (Average Variance Extracted - AVE)

Variable	AVE	Rule of thumb	Conclusion
Village Fund Allocation	0,791	0,5	Fulfilled
Intellectual Capital	0,707	0,5	Fulfilled
Individual Morality	0,710	0,5	Fulfilled
Village Fund Management Accountability	0,608	0,5	Fulfilled

Source: Primary data processed by the researcher, 2023

Figure 3 presents that the results of the convergent validity test (factor loading) for the village fund allocation variable range from 0.875 to 0.912. The intellectual capital variable has a factor loading range of 0.823 to 0.868. The individual morality variable has a factor loading range of 0.771 to 0.881. Finally, the village fund management accountability variable has a factor loading range of 0.704 to 0.824. These conditions indicate that the convergent validity of all variables is fulfilled.

In this study, the convergent validity was assessed using average variance extracted (AVE) values. Table 4 presents the AVE values for each variable, revealing that the village fund allocation variable had an AVE of 0.791, intellectual capital had an AVE of 0.707, individual morality had an AVE of 0.710, and village fund management accountability had an AVE of 0.608. Notably, all variables demonstrated AVE values is higher than 0.5, thereby confirming the fulfillment of convergent validity in this study.

Table 5. Discriminant Validity Test (Cross Loading)

	Village Fund Allocation	Intellectual Capital	Individual Morality	Village Fund Management Accountability
ADD1	0,902	0,834	0,725	0,779
ADD2	0,912	0,786	0,723	0,796
ADD3	0,866	0,758	0,675	0,727
ADD4	0,875	0,787	0,764	0,743
MON2	0,678	0,824	0,772	0,697
MON3	0,714	0,855	0,751	0,709
MON4	0,794	0,868	0,775	0,745
MON5	0,772	0,839	0,686	0,676
MON6	0,739	0,823	0,634	0,620
MON7	0,728	0,843	0,710	0,692
MON8	0,787	0,837	0,670	0,694
MON9	0,781	0,836	0,672	0,692



MIN1	0,709	0,648	0,837	0,718
MIN2	0,661	0,706	0,881	0,722
MIN3	0,740	0,706	0,873	0,767
MIN4	0,689	0,756	0,881	0,756
MIN5	0,572	0,676	0,771	0,752
MIN6	0,731	0,775	0,808	0,714
APD1	0,665	0,599	0,574	0,759
APD2	0,811	0,688	0,701	0,817
APD3	0,695	0,588	0,597	0,704
APD4	0,670	0,643	0,734	0,805
APD5	0,551	0,645	0,739	0,773
APD6	0,625	0,706	0,658	0,708
APD7	0,642	0,714	0,703	0,806
APD8	0,693	0,590	0,608	0,824
APD10	0,645	0,597	0,807	0,809

Source: Primary data processed by the researcher, 2023

Table 5 results of the discriminant validity test (cross-loading) presents that all indicators have a higher factor loading value for their respective variables compared to other variables. Therefore, the results of the discriminant validity test for this study are fulfilled.

Table 6. Test of Reliability

Variable	Cronbach Alpha	Composite Reliability	Conclusion
Village Fund Allocation	0,912	0,913	Fulfilled
Intellectual Capital	0,941	0,942	Fulfilled
Individual Morality	0,918	0,919	Fulfilled
Village Fund Management Accountability	0,919	0,921	Fulfilled

Source: Primary data processed by the researcher, 2023

Table 6 presents the results of the reliability test, indicating that all variables in this study, namely village fund allocation, intellectual capital, individual morality, and Village Fund Management Accountability, have Cronbach's alpha and composite reliability values is higher than 0.7. Hence, the reliability test results of this study have been fulfilled.

Table 7. Hypothesis Testing

Hypothesis	Correlation	Coefficient	t-statistic	sig.
H ₁	Village Fund Allocation → Village Fund Management Accountability	0,598	8,774	0,000
H ₂	Intellectual Capital → Village Fund Management Accountability	0,291	3,253	0,001
H ₃	Individual Morality → Village Fund Management Accountability	0,542	3,739	0,000
H ₄	Village Fund Allocation → Individual Morality	0,289	2,578	0,010
H ₅	Individual Morality → Individual Morality	0,588	5,370	0,000

Information:
Adjusted R² Village Fund Management Accountability (0,825), *Adjusted R²* Individual Morality (0,732), *Effect size f²* Village Fund Allocation → Village Fund Management Accountability (0,223), Intellectual Capital → Village Fund Management Accountability (0,001), Intellectual Capital → Village Fund Management Accountability (0,461), Allocation

of village funds → Individual Morality (0,065), and Intellectual Capital → Individual Morality (0,269).

Source: Primary data processed by the researcher, 2023

Table 8. Mediation Hypothesis Test

Hypothesis	Correlation	Coefficient	t-statistic	sig.
H ₆	Village Fund Allocation → Individual Morality → Village Fund Management Accountability	0,598	8,774	0,000
H ₇	Intellectual Capital → Individual Morality → Village Fund Management Accountability	0,291	3,253	0,001

Source: Primary data processed by the researcher, 2023

DISCUSSION

Village Fund Allocation and Village Fund Management Accountability


Based on the hypothesis testing table presented, it is presented that the results of the H1 test, which examines the effect of village fund allocation on village Fund Management Accountability, have a coefficient value of 0.598, a t-statistic of 8.774, and a significance level of 0.000, which is less than 0.05. It indicates that village fund allocation has a positive and significant effect on village Fund Management Accountability, thus supporting Hypothesis H1. The requirement for village government administration will be fulfilled through the allocation of Village Funds sourced from the District/City Regional Budget (APBD). This research demonstrates that the allocation of village funds has a positive and significant impact on village fund management accountability, thereby mitigating the potential for fraud in the allocation of village funds. Lasa & Lestari (2018) stated that accountability and a transparent attitude of village government are necessary in expressing the management of village funds. According to several studies (Siti et al., 2017; Putra et al., 2017; Syahadatina, 2017; Nasehan & Anisa, 2017; Wibowo et al., 2019), Village funds are allocated to alleviate poverty and enhance community welfare. To ensure accountability, transparency, and adherence to regulations, village fund allocation must be conducted transparently, accountably, and with disciplined budgeting. Reporting and accountability are crucial in achieving targeted accountability in managing village funds.

Intellectual Capital and Village Fund Management Accountability

Based on the hypothesis testing table presented, it is presented that the results of the H2 test, which examines the effect of intellectual modal on village Fund Management Accountability, have a coefficient value of 0,291, a t-statistic of 3,253, and a significance level of 0,001, which is less than 0.05. It indicates that intellectual capital has a positive and significant effect on village Fund Management Accountability, thus supporting Hypothesis H2. Having high intellectual capital not only provides benefits or profits but can also be evaluated based on skills, knowledge, technology, and innovation. With high intellectual capital, it will generate advantages for human resources. Barokah et al. (2018) demonstrated that the ability to generate innovation and creativity based on knowledge can enhance the value-added for an organization. This, in turn, can provide financial information regarding village wealth management. Marlina et al. (2021) explain that an individual with high knowledge and ability will be able to influence the accountability of managing village funds and can create prosperity in the future (Abeysekera & Guthric, 2012; Whihgt & Miller, 2008).

Individual Morality and Village Fund Management Accountability

Based on the hypothesis testing table presented, it is presented that the results of the H3 test, which examines the effect of Individual Morality on village Fund Management Accountability, have a coefficient value of 0,542, a t-statistic of 3,739, and a significance level of 0,000, which is less than 0.05. It indicates that individual morality has a positive and significant effect on village Fund Management Accountability, thus supporting Hypothesis H3. Asih et al. (2022), individual morality directly influences individuals' task completion actions. When individuals possess good moral values,



they are more likely to make ethical decisions and abide by established rules. This study proves that individual morality has a positive and significant effect on village fund management accountability. With high individual morale, it can control and prevent individuals from engaging in fraudulent behavior. Asih et al. (2022), Liyanarachchi (2019), Islamiyah (2020), and Yuniasih et al. (2022) state that individuals with low morality are more likely to be irresponsible and inclined to engage in dishonest behavior. Conversely, individuals with high morality exhibit a strong moral intensity, acting fairly and minimizing the potential for misconduct. In controlling the potential for corruption in village government, accountability and transparency are crucial. These measures aim to enhance the village fund management accountability since they require individuals with high morality. Therefore, the findings of this study provide evidence that individual morality has a positive and significant impact on village fund management accountability. Individuals with high moral values can self-regulate and refrain from engaging in dishonest behavior.

Village Fund Allocation and Individual Morality

Based on the hypothesis testing table presented, it is presented that the results of the H4 test, which examines the effect of Village Fund Allocation on the Individual Morality, have a coefficient value of 0,289, a t-statistic of 2,578, and a significance level of 0,010, which is less than 0.05. It indicates that village fund allocation has a positive and significant effect on the individual morality, thus supporting Hypothesis H4. Village fund allocation is required to improve the performance of village administration, enhance public services, promote community prosperity, and fulfill community rights. Effective implementation of village fund allocation relies on clear regulations and active community participation in supervising the implementation of village activities. Minang et al. (2021), Umar et al. (2018), Satria et al. (2021), and Asih et al. (2022) define village fund allocation as the financial circulation within the village that is utilized and allocated to create independent villages and empower the community. These funds are managed by village officials, requiring individuals with high morality in managing village finances to minimize the potential for fraud. With high individual morality, individuals can exercise self-control and refrain from engaging in fraudulent activities.


Intellectual Morality and Individual Morality

Based on the hypothesis testing table presented, it is presented that the results of the H5 test, which examines the effect of intellectual Modal on the Individual Morality, have a coefficient value of 0,588, a t-statistic of 5,370, and a significance level of 0,000, which is less than 0.05. It indicates that intellectual capital has a positive and significant effect on the individual morality, thus supporting Hypothesis H5. Village officials with high intellectual capital possess valuable knowledge, intelligence, and mental capacity to effectively manage village funds within the allocated budget. Their intellectual capital contributes to the enhancement of individual morality, resulting in a reduced potential for corruption. By understanding and applying their entrusted responsibilities, village officials with high intellectual capital play a crucial role in promoting transparency and accountability in village fund management. This is in line with study conducted by Satria et al. (2021) and Wu et al. (2016) both suggest a strong correlation between individual morality and behavior as village fund managers. They found that individuals with poor morality are more likely to engage in fraudulent activities, while those with high morality consistently exhibit ethical behavior and prioritize the well-being of the organization

Village Fund Allocation, Individual Morality and Village Fund Management Accountability

The hypothesis testing in this study utilized a mediation procedure adopted from Hair et al. (2017) as part of the analysis.

The results of testing the H6 hypothesis, which examines the effect of village fund allocation on village fund management accountability through individual morality using Figure 1, indicate that the effect of village fund allocation on individual morality has a coefficient value of 0.289, a t-statistic of 2.578, and a significance of $0.010 < 0.05$. Furthermore, the effect of individual morality on the accountability of managing village funds has a coefficient value of 0.542, a t-statistic of 3.739, and a significance of $0.000 < 0.05$. Furthermore, the effect of village fund allocation on village fund management accountability has a coefficient value of 0.598, a t-statistic of 8.774, and a significance of $0.000 < 0.05$. Therefore, individual morality partially mediates (complements) the effect of village



fund allocation on village fund management accountability, thus supporting H6. The increasing budget for village fund allocation each year undoubtedly calls for high accountability. It is crucial to maintain good accountability in managing village fund allocation, and this responsibility is heavily reliant on individual morality. With high individual morality, village officials are motivated and guided to act ethically, ensuring effective and transparent management. According to Widyatama et al. (2017), Maarif (2018), Mualifu et al. (2019), and Kurniawati (2019), accountability for the village fund allocation is crucial for ensuring directed use, full control by village officials, and transparency, which in turn improves the quality of performance. This finding is consistent with the research conducted by Rohmah et al. (2022), which suggests that the implementation of supervision and control in the management of village funds, along with its associated activities, can significantly enhance the village fund management accountability.

Effective supervision and control in village fund management, as highlighted by Anisyku and Indah A (2018), improves community services. Additionally, individuals with high moral values are more motivated to responsibly manage the organization. Accountability in managing village funds represents the responsibility entrusted to village officials, reflecting the village head's obligations in achieving the goals of the village. Accountability is expected to enhance the quality of village government performance, making the management of village funds a key indicator of public trust. This trust will reduce irregularities in village funds, empowering the community to become self-reliant and fostering the development of independent villages.

Intellectual Capital, Individual Morality and Village Fund Management Accountability

The results of testing the H7 hypothesis, which examines the effect of intellectual Capital on village fund management accountability through individual morality using Figure 1, indicate that the effect of intellectual capital on individual morality has a coefficient value of 0.588, a t-statistic of 5.370, and a significance of $0.000 < 0.05$. Furthermore, the effect of individual morality on the accountability of managing village funds has a coefficient value of 0.542, a t-statistic of 3.739, and a significance of $0.000 < 0.05$. Furthermore, the effect of intellectual capital on village fund management accountability has a coefficient value of 0.291, a t-statistic of 3.253, and a significance of $0.001 < 0.05$. Therefore, individual morality partially mediates (complements) the effect of intellectual capital on village fund management accountability, thus supporting H7. With a high level of intellectual capital, performance can be improved (Bismuth & Tojo, 2008; Salvi et al., 2020), and this is strongly correlated with the management's knowledge of the existing processes within the organization. Village governments with high intellectual capital will have better knowledge, competence, expertise and experience. In the context of village government, all members of the village government who possess high moral values tend to prioritize accountability in managing village funds to achieve community welfare, rather than pursuing individual interests. Thus, individual morality is considered a determining factor that can mediate the impact of village fund allocation and intellectual capital on village fund management accountability.

CONCLUSION


The issue of Village Fund Management Accountability is a significant concern for stakeholders due to fraud cases in village fund management across Indonesia. This study aims to analyze the role of village fund allocation and intellectual capital, with individual morality as a mediator. The study utilized convenience sampling during a webinar on accountability and village fund management organized by the Ministry of Villages in collaboration with Muhammadiyah University of Jakarta. Hypotheses were tested using SmartPLS version 4.

This study highlights the positive influence of village fund allocation, intellectual capital, and individual morality on Village Fund Management Accountability. Village officials should prioritize the village organization's betterment over personal interests. Individual morality mediates the effects of fund allocation and intellectual capital on accountability. High individual morality indicates proper fund management accountability. This study fills a gap in previous literature and provides important implications for methodologies. It advances stewardship theory and emphasizes the significance of individual morality in promoting effective fund management accountability.

A limitation of this study is that the research sample consisted only of village officials who attended specific webinars. This may not represent all village officials in Indonesia. Future studies should consider selecting respondents from diverse regions to ensure broader coverage and accessibility.

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