

# The Role of Ethical Belief, Accounting Literacy, and Digital Literacy in Village Financial Management

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## ABSTRACT

*This study is motivated by the need to strengthen accountable and transparent village financial management. The objective of this research is to examine whether ethical belief, accounting literacy, and digital literacy influence village financial management among village officials in North Luwu Regency. A quantitative associative approach was applied. The study involved 120 village officials directly engaged in financial management, selected through purposive sampling. Data were collected through questionnaires and analyzed using multiple linear regression. The results indicate that ethical belief and digital literacy significantly affect village financial management, while accounting literacy does not show a significant partial effect. However, simultaneously, the three variables have a significant influence. These findings imply that ethical integrity and digital competence among village officials play a crucial role in improving the quality of village financial management practices.*

**Keywords:** *ethical belief, accounting literacy, digital literacy, village financial management.*

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## INTRODUCTION

Village financial management plays a crucial role in establishing transparent, accountable, and participatory governance at the local level. The enactment of Law Number 6 of 2014 concerning Villages has granted broader authority to village governments to manage administrative and development activities, particularly in managing village funds that continue to increase annually. These funds are allocated to support rural development, improve public services, and empower local communities. However, despite the increased fiscal authority granted to villages, challenges in village financial management remain prevalent. These challenges include limited administrative capacity among village officials, weak supervision mechanisms, and insufficient transparency in financial reporting to the public (Savitri et al., 2023). Furthermore, weak financial accountability is often associated with the lack of ethical awareness and public responsibility among officials involved in managing public funds (Retnani et al., 2024). Therefore, effective village financial governance requires not only adequate regulatory frameworks but also strong moral integrity among the individuals responsible for managing village finances.

Previous studies indicate that effective village financial management is strongly influenced by the implementation of good governance principles, including transparency, accountability, participation, and compliance with legal regulations (Asrori et al., 2024; Retnani et al., 2024). Nevertheless, empirical evidence suggests that irregularities in the management and utilization of village funds still occur in several regions. Such conditions are often exacerbated by limited community participation in financial oversight and the underutilization of information technology in disseminating financial information. Consequently, these issues raise concerns regarding the effectiveness of the Village Fund policy in achieving its primary objective of improving rural welfare. In this context, examining the factors that influence the quality of village financial management becomes increasingly important, particularly by considering the ethical values, accounting competence, and digital capabilities of village officials.

One important factor that may influence the quality of village financial governance is ethical belief. Ethical belief refers to an individual's moral conviction that guides attitudes and behaviors in carrying out professional responsibilities. In the context of public sector management, strong ethical values encourage officials to act with integrity, honesty, and responsibility in managing public resources. The implementation of public ethical principles such as fairness, transparency, and accountability is essential in ensuring responsible financial governance (Azahra et al., 2025). Empirical evidence also suggests that the morality and integrity of village leaders serve as critical safeguards against financial misconduct and corruption (Retnani et al., 2024). Therefore, strengthening ethical values among village officials is considered a fundamental element in building a transparent and trustworthy village financial management system.

In addition to ethical considerations, accounting literacy is also an important factor in supporting effective village financial management. Accounting literacy refers to the ability of village officials to understand financial concepts, record transactions accurately, and prepare financial reports in accordance with applicable accounting standards and regulations. Adequate accounting knowledge enables officials to produce reliable financial reports that uphold the principles of transparency and accountability to both the public and relevant authorities. Studies indicate that improving accounting literacy and financial management skills can enhance the ability of communities to manage economic resources by up to 20% (Ambarwati et al., 2024). Furthermore, accounting literacy contributes not only to the technical aspects of financial reporting but also to increasing awareness of the importance of public accountability in managing government funds (Budianto, 2024). Thus, accounting literacy serves as an essential foundation for ensuring that village funds are managed effectively and in accordance with development objectives.

Another factor that has become increasingly significant in the modern governance environment is digital literacy. Digital literacy refers to the ability of individuals to access, understand, and utilize digital technologies to support administrative and managerial activities. In village governance, digital literacy plays an important role in enhancing transparency, efficiency, and accountability in financial management processes. The rapid development of digital governance has encouraged village administrations to adopt technology-based financial systems such as the Village Financial System (Siskeudes), which facilitates financial recording, reporting, and monitoring. However, the relatively low level of digital literacy among village officials remains a significant challenge in the effective implementation of such systems (Lukman et al., 2023). Previous studies have shown that the digitalization of financial management through Siskeudes significantly improves transparency and efficiency in managing village funds (Suroiyah et al., 2025). Moreover, digital literacy is also considered a strategic component in promoting the development of smart villages, which are characterized by adaptive governance, technological integration, and active community participation (Rahma et al., 2024).

From a theoretical perspective, this study is grounded in Agency Theory and Stewardship Theory. Agency Theory explains the relationship between village officials as agents and the community as principals, where information asymmetry and potential conflicts of interest may affect financial accountability. In this context, ethical belief plays a crucial role in reducing opportunistic behavior and ensuring responsible financial management. Meanwhile, Stewardship Theory emphasizes that public officials are inherently motivated to act in the best interests of the community. This perspective supports the importance of ethical values and integrity in managing public resources. In addition, digital literacy can be understood as a capability that enhances transparency and reduces information asymmetry, thereby strengthening accountability mechanisms in village financial governance. Thus, this study integrates ethical, technical, and technological dimensions within a governance framework to explain village financial management.

Based on the discussion above, the effectiveness of village financial management is not solely determined by regulatory frameworks or standardized financial systems established by the government. Instead, it is also strongly influenced by the competence, ethical values, and technological capabilities of village officials responsible for managing public finances. In the context of increasing demands for transparency, accountability, and digital-based governance, examining the roles of ethical belief, accounting literacy, and digital literacy becomes particularly relevant. Although previous studies have

investigated ethical aspects, accounting competence, and information technology separately, empirical studies that simultaneously examine these three factors in the context of North Luwu Regency remain limited. Therefore, this study aims to analyze the influence of ethical belief, accounting literacy, and digital literacy on village financial management among village officials in North Luwu Regency.

## **THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT**

### **Ethical Belief**

Ethical belief fundamentally refers to a set of moral values and principles that guide individuals in their actions and decision-making processes. These values function as internal controls that influence individual behavior when facing situations that may lead to misconduct. Individuals who possess strong ethical beliefs tend to reject unethical actions even when opportunities for such behavior arise. Individual morality plays an important role in preventing fraudulent practices, particularly in the management of public finances, because individuals with strong moral values are less likely to justify deviant behavior (Dewi, 2024).

In the context of village governance, ethical belief plays a crucial role in maintaining accountability and transparency. Village officials who possess strong moral and religious values are more likely to exercise caution in managing village funds, as these funds represent a public trust that must be accounted for in the interest of the community. The findings of (Kase & Babulu, 2023) indicate that intrinsic religiosity is negatively associated with the tendency to commit fraud. This suggests that higher levels of religiosity and moral awareness reduce the likelihood of misusing public funds. In addition to moral and religious values, social ethics also play a significant role. Village officials are expected to be sensitive to social norms and the broader interests of the community. Decisions related to village funds should prioritize collective welfare rather than personal interests. Social ethics act as a controlling mechanism in village financial management by fostering collective awareness that village funds belong to the public (Chusanudin & Ramadhan, 2022).

Based on the discussion above, ethical belief can be measured through three key indicators: integrity, moral and religious values, and social ethics. These aspects collectively form an important foundation for village officials in managing public finances in an honest, fair, and responsible manner.

### **Accounting Literacy**

Accounting literacy refers to an individual's ability to understand and utilize accounting information to support financial decision-making. This competence includes knowledge of transaction recording, preparation of financial statements, and understanding of accountability principles. When village officials possess adequate accounting literacy, they are better able to prepare financial reports in accordance with established standards and effectively account for the management of public funds to both the community and relevant authorities.

In the context of village financial management, accounting literacy is considered one of the key factors influencing governance quality. Village officials are not only required to understand administrative regulations but must also possess the technical skills necessary to record, classify, and report financial transactions accurately.

Study (Khan, 2020) found that the financial literacy of village officials significantly affects financial performance and strengthens accountability in financial reporting. Similarly, (Priska et al., 2021) reported that higher levels of accounting literacy among village officials contribute to improved quality in the preparation of the Village Revenue and Expenditure Budget (APBDes). In addition to improving reporting quality, accounting literacy is closely related to accountability principles. Officials who understand accounting systems are better able to ensure that financial flows can be traced and transparently reported. (Suhendri et al., 2023) emphasize that understanding the village accounting system is a crucial factor in enhancing the accountability of village financial management.

Accounting literacy can therefore be measured through three main indicators: basic accounting knowledge, the ability to prepare financial reports, and financial accountability. These indicators form an essential framework for village officials in achieving accountable financial governance.

### **Digital Literacy**

Digital literacy refers to the ability of individuals to access, understand, and use digital technology effectively and responsibly. In the context of village governance, digital literacy extends beyond the

ability to operate devices or applications; it also includes awareness of data security, information transparency, and the utilization of technology to strengthen financial accountability.

Technological advancement has encouraged village governments to adopt digital systems in financial management, one of which is the Village Financial System (Siskeudes). This system is designed to facilitate financial recording, reporting, and monitoring processes. The implementation of such digital systems is expected to improve transparency, efficiency, and accountability in the management of village funds. Research conducted by (Suroiyah et al., 2025) indicates that the adoption of digital systems positively influences financial transparency and accountability.

However, the level of digital literacy among village officials remains relatively low, which limits the optimal implementation of digital village programs (Fitriansyah & Nuryakin, 2021). Furthermore, digital literacy plays a strategic role in supporting the realization of smart villages. The digital competencies of village officials contribute to achieving Sustainable Development Goals (SDGs), particularly in improving public service quality and strengthening village governance (Rahma et al., 2024). This highlights that digital literacy is not merely a technical skill but also an essential instrument for building public trust in village financial management.

Digital literacy can be evaluated through three indicators: technological proficiency, digital transparency, and awareness of digital risks. These aspects complement one another and form a critical foundation for village officials in establishing modern and accountable financial governance.

### **Village Financial Management**

Village financial management encompasses a series of integrated processes that begin with planning, followed by implementation, financial administration, and ultimately reporting and accountability for budget utilization. According to **Law Number 6 of 2014 concerning Villages**, village governments are required to manage their finances in a transparent, accountable, participatory, orderly, and disciplined manner.

These principles are intended to ensure that village funds, which continue to increase annually, are effectively utilized to support rural development and improve community welfare. However, in practice, several challenges still hinder effective village financial management. Various cases of fund misuse indicate that internal control systems are not yet fully effective and that the capacity of village officials requires further strengthening. Weak transparency and accountability often create opportunities for the misappropriation of village funds (Chusanudin & Ramadhan, 2022).

Although digitalization through systems such as Siskeudes has been shown to improve transparency, its effectiveness largely depends on the quality of human resources and the availability of adequate policy support (Suroiyah et al., 2025).

Transparency serves as a key pillar in village financial management because communities have the right to access information regarding planning processes, budget realization, and financial accountability reports. Accountability, on the other hand, requires that all budget expenditures be clearly justified to both the public and the government. Additionally, the effectiveness of fund utilization is also an important consideration, as village budgets must align with development priorities and produce tangible benefits for the community.

Village financial management is generally measured using three primary indicators: transparency, accountability, and the effectiveness of fund utilization. When these indicators are effectively implemented, village financial management can support sustainable development and improve the welfare of rural communities.

### **Hypothesis Development**

#### **1. Ethical Belief and Village Financial Management**

Ethical belief can be understood as a set of moral values and principles that guide individual behavior in performing professional duties. Village officials who possess strong ethical beliefs tend to manage financial resources with honesty, transparency, and accountability. (Dewi, 2024) emphasizes that individual morality plays a significant role in preventing financial misconduct. Similarly, (Kase & Babulu, 2023) found that intrinsic religiosity is negatively associated with the tendency to commit fraud. Based on these findings, it can be assumed that stronger ethical beliefs among village officials will lead to better village financial management.

H1: Ethical belief has a positive effect on village financial management.

## 2. Accounting Literacy and Village Financial Management

Accounting literacy reflects the ability of village officials to understand fundamental accounting principles, record financial transactions, prepare financial reports, and implement accountability in financial processes. Officials with strong accounting literacy are able to produce accurate, transparent, and regulation-compliant financial reports.

(Khan, 2020) found that financial literacy among village officials positively influences financial management performance. This finding is supported by (Priska et al., 2021), who reported that accounting literacy contributes to improving the quality of APBDes preparation. Therefore, accounting literacy is considered a key factor in supporting effective village financial management.

H2: Accounting literacy has a positive effect on village financial management.

## 3. Digital Literacy and Village Financial Management

Advancements in information technology require village officials to possess adequate digital literacy to manage financial systems effectively. The use of digital financial applications such as Siskeudes has been proven to enhance transparency and accountability in financial reporting. Research by (Suroiyah et al., 2025) indicates that digitalization significantly improves openness in the management of village funds.

Additionally, (Rahma et al., 2024) highlight that digital literacy forms the foundation for developing smart villages and strengthening modern village governance. This suggests that higher levels of digital literacy among village officials lead to more effective village financial management.

H3: Digital literacy has a positive effect on village financial management.

### Conceptual Framework

The conceptual framework of this study illustrates the relationship between the independent variables and the dependent variable examined in this research. The independent variables include ethical belief, accounting literacy, and digital literacy, while the dependent variable is village financial management.

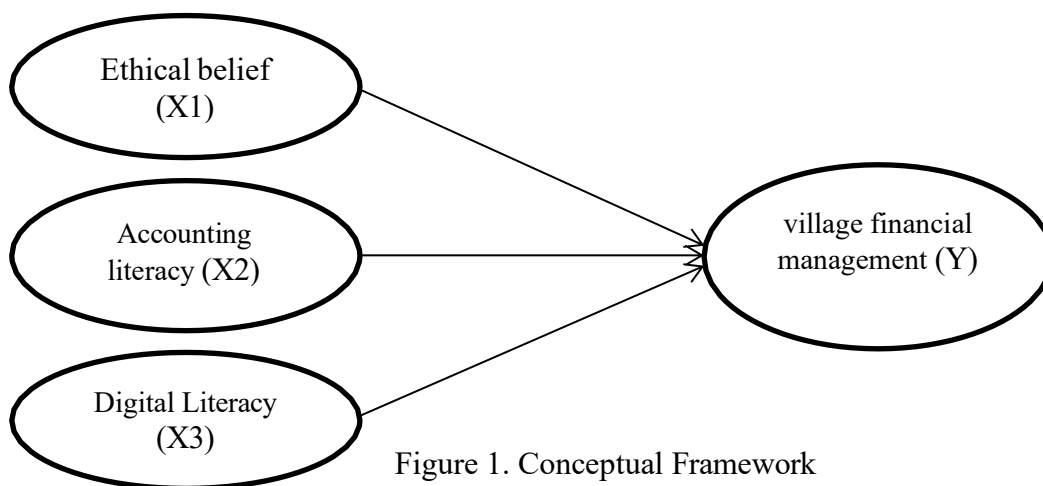


Figure 1. Conceptual Framework

## RESEARCH METHODS

### Research Design

This study employs a quantitative approach with an associative research design. The quantitative approach is used because the data obtained are numerical and analyzed using statistical techniques to test the formulated hypotheses. Associative research aims to analyze the relationship and influence between ethical belief, accounting literacy, and digital literacy on village financial management (Sugiyono, 2022).

## **Research Location**

This research was conducted in village governments located in North Luwu Regency. The selection of this location was based on the consideration that North Luwu Regency has a relatively large number of villages that actively manage village funds each year, making it relevant for examining factors that influence village financial management. In addition, in terms of accessibility and data availability, this region allows researchers to obtain data directly from village officials involved in financial management.

## **Population and Sample**

The population in this study consists of all village officials in North Luwu Regency who are involved in village financial management. North Luwu Regency consists of 166 villages, each with an administrative structure that plays a role in planning, implementing, and reporting village finances. The sampling technique used in this study is purposive sampling, which determines samples based on specific criteria relevant to the research objectives. The selected respondents are village officials who are directly involved in village financial management, such as village heads, village secretaries, village treasurers, and other village staff responsible for financial management, who have held their positions for at least one year and are willing to participate as research respondents. Based on these criteria, as well as the availability and completeness of returned questionnaires, the total sample obtained was 120 respondents. This number is considered adequate for multiple linear regression analysis as it meets statistical sample adequacy and is representative for explaining the phenomenon under study.

## **Data Collection Technique**

The data used in this study are primary data obtained through the distribution of closed-ended questionnaires to respondents. The questionnaire was designed using a five-point Likert scale, ranging from Strongly Disagree (1) to Strongly Agree (5), to measure respondents' perceptions of the variables of ethical belief, accounting literacy, digital literacy, and village financial management. The measurement indicators used in this study were adapted from previous studies related to ethical belief, accounting literacy, digital literacy, and village financial management. Prior to data collection, the questionnaire was reviewed to ensure clarity and relevance of each item. Each variable was measured using multiple indicators reflecting its conceptual dimensions.

## **Data Analysis Technique**

The collected data were analyzed using SPSS software. The analysis stages include validity and reliability tests to ensure the quality of the research instruments, as well as multiple linear regression analysis to examine the influence of independent variables on the dependent variable. Hypothesis testing was conducted using the t-test to determine the partial effect, the F-test to determine the simultaneous effect, and the coefficient of determination ( $R^2$ ) to measure the extent to which the independent variables explain the variation in village financial management.

# **RESULTS AND DISCUSSION**

## **Research Results**

### **A. Overview of Research Data**

This study utilized primary data obtained through the distribution of questionnaires to village officials in North Luwu Regency who are directly involved in village financial management. The research subjects consisted of village heads, village secretaries, and village treasurers who have served for at least one year and actively participate in the management of village funds.

The collected data were then processed and analyzed using the Statistical Package for the Social Sciences (SPSS) program. Data analysis was conducted to test the quality of the research instruments, perform classical assumption tests, and determine the influence of ethical belief, accounting literacy, and digital literacy on village financial management.

### **B. Instrument Quality Test**

#### **a. Validity Test**

The validity test was conducted to determine the extent to which the research instrument is capable of measuring the variables under study. In this research, the validity test employed the Corrected Item–Total Correlation technique, with the criterion that a statement item is considered valid if it has a Corrected Item–Total Correlation value greater than the r-table value.

**Table 1. Validity Test Results**

Variables	Indicator	R count	R Table	Information
Ethical belief	X1.1	0.896	0.179	Valid
	X1.2	0.949	0.179	Valid
	X1.3	0.875	0.179	Valid
	X1.4	0.928	0.179	Valid
	X1.5	0.957	0.179	Valid
	X1.6	0.954	0.179	Valid
Accounting Literacy	X2.1	0.845	0.179	Valid
	X2.2	0.904	0.179	Valid
	X2.3	0.889	0.179	Valid
	X2.4	0.918	0.179	Valid
	X2.5	0.931	0.179	Valid
	X2.6	0.947	0.179	Valid
Digital Literacy	X3.1	0.902	0.179	Valid
	X3.2	0.925	0.179	Valid
	X3.3	0.887	0.179	Valid
	X3.4	0.941	0.179	Valid
	X3.5	0.958	0.179	Valid
	X3.6	0.932	0.179	Valid
Village Financial Management	Y.1	0.913	0.179	Valid
	Y.2	0.944	0.179	Valid
	Y.3	0.901	0.179	Valid
	Y.4	0.957	0.179	Valid
	Y.5	0.936	0.179	Valid
	Y.6	0.922	0.179	Valid

Source: Processed primary data, 2025

Based on the validity testing that has been conducted, it was found that all statement items for each research variable obtained Corrected Item–Total Correlation values higher than the r-table value, indicating that all items are valid and suitable to be used as research measurement instruments.

#### **b. Reliability Test**

The reliability test was conducted to determine the level of consistency of the research instrument in measuring the variables under study. In this study, reliability testing was performed using the Cronbach’s Alpha method, with the criterion that an instrument is considered reliable if it has a Cronbach’s Alpha value greater than 0.60.

**Table 1. Reliability Test Results**

Variables	Number of Items	Cronbach's Alpha	Information
Ethical belief (X1)	6	0.967	Reliable
Accounting Literacy (X2)	6	0.965	Reliable
Digital Literacy (X3)	6	0.958	Reliable
Village Financial Management (Y)	6	0.967	Reliable

Source: Processed primary data, 2025

The results of the reliability test showed that all variables in this study had a Cronbach's Alpha value greater than 0.60. Thus, the research instrument was declared reliable and suitable for use in data collection.

#### **C. Classical Assumption Tests**

**a. Normality Test**

The normality test of residuals was conducted to determine whether the regression model has a normally distributed residual. The test was performed using the Kolmogorov–Smirnov test. The test results show a significance value of 0.000 ( $< 0.05$ ), which statistically indicates that the residuals are not normally distributed. However, in regression analysis with a relatively large sample size ( $n = 120$ ), the normality test tends to be highly sensitive to minor deviations from normality. Based on the Central Limit Theorem, the distribution of residuals in large samples tends to approximate normality. Therefore, the normality assumption in this study is considered fulfilled, and the regression model remains appropriate for hypothesis testing.

**b. Multicollinearity Test**

The multicollinearity test was conducted to determine whether there is a high correlation among independent variables in the regression model. This test uses Tolerance values and Variance Inflation Factor (VIF).

**Table 3. Multicollinearity Test Results**

Variable	Tolerance	VIF	Description
Ethical Belief (X1)	0.206	4.853	No multicollinearity
Accounting Literacy (X2)	0.095	10.576	Indication of multicollinearity
Digital Literacy (X3)	0.111	8.981	No multicollinearity

Source: Processed primary data, 2025

Based on the table above, the variables ethical belief and digital literacy do not indicate multicollinearity, as their tolerance values are above 0.10 and VIF values are below 10. However, the accounting literacy variable has a tolerance value below 0.10 and a VIF value above 10, indicating a potential multicollinearity issue. Nevertheless, the regression model remains statistically significant and demonstrates strong explanatory power. Therefore, the analysis is continued with careful interpretation of the regression coefficients.

**c. Heteroskedasticity Test**

The heteroskedasticity test was conducted using the Glejser method to determine whether there is inequality in the variance of residuals.

**Table 4. Heteroskedasticity Test Results**

Variable	Sig.	Description
Ethical Belief (X1)	0.982	No heteroskedasticity
Accounting Literacy (X2)	0.295	No heteroskedasticity
Digital Literacy (X3)	0.706	No heteroskedasticity

Source: Processed primary data, 2025

Based on the test results, all independent variables have significance values greater than 0.05. Therefore, it can be concluded that there is no heteroskedasticity problem in the regression model.

**D. Hypothesis Testing**

**a. Coefficient of Determination ( $R^2$ )**

**Table 5. Coefficient of Determination ( $R^2$ )**

Model	R	R Square	Adjusted R Square
1	0.929	0.863	0.860

Source: Processed primary data, 2025

Based on Table 3, the results of the coefficient of determination test (Model Summary), an R-square value of 0.863 was obtained. This value indicates that 86.3% of the variation in village financial

management can be explained by the variables of ethical belief, accounting literacy, and digital literacy. Meanwhile, the remaining 13.7% is explained by other variables outside this research model.

A high R Square value indicates that the regression model used has a strong ability to explain variations in the dependent variable.

**b. F Test (Simultaneous Effect)**

**Table 6. F Test Results**

Model	F Count	Sig.
Regression	244.389	0.000

Source: Processed primary data, 2025

Based on the results of the F test, the calculated F value was 244.389 with a significance value of 0.000. Because the significance value is less than 0.05, ethical belief, accounting literacy, and digital literacy simultaneously influence village financial management.

Thus, the regression model used in this study is declared suitable for use in hypothesis testing.

**c. T-Test (Partial Effect)**

**Table 7. T-Test Results**

Variables	T count	Sig
Ethical belief	7.594	0.000
Accounting Literacy	0.656	0.513
Digital Literacy	3.056	0.003

Source: Processed primary data, 2025

Based on Table 5, the results of the t-test (Coefficients), it was found that ethical belief (X1) has a calculated t-value of 7.594 with a significance level of 0.000, which is smaller than 0.05. This indicates that ethical belief has a significant effect on village financial management. Meanwhile, accounting literacy (X2) has a calculated t-value of 0.656 with a significance value of 0.513, which is greater than 0.05, so it does not have a significant effect on village financial management. Meanwhile, digital literacy (X3) obtained a calculated t-value of 3.056 with a significance level of 0.003, which is smaller than 0.05, so it is proven to have a significant effect on village financial management.

Based on the results of multiple linear regression analysis, it can be concluded that ethical belief, accounting literacy, and digital literacy simultaneously influence village financial management. However, partially, only ethical belief and digital literacy showed a significant effect, while accounting literacy showed no significant effect.

**Discussion of Research Results**

**A. The Effect of Ethical Belief on Village Financial Management**

The results of this study indicate that ethical belief has a significant effect on village financial management. This finding suggests that the stronger the ethical values and integrity of village officials, the better the quality of village financial management practices. Ethical belief represents the moral values that serve as the foundation for officials in performing their duties, particularly in decision-making processes involving the responsibility of managing public funds.

Theoretically, officials who possess high levels of integrity and ethical commitment tend to be more compliant with regulations, uphold the principles of transparency, and manage finances in an accountable manner. This finding is consistent with the study of (R. Sari & Putra, 2020), which states that the ethics and integrity of government officials influence the quality of public sector financial management. Similarly, (Rahmawati, 2021) found that the ethical beliefs of government officials play a role in improving accountability and transparency in village financial management.

However, the findings of this study differ from the results reported by (Aulia et al., 2023), which indicate that moral sensitivity does not significantly influence fraud prevention in the management of village fund allocations, although transparency and accountability were found to have significant effects. This difference can be explained by the variation in the dependent variables used. While this study examines village financial management as a whole, the previous research focused specifically on fraud

prevention. Therefore, the ethical dimension in the form of ethical belief in this study demonstrates a broader role in supporting the quality of village financial management.

From the perspective of Agency Theory, strong ethical belief reduces opportunistic behavior among agents and minimizes agency problems in public financial management. This finding supports the notion that ethical integrity functions as an internal control mechanism in governance.

### **B. The Effect of Accounting Literacy on Village Financial Management**

The results of this study indicate that accounting literacy does not have a significant effect on village financial management. This finding suggests that the level of understanding of accounting concepts and techniques among village officials does not directly determine the quality of village financial management in the context of this study.

The insignificant effect of accounting literacy may be attributed to several factors. In practice, village financial management has already adopted standardized systems and applications, which leads village officials to focus more on following administrative procedures based on technical guidelines rather than applying conceptual accounting considerations. As a result, variations in the level of accounting literacy do not appear to play a dominant role in influencing the quality of village financial management.

This finding is consistent with the research conducted by (Pratama & Nugroho, 2019), which concluded that accounting literacy does not significantly influence village financial management, particularly when officials rely heavily on financial systems and applications provided by the government. (Wahyuni, 2020) also found that accounting knowledge does not always directly affect the quality of financial management if it is not supported by other factors such as integrity and adequate internal control systems.

Nevertheless, the findings of this study differ from the research conducted by (N. Sari et al., 2022), which found that the competence of village officials has a positive and significant effect on village fund accountability. This difference may be explained by the broader scope of the concept of competence, which encompasses knowledge, skills, and technical abilities in a comprehensive manner, whereas accounting literacy in this study focuses primarily on technical accounting understanding. From a theoretical perspective, this result suggests that technical competence alone is insufficient without being supported by ethical values and system utilization, as emphasized in Stewardship Theory.

### **C. The Effect of Digital Literacy on Village Financial Management**

The results of this study show that digital literacy has a positive and significant effect on village financial management. This finding indicates that the ability of village officials to utilize information technology is an important factor in supporting the effectiveness and quality of village financial management.

Digital literacy enables village officials to operate financial management applications, record financial transactions systematically, and prepare financial reports more quickly and accurately. In addition, the use of information technology also promotes transparency and accountability because financial information can be accessed, monitored, and evaluated more easily.

These findings are consistent with the study conducted by (Putri & Hadi, 2021), which states that digital literacy contributes to the effectiveness of village financial management. Research by (Santoso, 2022) also shows that the use of information technology improves the accuracy, transparency, and timeliness of village financial reporting. Furthermore, the study conducted by (N. Sari et al., 2024) emphasizes that the optimization of village accounting information systems plays an important role in improving transparency, efficiency, and accountability in village financial management. This finding can also be explained through Agency Theory, where digital literacy reduces information asymmetry between village officials and the community by enabling more transparent and accessible financial reporting.

Overall, the results of the discussion indicate that the ethical dimension and digital capabilities of village officials play an important role in supporting the quality of village financial management, while accounting literacy has not been proven to have a significant partial effect. These findings emphasize that village financial management is not solely determined by technical accounting knowledge but also by the integrity of officials in carrying out their responsibilities and their ability to utilize information systems that support transparency and accountability. In the context of increasingly technology-based

village governance, the combination of ethical values and the optimization of information systems appears to be a more dominant element in realizing effective, efficient, and accountable village financial management.

## **CONCLUSION AND RECOMMENDATIONS**

### **Conclusion**

Based on the results of the study, it can be concluded that ethical belief and digital literacy have a positive and significant effect on village financial management among village officials in North Luwu Regency. These findings confirm that internal factors, namely the integrity and ethical convictions of officials as well as their ability to utilize digital technology, are important determinants in realizing effective, transparent, and accountable village financial management.

Conversely, accounting literacy does not show a significant partial effect, indicating that in the context of village financial management—which has been standardized and system-based—conceptual accounting knowledge has not yet become a dominant factor in determining the quality of financial management. Nevertheless, simultaneously the three variables are proven to have a significant effect on village financial management, suggesting that the combination of integrity, technical competence, and digital capability collectively contributes to explaining the variation in the quality of village financial management.

### **Recommendations**

The findings of this study indicate that the dimensions of integrity and the ability to adapt to technology are more dominant factors than technical accounting aspects in the context of village financial management. Therefore, strengthening the capacity of village officials should not focus solely on improving accounting knowledge but should also emphasize the development of a strong ethical culture and the continuous enhancement of digital competencies. This approach is relevant considering that village financial management is increasingly based on information systems and requires a high level of transparency.

Furthermore, future research may develop a more comprehensive model by incorporating institutional or organizational factors, such as internal control systems, organizational commitment, or work culture, in order to examine the interactions among variables more deeply. Expanding the research area or employing a mixed methods approach could also provide richer insights into the dynamics of village financial management in different contexts.

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