OPEN ACCESS
World Journal of Economics, Business and Management
ISSN: 3049-2181 | Vol. 3, No. 11, Nov, 2026
Website: https://wasrpublication.com/index.php/wjebm

Transparency in Village Fund Management and Public Trust: The Mediating Role of Management Quality

Eni Suasri[1*], Asrid Juniar[2], Noor Amelia[3] Rahmatullah Alfikri[4]

[1,2] Doctoral Program in Management Science, Faculty of Economics and Business, Lambung Mangkurat University, Indonesia
[1,3,4] Accounting Study Program, Department of Computer and Business, Tanah Laut State Polytechnic, Indonesia.

Received: 12/09/2026 | Revised: 25/09/2026 | Accepted: 20/10/2026 | Published: 11/11/2026

Abstract:

Background: Residents need village fund information that is clear and understandable to assess how public funds are managed. **Objective:** This study examines the effect of transparency in village fund management on public trust and tests whether management quality mediates this relationship. **Method:** Questionnaire data were collected from 138 residents of Sungai Jelai Village, selected through proportionate random sampling from an accessible population of 210. Responses used a four-point Likert scale and were analyzed with Partial Least Squares Structural Equation Modeling in SmartPLS 4.0. **Results:** Transparency had a positive but insignificant direct effect on public trust ($\beta = 0.016$, $p = 0.869$). It had a positive and significant effect on management quality ($\beta = 0.510$, $p < 0.001$), which in turn had a positive and significant effect on trust ($\beta = 0.523$, $p < 0.001$). The indirect effect was significant ($\beta = 0.267$, $p < 0.001$), indicating full mediation. **Conclusion:** Transparency is associated with stronger public trust when it is accompanied by orderly, appropriate, and accountable management of village funds.

Keywords: Management quality; public trust, transparency; village fund.

1. Introduction

Village funds are managed by village governments, and their use directly concerns residents. The relationship between the village government and the public is therefore assessed through both program outcomes and the budget process, from planning and implementation to reporting and accountability. Transparency gives residents information to assess whether funds have been used for shared needs. It can also reduce the information gap between village officials and residents and support public oversight (Anwar et al., 2024; Jannah & Satria, 2022).

At the village level, transparency may remain limited to formal disclosure. Sungai Jelai Village has displayed APBDes information on banners, but residents still need clearer explanations of funded activities, realized budgets, implementation progress, program benefits, and accountability. The presence of published figures does not by itself show that residents can understand or assess how funds are managed. This gap matters because public trust supports the functioning of village governance.

Residents who trust the village government may be more willing to support its programs, follow recommendations, and participate in village activities. Unclear information can instead create doubt. Trust Theory holds that trust depends on whether the responsible party is seen as honest, capable, consistent, and attentive to public interests. Residents therefore assess not only whether information is disclosed, but also whether it corresponds to orderly and beneficial management of village funds (Muhardiana et al., 2025).

Prior findings on transparency and public trust are mixed. Haniah and Sari (2025), Nurhaliza and Marlina (2024), and Andayani et al. (2024) reported positive relationships, while Taufiqi and Ariani (2022) found no significant effect. Findings on transparency and village fund management also differ: Maina et al. (2022) found no partial effect, whereas Munawaroh et al. (2024) and Setyaningrum et al. (2024) reported positive effects.

These differences suggest that the process linking transparency to trust requires further examination. Wirawan and Yaya (2024) tested public satisfaction as a mediator but found that it did not explain the relationship. This study examines the quality of village fund management as a mediator because it reflects the handling of planning, implementation, administration, reporting, and

*Corresponding Author
Eni Suasri *
Email: eni@politala.ac.id.

This is an open access article under the CC BY-NC license

accountability. The study tests four relationships: transparency with public trust, transparency with management quality, management quality with trust, and the indirect relationship between transparency and trust through management quality.

2. Literature Review

2.1 Previous research

Research on village fund transparency presents two broad findings. One group reports that transparency can increase public trust. Haniah and Sari (2025) found that openness and accountability were associated with trust; Nurhaliza and Marlina (2024) emphasized clear village financial information; and Andayani et al. (2024) found that access to information helped residents assess village government performance. A second group finds that transparency does not always produce trust. Taufiqi and Ariani (2022) reported no significant effect when transparency was tested alongside other governance factors. Differences in communication quality, public engagement, program experience, and officials' capacity to explain information may help account for the variation.

Evidence on village fund management is also mixed. Maina et al. (2022) found no partial effect of transparency on management, whereas Munawaroh et al. (2024), Setyaningrum et al. (2024), and Lihawa et al. (2025) reported that openness supports management or accountability. This study contributes to that discussion by testing management quality as a mediator between transparency and public trust.

2.2 Information asymmetry and transparency

Information Asymmetry Theory describes a situation in which one party has more complete information than another. Village officials know the details of planning, disbursement, implementation, recording, and reporting, while residents receive only the information that is communicated to them (Bachtiar & Elliyana, 2020). This difference can make it difficult for residents to judge whether funds are managed well or whether disclosure merely fulfills administrative obligations. Clear, accessible, timely, and understandable information can reduce that gap (Anwar et al., 2024).

Transparency involves more than publishing budget figures. Officials can explain planned activities, realized expenditure, public benefits, and accountability. Jannah and Satria (2022) describe village fund accounting as covering the full process from planning to accountability. Nislandi and Munari (2023) also report relationships among transparency, village government capability, internal control, and accountability. More open information can therefore make management stages easier to monitor and assess.

2.3 Trust and quality of village fund management

Trust Theory explains trust through assessments of another party's honesty, capability, and concern for shared interests. In village governance, residents form these assessments through their experiences with officials and the results of village fund management. Muhardiana et al. (2025) identify officials' competence and concern for public interests as relevant to trust. Residents also need observable evidence that funds are managed responsibly and used for activities that address local needs.

Management quality can be assessed across planning, implementation, administration, reporting, and accountability. Hale et al. (2024) emphasize that these stages should follow village financial management regulations. Targeted use of funds, implementation consistent with plans, orderly records, timely reporting, and clear accountability give residents a basis for evaluating village government performance.

2.4 Hypothesis development

2.4.1 Transparency and public trust

Information Asymmetry Theory suggests that disclosure can reduce public uncertainty, while Trust Theory suggests that clear and accessible information can help residents assess officials' honesty and responsibility. Prior studies report positive effects of transparency on trust (Andayani et al., 2024; Haniah & Sari, 2025; Nurhaliza & Marlina, 2024), although Taufiqi and Ariani (2022) found no significant effect. The proposed relationship is:

H1: Transparency in village fund management affects public trust.

2.4.2 Transparency and management quality

Access to information about planning, expenditure, implementation, and accountability gives residents greater opportunity to monitor village funds. This oversight can encourage more orderly administration. Findings by Lihawa et al. (2025), Munawaroh et al. (2024), and Setyaningrum et al. (2024) support a relationship between transparency and better management or accountability.

H2: Transparency in village fund management affects the quality of village fund management.

2.4.3 Management quality and public trust

Residents may place greater trust in a village government that uses funds accurately, implements activities according to plan, maintains orderly records, reports on time, and explains accountability. Abarang et al. (2025) link public trust to the efficiency, fairness, and appropriateness of budget use, while Muhardiana et al. (2025) emphasize bureaucratic competence.

H3: The quality of village fund management affects public trust.

2.4.4 Mediating role of management quality

Transparency provides information and opportunities for oversight. Management quality indicates whether disclosure is accompanied by orderly, targeted, and accountable processes. It may therefore explain how transparency translates into trust. This mechanism is closer to the substance of village fund management than public satisfaction, which Wirawan and Yaya (2024) found did not mediate the relationship.

H4: The quality of village fund management mediates the effect of transparency on public trust.

The hypothesized direct and indirect relationships are shown in Figure 1.

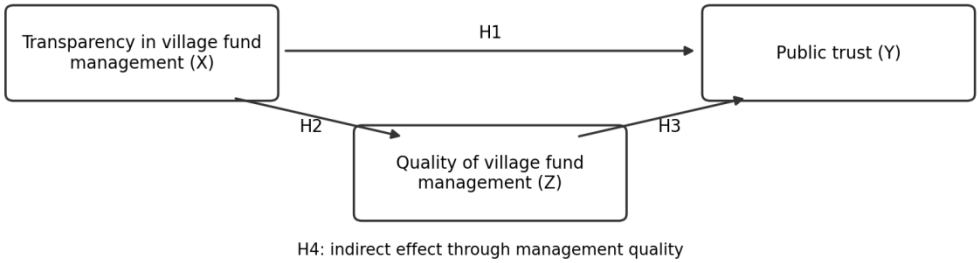


Figure 1: Conceptual Framework

Source: Authors' own development, 2026

3. Research Methodology

3.1 Research design, population, and sample

This quantitative study examines the relationships among transparency in village fund management, management quality, and public trust. It was conducted in Sungai Jelai Village, Tambang Ulang District, Tanah Laut Regency. The accessible population comprised 210 residents who were at least 20 years old, had received information about village funds, could understand the questionnaire, were not village officials, were willing to participate, and had taken part in village activities. The sample size was calculated using the Slovin formula with a 5% margin of error, resulting in 138 respondents.

The sample was allocated proportionally across ten neighborhood units (RT). Eligible residents in each unit were listed, and respondents were selected at random according to the allocated sample size. Questionnaires were distributed to collect the data. Each statement used a four-point scale from strongly disagree to strongly agree. The four response options were used to encourage respondents to state a position without selecting a neutral response.

3.2 Measurement of variables

The instrument contained 22 statements: six measured transparency in village fund management, nine measured management quality, and seven measured public trust. Indicators were based on concepts and instruments used in prior studies. Table 1 summarizes the variables, measures, item counts, and cited sources.

Table 1: Measurement of Research Variables

Variable	Measurement	Items	Source
Transparency in village fund management (X)	Disclosure of APBDes information; implementation of village activities; program outcomes	6	Sofyani & Tahar (2021), cited in Wirawan & Yaya (2024)
Quality of village fund management (Z)	Accuracy of targets; suitability of implementation; reporting accuracy; administrative order; public accountability	9	Ahmad & Susilawati (2025)
Public trust (Y)	Village government mandate; commitment to public interests; support; compliance	7	Sofyani & Tahar (2021), cited in Wirawan & Yaya (2024)

Source: Authors' own compilation, 2026

3.3 Data analysis

Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) in SmartPLS 4.0. The analysis included descriptive statistics and assessment of the measurement and structural models. Convergent validity was accepted when outer loadings exceeded 0.70 and the Average Variance Extracted (AVE) exceeded 0.50. Discriminant validity was assessed using cross-loadings and the Fornell-Larcker criterion. Construct reliability was assessed using Cronbach's alpha and composite reliability, with values above 0.70 treated as acceptable.

The structural model was assessed using R-square values and path coefficients. Direct and indirect hypotheses were tested with bootstrapping at the 5% significance level; the decision criteria were t-statistics above 1.96 and p-values below 0.05 (Nurhalizah et al., 2023). Mediation was classified as full when the indirect effect was significant and the direct path from transparency to trust was not significant.

4. Results

4.1 Respondent profile

All 138 questionnaires distributed were returned and included in the analysis, giving a 100% response rate. Respondents were predominantly aged 30–39, male, and high school or vocational school graduates. Housewives formed the largest occupational group. Table 2 presents the dominant respondent characteristics.

Table 2: Dominant Respondent Characteristics

Characteristic	Dominant category	Frequency	Percentage
Age	30–39 years	44	31.9%
Gender	Male	94	68.1%
Education	Senior high school or vocational school	122	88.4%
Occupation	Housewife	34	24.6%

Source: Primary data analyzed by the authors, 2026

4.2 Descriptive statistics and measurement model

The mean scores were 2.50 for transparency, 2.57 for management quality, and 2.54 for public trust on a four-point scale. Each score falls within the study's sufficient category. The results indicate that residents recognized information disclosure and management activities, although their assessments did not reach the high category. As shown in Table 3, all constructs met the stated reliability and convergent validity criteria: AVE exceeded 0.50, and Cronbach's alpha and composite reliability exceeded 0.70.

Table 3: Descriptive Statistics and Construct Quality

Variable	Mean	Cronbach's alpha	Composite reliability	AVE	R-square
Transparency in village fund management	2.50	0.887	0.914	0.640	–
Quality of village fund management	2.57	0.908	0.924	0.576	0.260
Public trust	2.54	0.877	0.904	0.575	0.283

Source: Primary data analyzed by the authors, 2026

Outer loadings ranged from 0.704 to 0.840. Each indicator had its highest cross-loading on its assigned construct. The square roots of AVE on the diagonal of the Fornell-Larcker matrix exceeded the inter-construct correlations, supporting discriminant validity (Table 4).

Table 4: Fornell-Larcker Criterion

Variable	Public trust	Quality of village fund management	Transparency in village fund management
Public trust	0.758		
Quality of village fund management	0.532	0.759	
Transparency in village fund management	0.283	0.510	0.800

Source: Primary data analyzed by the authors, 2026

4.3 Structural model and hypothesis testing

The R-square value for management quality was 0.260, indicating that transparency explained 26.0% of its variation. The R-square value for public trust was 0.283, indicating that transparency and management quality together explained 28.3% of variation in trust. Other factors outside the model may also account for residents' assessments.

Bootstrapping showed that transparency had no significant direct effect on public trust. Transparency significantly affected management quality, and management quality significantly affected trust. The indirect effect was also significant. Since the direct path was not significant and the indirect path was significant, the results indicate full mediation (Table 5).

Table 5: Hypothesis Testing Results

Hypothesis and relationship	Coefficient	t-statistic	p-value	Decision
H1: Transparency → public trust	0.016	0.164	0.869	Not supported
H2: Transparency → management quality	0.510	8.128	< 0.001	Supported
H3: Management quality → public trust	0.523	6.277	< 0.001	Supported
H4: Transparency → management quality → public trust	0.267	4.601	< 0.001	Full mediation

Source: Primary data analyzed by the authors, 2026

5. Discussion

5.1 Transparency and public trust

Transparency had a positive but statistically insignificant direct effect on public trust; therefore, H1 was not supported. The finding suggests that information disclosure alone did not directly raise residents' trust in Sungai Jelai Village. Although APBDes information was displayed on banners, residents still needed details about budget realization, activity progress, program benefits, and accountability. Without those explanations, the available information may not give residents enough evidence to assess the village government's capacity and accountability.

Information Asymmetry Theory explains why transparency matters: it can reduce the gap between what officials know and what residents know (Elliyana, 2024). The gap is less likely to narrow when information consists only of budget figures without clear explanations. Disclosure can include activity plans, expenditure realization, results, public benefits, supporting documentation, and responsible parties. Suitable channels include information boards, infographics, official village social media, public forums, and short reports written in accessible language.

The insignificant result is consistent with Taufiqi and Ariani (2022), but differs from Haniah and Sari (2025), Nurhaliza and Marlina (2024), and Andayani et al. (2024). Variation in communication, public involvement, program experience, and officials' capacity to explain information may contribute to the different findings. The result does not show that transparency is unnecessary; it indicates that its connection with trust may depend on whether disclosure enables residents to assess management in practice.

5.2 Transparency and management quality

Transparency had a positive and significant effect on management quality, supporting H2. When information is accessible, residents, neighborhood leaders, and other relevant parties can compare budget plans with implementation. This oversight may encourage more orderly recording and reporting because the use of funds can be monitored. The finding is consistent with Munawaroh et al. (2024), Setyaningrum et al. (2024), and Lihawa et al. (2025).

The result also fits the principles of village governance. Public access allows oversight to complement formal government supervision. When information about planning,

implementation, and reporting is available, village officials are accountable to residents as well as to higher-level government. In this study, the relationship between transparency and management quality provides one part of the pathway through which transparency may be associated with public trust.

5.3 Management quality and public trust

Management quality had a positive and significant effect on public trust, supporting H3. The coefficient for this path was larger than the direct coefficient from transparency to trust. This result is consistent with Trust Theory: residents assess whether the village government can manage public funds responsibly. Programs that address residents' needs, orderly administration, timely reporting, and clear accountability provide observable evidence of that capacity.

The finding aligns with Muhardiana et al. (2025), who emphasize competence and concern for public interests, and with Abarang et al. (2025), who link trust to assessments of budget efficiency, fairness, and accountability. Management quality may provide a more concrete basis for residents' judgment because they can compare activities, benefits, and explanations of results.

5.4 Mediating role of management quality

The significant indirect effect supports H4 and indicates full mediation in the tested model. Transparency was associated with greater public trust through its relationship with management quality, while its direct path to trust was not significant. This result differs from Wirawan and Yaya (2024), who did not find a mediating role for public satisfaction. Management quality is directly tied to the village financial process, from planning to accountability, and in this study it helps explain how disclosure can translate into trust.

The findings suggest that transparency and trust are connected through observable management practices. Disclosure can reduce information asymmetry and support oversight; oversight may encourage more orderly and accountable fund management; residents can then use that management record to assess the village government. This interpretation should be considered alongside the study's one-village sample and reliance on residents' perceptions.

6. Conclusion and Recommendations

6.1 Conclusion

Transparency in village fund management did not have a significant direct effect on public trust in Sungai Jelai Village. It had a positive and significant effect on management quality, which in turn had a positive and significant effect on trust. The significant indirect effect and insignificant direct path indicate full mediation by management quality. Thus, information disclosure was associated with trust when it was accompanied by orderly, targeted, and accountable fund management.

6.2 Recommendations

The village government should explain more than the total budget in APBDes disclosures. For each program, it can provide the source and amount of funds, location, implementation period, responsible parties, realization status, documentation, and benefits to residents. Village meetings can also set aside time for residents' questions and comments. These steps would make it easier for residents to connect published budget information with activities and outcomes they observe.

6.3 Limitations and future research

The study used perception data from one village collected in one period, which limits generalization. It did not verify perceptions against financial documents, and the R-square values indicate that factors outside the model may also affect public trust. Future research can include more villages, combine questionnaires with interviews and financial records, and test additional variables such as accountability, public participation, officials' competence, responsiveness, and service quality.

References

1. Abarang, C. V., Pakaya, L., & Panigoro, N. (2025). The effect of transparency and accountability on public trust in the management of the regional budget. Journal of Management, 8(2), 696–707.
2. Andayani, S., Zitri, I., & Darmansyah. (2024). The effect of accountability and transparency of village funds on the level of community trust in Punia Village, Mataram City, NTB. Journal of Law and Government, 2(1), 8–19.
3. Anwar, S., Resdiana, I., & Wahyuningsih, S. (2024). The concept and implementation of asymmetric theory in the context of accounting research. Karimah Tauhid, 3, 3606–3620.
4. Bachtiar, I. H., & Elliyana, E. (2020). Determinan upaya pencegahan fraud pemerintah desa. *Imanensi: Jurnal Ekonomi, Manajemen, dan Akuntansi Islam*, *5*(2), 61-68.
5. Elliyana, E., Widyastuti, U., & Buchdadi, A. D. (2024). Does Debt Management Literacy Affect Loan Repayment Of SMES. Educational Administration: Theory and Practice, 30(4), 10241-10251.
6. Hale, Y. M. J., Danggo, M. Y., Larum, K., & Rabu, G. M. (2024). Analysis of evaluation of village fund management based on Permendagri Number 20 of 2018 concerning village financial management in Bangka Jong Village, Wae Ri'i District. STIE Karya Journal: Accounting and Management, 2(1), 1–15.
7. Haniah, Z., & Sari, S. P. (2025). The influence of accountability and transparency of village fund management on community trust in Parerejo Village,

Gadingrejo District, Pringsewu Regency. Aisyah Accounting Journal, 6(2).

8. Jannah, R., & Satria, D. I. (2022). Village fund accounting in realizing transparent village fund management accountability (Study on Binjee Village in Nisam District, North Aceh Regency). Journal of Accounting Malikussaleh, 1(3), 382–397.
9. Lihawa, N. I. P., Noholo, S., & Lukum, A. (2025). The effect of transparency and community participation on the accountability of village fund management. Jambura Accounting Review, 6(1), 36–50.
10. Maina, N., Subarkah, J., & Pravasanti, Y. A. (2022). The influence of accountability, transparency and community participation on village fund management in Sambi Boyolali District. Scientific Journal of Business Accounting Finance, 1(2), 51–59. https://doi.org/10.53088/jikab.v1i2.8
11. Muhardiana, W. O., Anto, L. O., & Dharmawati, T. (2025). Analysis of public trust levels: Personal and relational quality of village officials in governance. Accounting, Finance, and Management Studies (SAKMAN), 5, 1–13.
12. Munawaroh, M., Herawaty, N., & Yustien, R. (2024). The effect of transparency and accountability on the management of village funds in villages in Maro Sebo Ulu District, Batanghari Regency. Journal of Social Science Research, 4, 6525–6541.
13. Nislandi, N. A., & Munari. (2023). The influence of village government competence, transparency, and internal control system on accountability of village fund management in Sidoarjo. Equilibrium, 12(2), 143–150.
14. Nurhaliza, S., & Marlina, L. (2024). The effect of accountability and transparency on community trust in village fund management (Case study in Blangpidie District, Southwest Aceh Regency), 4, 9157–9169.
15. Nurhalizah, S., Kholijah, G., & Gusmanely. (2023). Structural equation modeling partial least square analysis on employee performance of PT. Jambi Regional Development Bank. Indonesian Journal of Applied Statistics, 6(2), 125–135.
16. Setyaningrum, A., Dewi, M. W., & Kusuma, I. L. (2024). The influence of accountability, transparency, and community participation on village fund management in realizing good governance. Scientific Journal of Financial Business Accounting, 3(3), 581–589.
17. Taufiqi, D., & Ariani, K. R. (2022). The effect of good governance, accountability, and transparency of village funds on public trust. Procedia of Social Sciences and Humanities, 0672(c), 184–191.
18. Wirawan, R. F., & Yaya, R. (2024). The influence of accountability, transparency and justice on community trust in village government: Does community satisfaction mediate? Reviu Akuntansi dan Bisnis Indonesia, 8(1). https://doi.org/10.18196/rabin.v8i1.20334