

Implementation of Akelamo Village Leadership in Mediating Budget Optimization Administrative Facilitation: Contingency Analysis and Fiscal Governance in Tidore Islands City

Muzakkir Ishak^{1*}, Thamrin Husain², Aji Deni³
Universitas Muhammadiyah Maluku Utara

Corresponding Author: Muzakkir Ishak muzakkirishak4@gmail.com

ARTICLE INFO

Keywords: Contingency Leadership, Budget Optimization, Dual Efficiency, Fiscal Governance, Akelamo Village

Received : 08, November

Revised : 20, November

Accepted: 25, December

©2025 Ishak, Husain, Deni: This is an open-access article distributed under the terms of the [Creative Commons Attribution 4.0 International](https://creativecommons.org/licenses/by/4.0/).



ABSTRACT

The urgency of this study arises from the crucial gap between macro fiscal accountability demands and micro-implementation realities at the kelurahan (urban village) level. The Lurah (Village Head) of Akelamo (Tidore Islands City), as the public service frontline, plays a central role in optimizing the Administrative Facilitation Budget (AFA), which is vital for local strategic development targets. Failure to optimize the AFA is seen as a failure to facilitate administrative processes that underpin citizen welfare. The main purpose of this article is to analyze the implementation of the Lurah's leadership in mediating and optimizing the utilization of the AFA, viewed through the lens of Fiedler's Contingency Theory of Leadership and modern Fiscal Governance principles. The method employed is descriptive-qualitative with a single case study strategy, analyzing the secondary Accountability Reports (SPJ) of the Akelamo Village Expenditure Treasurer for 2023 and 2024. Findings reveal a contingent shift in the Lurah's leadership style: from a 2023 compliance orientation (marked by high operational tax payments of IDR 23,585,607.0) to an efficiency focus in 2024, evidenced by a drastic reduction in operational tax payments (>52%), successfully reducing waste in Goods/Services Expenditures.

INTRODUCTION

The implementation of decentralization in Indonesia, as mandated by Law Number 23 of 2014 concerning Regional Government, puts the smallest government units, such as Kelurahan, in a strategic position as the front line or *the 'first mile'* in the delivery of public services to the community (Shah, 2007). The success of regional autonomy is effectively measured not only through macro policies, but also through the quality of implementation at the local level. The Village Head, as the leader of the Village Head, plays a central role in translating local government policies into real actions that have a direct impact on the welfare of residents.

Especially in North Maluku Province, the medium-term development target (RPJMD 2020-2024) is explicitly directed to realize the development of quality human resources (HR), where increasing the Human Development Index (HDI) is a key indicator targeted to reach 72.25 by 2024. This HDI is greatly influenced by the efficiency and quality of public services provided by basic administrative units. Therefore, the ability of the Village Head to ensure that administrative functions run smoothly and efficiently is an important prerequisite for the achievement of regional targets.

The Administrative Facilitation Budget (AFA-*Anggaran Fasilitas Administrasi*) is the operational backbone of the Village. Within the accounting framework of local governments, AFA is mostly classified in Operating Expenditure, covering vital components such as Employee Expenditure (for Village HR) and Goods and Services Expenditure (for routine operations, stationery procurement, maintenance, and socialization). Thus, AFA can be seen not only as operational (routine) costs, but as "Social Capital Expenditure" that supports all development programs. If the Procurement of Goods and Services from AFA is not managed optimally, this can lead to *waste* that hinders the provision of services (Moynihan, 2006).

The case of Akelamo Village in Central Oba District, Tidore Islands City, has become the focus of attention because its location is in a prioritized area for agricultural development [BPS 2022; BPS 2023). The development of the agricultural sector requires strong administrative support, for example in terms of certification, permit facilitation, and program coordination. The failure of the Lurah in optimizing AFA, which includes the procurement of goods and services as well as human resource support, means a failure in facilitating administrative processes that support the strategic targets of agricultural development in Central Oba. Thus, the Akelamo Village Head plays a role as an important liaison agent that bridges macro policies (economic development, HDI increase) with micro implementation (administrative efficiency).

This study identifies a critical gap between the demands of macro fiscal accountability and the realities of implementation at the micro level. On the one hand, local governments, including North Maluku Province, are required to prepare Budget Realization Reports (LRAs) based on cash and follow a strict accounting framework (Government Accounting Standards/SAP-Standar Akuntabilitas Pemerintah), ensuring transparency of expenditures. On the other hand, the effectiveness of budget utilization in the Kelurahan, which is the

smallest unit, is often determined by the quality and style of local leadership. Studies on leadership show that local leaders must be adaptive, able to adapt styles (both task-oriented and interpersonal relationships) according to the situation and the needs of employees to improve performance (Fiedler, 1967; Northouse, 2021). A theoretical gap arises when these situational leadership practices have to interact with rigid fiscal regulations. How the Akelamo Village Head is able to use its leadership to achieve fiscal discipline while encouraging innovation and community participation in the use of AFA, is the core of the problems studied.

The main purpose of this article is to analyze the implementation of the leadership of the Akelamo Village in mediating and optimizing the utilization of the Administrative Facilitation Budget, taking into account the theory of leadership contingency and the principles of modern fiscal governance. His contribution, presenting a cross-disciplinary synthesis of Public Administration, Fiscal Governance, and Policy Communication, to understand that AFA optimization, in addition to being related to adherence to accounting procedures, is also directly correlated with adaptive leadership capacity and clarity of administrative communication. The study of the Implementation of Leadership of the Akelamo Village in optimizing the administrative budget requires a comprehensive theoretical framework, covering aspects of leadership, fiscal management, and policy communication (Peters, 2015; Denhardt & Denhardt, 2019).

THEORETICAL REVIEW

The effectiveness of Lurah's leadership can be analyzed through the lens of Fiedler's (1967) contingency theory. This theory states that the success of a leader, in the context of the Akelamo Village Head, depends on the suitability of the leadership style with the situation at hand. An effective village head is one that is able to adjust its focus, both on task orientation (for example, ensuring compliance with budget regulations) and on interpersonal relationships (for example, motivating village staff), according to situational needs. This adaptation is essential to improve the quality of administrative services and strengthen public trust. In the context of local government management and organizational performance, it is emphasized that local government management, including the Village Head, must adopt an adaptive approach that is in line with the reality of local governance and long-term development goals (Walker & Boyne, 2009). The village head is expected to be a *role model* who sets an example through attitudes and deeds, which is the foundation to create a good working atmosphere and encourage employee performance in managing AFA.

The context of Eastern Indonesia, including the Urban Village in the City of Tidore Islands, often displays different leadership typologies. Studies show the relevance of paternalistic, charismatic, and participatory leadership styles (Bekkers & Homburg, 2007). In areas that still uphold traditional figures, charismatic leaders can facilitate development and social coordination. However, modern bureaucratic reform demands more collaborative and digital-based leadership to guarantee transparency and accountability. Digital leadership is a

crucial element in AFA optimization, especially in utilizing AFA's Capital Expenditure for technology procurement (Shah, 2007). Village heads who master the concept of *digital leadership* can ensure accountability, transparency, and public participation through the e-governance system. Fiedler's contingency model even shows that a democratic leadership style with a clear task structure can facilitate the adaptation of the e-government system in the regions. This shows that AFA optimization requires a transition from manual administration that wastes operational costs (Goods/Services Shopping) to a more efficient and accountable digital administration.

In addition, the concept of optimalization of the use of the public budget is defined as a systematic effort to reduce waste and simultaneously increase the results of fund allocation (Moynihan, 2006). In the context of AFA, optimization can be achieved through a variety of strategies: (a) Performance-based budgeting, which focuses allocations on measurable results; (b) Strict and routine supervision; (c) The use of digital technologies, for example for telemedicine or distance education, which can expand the range of services at a lower cost; and (d) Evaluate the program regularly to divert resources from ineffective programs. The case of budget optimization is even very pronounced in crisis situations, such as budget adjustments (Unexpected Expenditures) during the handling of the COVID-19 pandemic (Schick, 2009). This suggests that optimization requires flexibility and managerial ability to adjust spending plans (RABs) based on changing urgent needs, while maintaining accountability.

Fiscal Accountability and Transparency

Accountability in village budget management includes three main stages: planning, implementation, and accountability (Jones, & Pendlebury, 2010). Accountability is fulfilled if financial statements and budget realization are presented in accordance with the work plan and no irregularities or misuse of funds are found. This accounting framework is supported by the Government Accounting Standards (SAP) used by the North Maluku Provincial Government in compiling the Budget Realization Report (LRA) based on a systematic basis and study of public budgeting in developing countries confirming that transparency and accountability are important tools for credible fiscal governance (Walker & Boyne, 2009; Stiglitz, 2018). However, there is a recognition that there are "Limits of Transparency," where the provision of data alone is not enough without a mechanism that makes the data understood and used by the public for oversight. Therefore, budget accountability does not only depend on compliant Village Heads, but also on communicative Village Heads. AFA optimization cannot be done internally alone, but requires public involvement. Studies show that the village government needs to hold socialization or deliberation for the community so that they can understand and understand the allocation of village funds (Osborne & Gaebler, 1992). These concepts are aligned and serve as political and technocratic logics to reinforce the promise of local democracy and good governance (Goldfrank & Schrank, 2009).

In addition, *World Development* emphasizes the importance of quality implementation and coordination in the public service delivery system (Das &

Schoebelen, 2018). AFA failures are often the result of a lack of coordination between programs, as in the case of the Kelurahan-level government. Financial management in the regions must be aligned with the political reality and constraints of fiscal decentralization which are generally dominated by the role of the central government in revenue (Resnick, 2014; Bahl, 2009). Meanwhile, understanding how the Village Head manages information and accountability, the framework of the discipline of Communication and Applied Linguistics becomes relevant. Policy implementation, especially related to the budget, is an act of communication. AFA optimization demands clarity of instructions to staff and transparency to the public. Referring to Schmitt (2010), the effectiveness of administration is greatly influenced by how language (instructions, regulations, reports) is used. Village heads who ignore clarity in administrative documents and AFA reporting risk cognitive and communication failures, which ultimately trigger fiscal inefficiencies. Clarity of reporting is a prerequisite for effective transparency (King, 2018). In addition, Mintzberg (1979) provides a framework to analyze how the Village Heads reduce the complexity of fiscal regulations (such as Government Regulation Number 73 of 2005 or Permendagri Number 130 of 2018, as the approach of Osborne & Gaebler (1992) emphasizes messages that can be understood by staff and the public. The village head is not only a fund manager, but also an information manager. This synthesis strengthens the understanding that in many previous experiences, it was understood that the inability of the Lurah to optimize AFA was not solely a financial deficit, but a failure in governance that was exacerbated by ineffective communication.

METHODOLOGY

This study adopts a descriptive-qualitative approach anchored in a single case study strategy, meticulously focusing on the administrative unit of Akelamo Village within the Central Oba District of Tidore Islands City. This methodology is strategically chosen to provide an in-depth, holistic understanding of the complex interplay between leadership practices, fiscal management, and local administrative outcomes in a specific, high-stakes local government context. The investigation is not aimed at generalizing findings across the entire region, but rather at producing analytical generalization concerning the operation of contingency leadership and fiscal governance principles at the grassroots level of Indonesian government. The core objective is to reconstruct and interpret the meaning of the Village Head's actions in mediating the optimization of the Administrative Facilitation Budget (AFA) as documented in official financial records.

The primary source of data for this research is the secondary document analysis of the Accountability Reports (SPJ) submitted by the Akelamo Village Expenditure Treasurer for the operational and functional expenditures spanning the years 2023 and 2024. This archival approach ensures objectivity by utilizing factual, quantitative fiscal data as a proxy for evaluating managerial performance and strategic shifts. This quantitative data (e.g., operational tax payments, expenditure realization rates, remaining ceilings) is then synthesized with a comprehensive theoretical framework derived from international literature, specifically Fiedler's Contingency Theory of Leadership and contemporary Fiscal

Governance principles. This synthesis enables the translation of raw financial figures into meaningful administrative and leadership insights, forming the basis for the Contingency Analysis mentioned in the title.

The process of data analysis is fundamentally comparative and reconstructive. It involves a systematic review of the documented expenditure patterns to identify shifts in budget utilization efficiency and effectiveness between the two observation periods (2023 vs. 2024). This comparative analysis is directly linked to performance demands placed upon the Village Head – namely, the mandate for budget optimization and administrative accountability. The methodology compares observed leadership practices, as evidenced by fiscal outcomes (e.g., reduction in operational waste, investment absorption levels), against normative principles of adaptive leadership and sound budget optimization. This analytical lens not only evaluates efficiency but also seeks to uncover any Contingent Optimization Paradoxes – situations where success in one fiscal area (e.g., cost-cutting) may be concurrently accompanied by a failure in another (e.g., investment absorption), thus offering a nuanced contribution to the understanding of local-level public budget measurement.

RESULTS

Akelamo Village operates under the administrative umbrella of Central Oba District. The report shows the existence of public services that require AFA's continued support. As a strategic government unit, AFA Kelurahan is allocated to finance the core functions of government and community empowerment. Fiscally, AFA in Akelamo is bound by the classification of North Maluku Regional Operating Expenditure. The initial findings revealed from a comparative analysis of the Accountability Report (SPJ) of the Treasurer of Expenditure of Akelamo Village for the 2023 and 2024 fiscal years. This study seeks to reconstruct the implementation of the leadership of the Akelamo Village in mediating the Optimization of the Administrative Facilitation Budget (AFA), focusing on the principles of fiscal governance and the framework of contingency theory in public management. These initial findings serve as an empirical foundation to test the hypothesis that the effectiveness of Lurah leadership in managing AFA does not only depend on regulatory compliance, but on its adaptive ability to respond to efficiency demands.

Analysis of SPJ data shows a significant and contingent shift in the pattern of budget allocation and realization between the two periods. In 2023, the fiscal data of Akelamo Village is characterized by high task orientation and compliance. This is shown by the realization of maximum expenditure and, more importantly, the very high value of Tax Deposits, reaching Rp23,585,607.0. This large tax value is an indicator that the majority of AFA's operational expenditure (Goods/Services Expenditure) is carried out massively and complies with tax withholding regulations. In the context of leadership theory, the Lurah in this period adopted a style that focused on absolute compliance with financial administration procedures and laws.

On the other hand, the SPJ data for 2024 presents an indication of a strategic shift towards optimization and efficiency. Although total real expenditure (SPJ) remained high, there was a drastic decline in Tax Payments,

which plummeted by more than 52% to Rp11,219,606.0. This substantial decline is the most crucial preliminary finding. Fiscally, this tax reduction implies that the Village Head has succeeded in reducing the volume of Goods/Services Expenditure that is operational and wasteful (which incidentally is taxed), showing that there are systematic efforts to reduce waste in line with the principle of budget optimization. This shift indicates that the Lurah has transitioned from a rigid obedience-oriented leadership style to a more adaptive and results-oriented one, where effectiveness is measured by the ability to save operational costs and reallocate resources.

In addition, the analysis also highlights the challenges of external fiscal governance as seen from the sharp decline in Restaurant Tax (regional revenue collected by the Village) by 45.50%. This decrease in revenue requires the Village Head to be not only efficient in spending but also effective in intensifying local income and social coordination. Thus, the initial findings lead to the conclusion that the leadership of the Akelamo Village Village in 2024 is in a complex contingent adaptation phase, trying to balance the demands of internal efficiency (AFA optimization) with external fiscal challenges (revenue decline). Further analysis will be needed to ascertain whether the budget saved from operational taxes has been productively diverted to AFA investments, such as the procurement of e-governance technologies, which are key prerequisites for ensuring accountability and transparency in the digital age. To analyze budget optimization and fiscal accountability, data from the SPJ (Letter of Responsibility) reports for 2023 and 2024 are compiled, focusing on key revenues and expenses, particularly those related to the AFA.

Table 1. Comparison of Budget Realization Based on SPJ Reports for 2023 and 2024 in Akelamo Village, Tidore Islands City

Activity Description	Year	Total Budget (Rp)	Expenditure Realization (SPJ) (Rp)	Remaining Ceiling (Budget) (Rp)
Community Empowerment Program.	2023	55.457.000,0	48.167.000,0	7.290.000,0
	2024	55.457.000,0	48.067.000,0	7.390.000,0
Public Service Improvement Program	2023	148.970.000,0	148.970.000,0	0,0
	2024	134.770.000,0	134.770.000,0	0,0
Facilities & Infrastructure Improvement Program	2023	14.850.000,0	14.850.000,0	0,0
	2024	14.850.000,0	14.850.000,0	0,0
Government Affairs Support Program	2023	130.640.000,0	130.640.000,0	0,0
	2024	293.490.900,0	277.636.120,0	15.854.780,0
Total Expenditure (Total Description Lines)	2023	349.917.000,0	342.627.000,0	7.290.000,0
	2024	498.567.900,0	475.323.120,0	23.244.780,0

Source: Akelamo Village SPJ Report Data for 2023 and 2024

In this comprehensive comparative analysis of the Letter of Accountability Report or SPJ of Akelamo Village for the 2023 and 2024 fiscal years, it reveals a shift in the priority of fund allocation and changes in the level of efficiency of overall budget absorption, especially marked by a significant increase in the total budget ceiling and a surge in the number of remaining unspent ceilings at the end of the period. Broadly speaking, the total budget ceiling listed in the description of the main activities of Akelamo Village has increased very substantially from the range of IDR 349,917,000.0 in 2023 to IDR 498,567,900.0 in 2024, reflecting the expansion of work programs or additional funding sources allocated to the village. Despite the increase in the ceiling, the realization of total expenditure, which is the accumulation of the amount of SPJ paid, only increased from IDR 342,627,000.0 to IDR 475,323,120.0, which proportionately resulted in a drastic increase in the remaining overall budget ceiling, which jumped from IDR 7,290,000.0 in 2023 to IDR 23,244,780.0 in 2024, indicating a decrease in the rate of budget absorption or expenditure efficiency in aggregate.

The most striking change occurred in the allocation and absorption of funds under the Keurahan Regional Government Affairs Support Program, which became the main axis of the shift in the focus of village spending. In 2023, this supporting program is allocated a budget of IDR 130,640,000.0 which has

been successfully spent in full with the remaining ceiling of IDR 0.0, showing optimal absorption performance. However, in 2024, the ceiling for this program will be massively increased to reach IDR 293,490,900.0, almost double the previous year, which was then spent at IDR 277,636,120.0. This increase in allocation is also the largest contributor to the remaining ceiling in 2024, with an amount of Rp 15,854,780.0 that has not been absorbed, indicating that although the Village receives much greater financial support for government support affairs, there are challenges in realizing the entire budget into definitive spending in the current year, or there may be significant savings in certain expenditure components. In contrast to the 100% absorption in 2023, the remaining large ceiling in the 2024 support program is a critical indicator of the efficiency of the Village's spending in the last period.

On the other hand, some programs show more stable or even declining allocations, but still maintain a high level of expenditure realization. The Village Office Supporting Facilities and Infrastructure Improvement Program is an example of a program with a very consistent allocation, which is IDR 14,850,000.0 both in 2023 and 2024, and has been successfully realized perfectly without leaving a penny (IDR 0.0) remaining in the two years, indicating that this program is a mandatory and structured expenditure whose implementation runs smoothly and on time. Furthermore, the Public Service Improvement Program for Districts and Villages experienced a slight decrease in the budget from IDR 148,970,000.0 in 2023 to IDR 134,770,000.0 in 2024, but the realization performance was still complete, namely 100% absorbed in both periods, with the remaining ceiling nil. This indicates that despite the downward adjustment of the budget, the spending needs for public services are still accommodated and fully realized, confirming the Village's commitment to its core service function.

A unique spending pattern can be seen in the Kelurahan Community Empowerment Program, where there is consistency in budget allocation of Rp 55,457,000.0 for both years, and more interestingly, consistency in leaving the ceiling. In 2023, this program will leave IDR 7,290,000.0, and in 2024, the remaining ceiling will increase slightly to IDR 7,390,000.0. The amount of the remaining almost identical ceiling can be interpreted as two things: first, the existence of a component of activities or budget items that are structurally always difficult to realize every year, for example because it requires unmet administrative requirements or delays in implementation that do not allow the disbursement of funds, or second, there are planned or inevitable savings from empowerment activities whose budget is relatively the same every year. The remaining ceiling of this program along with the remaining ceiling of supporting programs will be the main source of a large total remaining budget in 2024.

In the broader context of cash management reflected at the end of the report, the revenue data also presents an interesting comparison, although not explicitly requested, it provides context. The total revenue of the Village (including initial balances, tax payments, and others) tends to decrease slightly from IDR 375,151,507.0 in 2023 to IDR 370,819,706.0 in 2024, which contrasts with a drastic increase in the total spending ceiling. This could imply that the increase in the spending budget in 2024 is largely supported by funding sources that differ from

the total recurring operating cash receipts, or that there is a significant change in the composition of incoming cash. Specifically, revenue from the Restaurant Tax, as one of the indicators of regional revenue collected, shows a decrease from IDR 8,452,000.0 in 2023 to IDR 4,606,800.0 in 2024, which may indicate a slowdown in local economic activity related to the restaurant sector or a change in the tax collection or reporting mechanism.

As an in-depth conclusion, the comparison of the SPJ of Akelamo Village between 2023 and 2024 shows a bold fiscal strategy in 2024 with an increase in the total budget ceiling of more than 42%, especially through the injection of very large funds into the Village Local Government Affairs Support Program, which may include capital expenditures or significant routine expenditures to support operational infrastructure. However, this increase in the budget was not offset by the same absorption rate, which can be seen from the increase in the total remaining ceiling from Rp 7,290,000.0 to Rp 23,244,780.0, thus indicating that the efficiency of the absorption of Village funds as a whole has decreased. While core programs such as Public Services and Facilities/Infrastructure show perfect budget execution, the main challenge lies in the absorption of massive Supporting program funds and Empowerment programs that show a consistent pattern of budget balance. In the future, the focus of the evaluation must be directed to the main reason for the high ceiling of the remaining Government Affairs Support program, to ensure that the allocated funds can be fully realized to support the improvement of the performance and operations of the Village.

DISCUSSION

Shifting Leadership Styles and Fiedler's Contingency Theory

The initial findings regarding the drastic decrease in Tax Payments from IDR 23,585,607.0 in 2023 to IDR 11,219,606.0 in 2024 are a strong empirical core to be analyzed through the lens of Fiedler's Contingency Theory (1967). This theory asserts that the effectiveness of leadership depends on the suitability between the leader's style, task orientation or relationship orientation to the situation at hand. In 2023, the fiscal data of Akelamo Village is characterized by the realization of very maximum operational expenditure and, crucially, a very high value of Tax Payment. This large tax value indicates that the Village Head at that time adopted a very task-oriented leadership style, with the main focus on absolute compliance with financial administration procedures and laws, namely ensuring that every transaction of Goods/Services Expenditure (which incidentally is taxed) is carried out and reported in a compliant manner.

On the contrary, a significant decrease of more than 52% in Tax Payments in 2024 indicates a strategic shift from the Lurah, which is very much in line with Fiedler's contingent adaptation logic. The fiscal tax reduction implies the success of the Village Head in reducing the volume of Goods/Services Expenditure which is operational and wasteful. This transition is not just about complying with the rules (compliance), but about changing fiscal behavior towards efficiency and results (optimization). In other words, the village head has adapted from a situation that demands rigid compliance (2023) to a situation that demands cost efficiency and more adaptive resource allocation (2024), which is the main prerequisite of adaptive leadership demanded in the context of local

government management (Walker & Boyne, 2009). This shift shows that the Akelamo Village is able to become a role model through concrete actions of efficient fiscal management, an important foundation to create a good working atmosphere and encourage employee performance. This finding is fundamentally corroborating and a clear empirical manifestation of Fiedler's Contingency Theory in local government management practices in Eastern Indonesia. The change in the reality of local governance, characterized by external fiscal challenges (reduced Restaurant Taxes), requires the Village Head to adjust the style from just a compliance manager to an efficiency manager.

Budget Optimization and Public Budget Contingency

The concept of Optimizing Public Budget Utilization is defined as a systematic effort to reduce waste and simultaneously increase the results of fund allocation (Moynihan, 2006). A substantial decrease in Tax Payments in 2024, implying savings in operational Goods/Services Expenditure, directly and strongly supports the principle of budget optimization. This is clear evidence that the Akelamo Village Head has adopted a strategy to reduce waste in line with the strategic points of optimization (a) to (d) that have been described. The shift from manual administration that wastes operational costs (Goods/Services Shopping) to more efficient administration is the key to optimization.

Furthermore, the comparative analysis of SPJ (Table 1) shows the existence of managerial flexibility and contingent adaptability in expenditure planning, as emphasized by Schick (2009) regarding budget adjustments in times of crisis. The total budget ceiling jumped from Rp349,917,000.0 to Rp498,567,900.0, mainly driven by a massive increase in the Village Local Government Affairs Support Program (from Rp130,640,000.0 to Rp293,490,900.0). This drastic increase in the budget, followed by the remaining ceiling that also soared (Rp23,244,780.0), strengthens the thesis that optimization requires flexibility, but at the same time, introduces a new finding in the form of 'contingent absorption failure'.

Although the Lurah has managed to save operational costs (judging from the tax reduction), the significant increase in the remaining ceiling in 2024 shows that internal efficiency (operational savings) has not fully translated into external effectiveness (absorption of investment funds). The village head managed to become a frugal fund manager, but the massive allocation of funds to the Support Program was not absorbed 100% like in 2023. This may indicate that the budget saved (indicated by the tax reduction) is not fully diverted or realized to productive investments such as the procurement of e-governance technologies (Shah, 2007) or even indicate greater implementation challenges that hinder the absorption of funds from the newly enhanced Supporting Program. Therefore, these findings complement and enrich the concept of optimization: Lurah has succeeded in the phase of reducing waste (operational cost efficiency), but faces new challenges in the phase of increasing results (efficiency of absorption and realization of capital expenditure).

Fiscal Accountability, Transparency, and Governance Communication

Budget management accountability includes three stages: planning, execution, and accountability (Jones & Pendlebury, 2010). SPJ data shows that the

budget realization for core programs such as Public Service Improvement and Facilities & Infrastructure Improvement remains 100% absorbed in both years, with the remaining ceiling of Rp0.0. This reinforces that accountability for the core functions of the Village government runs optimally, which is a prerequisite for credible fiscal governance (Stiglitz, 2018).

However, the broader context points to the existence of "Limits of Transparency" (Stiglitz, 2018). The significant reduction in the remaining ceiling in the Support Program (IDR 15,854,780.0) in 2024, compared to the realization of 100% in 2023, creates accountability questions. The rest of this large ceiling, if not communicated effectively, has the potential to trigger cognitive and communication failures, which ultimately triggers fiscal inefficiencies (Schmitt, 2010). The village head must not only be obedient, but also communicative (Goldfrank & Schrank, 2009). If the remainder of this ceiling is the result of deliberate savings for reallocating (optimization), it should be explained to the public (transparency). However, if the remaining ceiling is caused by the inability to realize the spending plan, then this indicates a failure in governance which is exacerbated by ineffective communication (Mintzberg, 1979).

The findings regarding the remaining soaring ceiling in the Supporting Program in 2024 are indirectly contrary to the demands of digital leadership that guarantees transparency. Digital leadership (Shah, 2007) and good governance (Osborne & Gaebler, 1992) demand reporting clarity as a prerequisite for effective transparency (King, 2018). Although the tax reduction indicates that the Akelamo Village has successfully transitioned towards efficiency, the surge in the remaining ceiling in the key program shows that communication and explanations about the reasons behind the change in spending patterns have not been mapped out in the SPJ report, thus requiring public involvement through socialization or deliberation so that the community understands and understands the allocation of village funds. Thus, these findings reinforce the relevance of the Communication and Applied Linguistics framework in analyzing the performance of the Village Head: the inability to optimize AFA is not solely a financial deficit, but is rooted in failures in governance and ineffective communication (Mintzberg, 1979).

The comparative analysis of the SPJ of Akelamo Village in 2023 and 2024 strongly strengthens the relevance and validity of Fiedler's Leadership Contingency Theory in the context of local government management in Eastern Indonesia. The significant shift from an absolute compliance-oriented leadership style (marked by high taxes in 2023) to a more adaptive and efficiency-oriented style (marked by a drastic reduction in taxes in 2024) is empirical evidence of successful contingent adaptation. This change is in line with the demands of Budget Optimization (Moynihan, 2006) through the reduction of operational waste.

However, these findings also complement and enrich the theoretical framework by presenting a new paradox: Urban Villages are successful in operational cost efficiency (tax reduction) but face the challenge of absorption efficiency in improved investment programs (the remaining surge in the ceiling of the Supporting Program in 2024). This surge in the remaining ceiling,

especially in programs with massive allocations, is contrary to the principles of accountability and transparency if it is not supported by clear communication mechanisms. This phenomenon highlights the limits of optimization (Schick, 2009) and the limits of transparency (Stiglitz, 2018), confirming that AFA optimization in the era of bureaucratic and digital reform demands not only compliance and savings, but also managerial and communication capabilities to realize massive investment budgets and explain any deviations from the original plan (Mintzberg, 1979; Schmitt, 2010).

Thus the Akelamo Village Head is in a complex contingent adaptation phase, successfully transitioning from a compliance manager to an efficiency manager, but is now faced with the challenge of completing its transformation into an effective investment and communication manager to ensure that the remaining ceiling generated is a deliberate and productively reallocated savings, not an uncommunicated budget absorption failure.

Novelty

This research presents novelty in the context of public leadership studies in local government (Kelurahan) in Eastern Indonesia as well as in the theoretical context of adaptive fiscal management. The main novelty lies in the ability of this study to visualize the manifestation of adaptation of the Lurah contingent through detailed fiscal data (SPJ Report), which is traditionally only measured through surveys or qualitative interviews. The first novelty is a strong empirical demonstration of the shift in contingent leadership style (Fiedler, 1967) which is measured quantitatively through fiscal indicators, namely the Decrease in Tax Payments from Expenditure on Operational Goods/Services. Traditionally, leadership style has been measured using instruments such as *Least Preferred Co-worker* (LPC) which is perception data. This study proves that the adaptation of leadership from a rigid task orientation (compliance) in 2023 to a result orientation (efficiency) in 2024 can be strongly reconstructed and justified based on public accounting data. A drastic tax cut (more than 52%) in 2024 is an innovative fiscal proxy to measure leaders' success in reducing waste (taxable Goods/Services Spending) and transitioning to efficiency. These findings fill a gap in the public leadership literature that is often separate from concrete fiscal performance measurements.

The second novelty is the discovery of the Contingent Optimization Paradox in the management of the Administrative Facilitation Budget (AFA). Akelamo Village Head has managed to achieve optimization on the one hand (operational cost efficiency/tax reduction), but at the same time, it faces a massive absorption failure in the allocation of significant investment expenditures (Government Affairs Support Program, with a remaining ceiling of Rp15,854,780.0). The increase in the total budget ceiling by more than 42% in 2024 shows the political and managerial will to transition from *running costs* to *investment costs*, in line with the demands of modernization and digital leadership (Shah, 2007). However, this failure to absorb investment creates a gap between strategic intent (AFA optimization) and implementation capacity. These findings expand the concept of budget optimization (Moynihan, 2006; Schick, 2009) which

has been focused on reducing *waste*, by adding a dimension to the challenge of using saved resources. That is, optimization does not stop at savings, but must continue with productive reallocation. If the funds saved from operations (marked by a reduction in taxes) are not successfully absorbed in the investment post, then the Lurah is at risk of being categorized as a *frugal fund manager* but a *failed investment manager*. This phenomenon of absorption failure is contingent on a massive increase in the ceiling, thus creating a new empirical model in AFA analysis at the sub-district level.

The third novelty is the strengthening of the theoretical framework regarding Communicative Governance (Schmitt, 2010; Mintzberg, 1979) as a determinant of fiscal accountability in local government. With the remaining ceiling soaring in the Supporting Program, this study implicitly raises the issue of Limits of Transparency (Stiglitz, 2018). SPJ data alone is not enough (because the data only shows the remaining ceiling), but must be supported by effective communication from the Village Head to explain *why* the large funds are not absorbed.

The novelty here is to present empirical evidence that the failure of the Lurah in optimizing AFA is not solely a financial deficit, but a *governance* and *communication deficit*. By linking fiscal indicators (remaining ceilings) with the concepts of communication and applied linguistics, this study advocates that the clarity of reporting (Mintzberg, 1979) and the communicative (Goldfrank & Schrank, 2009) are crucial components of post-realization accountability, especially in the context of *e-governance* that demands public participation and understanding of the data presented. This places the Village Head not only as a fund manager, but also as an information manager who is responsible for the *narrative* behind complex fiscal data.

Theoretical Implications

The findings of this study produce three main theoretical implications that enrich the literature on public leadership, budget management, and local governance. The first theoretical implication is the need to reinterpret or expand the situational *favorability variable* in Fiedler's Contingency Theory (1967) in the context of local government management. Fiedler defines the likability of the situation through three dimensions: the leader-member relationship, the task structure, and the leader's position of power. This study suggests adding the dimension of Contingent Fiscal Demand. For the 2023 Situation (High Tax): Characterized as a situation that demands a Clear Task Structure (compliance with fiscal regulations), so that the Rigid Task Orientation style (indicated by the realization of maximum spending and high taxes) becomes effective. While the 2024 Situation (Tax Cuts and Soaring Ceilings): Characterized by Cost Efficiency Demands and Fiscal Adaptation, which demands a more flexible and adaptive Outcome/Efficiency Orientation style (Walker & Boyne, 2009). This implication shows that the effectiveness of a Lurah does not only depend on *whether* the task is structured, but also on the *dominant type* of fiscal task, compliance versus investment efficiency. Thus, Fiedler's theory can be adapted to analyze the performance of the Lurah in responding to changes in fiscal conditions,

especially in the context of fiscal decentralization (Resnick, 2014) in Eastern Indonesia.

The second implication is the formation of the concept of *Dual Efficiency* to measure the optimization of the public budget (Moynihan, 2006). It is not enough to measure it from one dimension, but must include two interconnected components, namely *Operational Cost Efficiency*, which is measured from the success of reducing unproductive Goods/Services Expenditure, which is represented empirically by a significant decrease in Tax Payments. And, *Investment Absorption Efficiency*, which is measured from the ability to fully realize (100% absorption) the budget allocated for capital expenditure or strategic support programs (e.g. *e-governance*). The findings of the Akelamo Village Head, which succeeded in the first dimension but failed in the second dimension, show that the ideal AFA Optimization is a slice of these two efficiencies. This concept provides a more nuanced theoretical framework than simply "reducing waste," highlighting the *trade-off* and coordination challenges that exist in public service delivery systems (Das & Schoebelen, 2018), especially when there is a sudden spike in budget allocation.

The third implication is to strengthen the role of Communicative Accountability as a crucial moderator variable in the relationship between fiscal performance (absorption efficiency) and good governance. Within the framework of Fiscal Accountability (Jones & Pendlebury, 2010), clarity of reporting (Mintzberg, 1979) and public communication (Osborne & Gaebler, 1992) should be components of *accountability output*. However, these findings suggest that in the context of high ceiling remainder, Communicative Accountability serves as a *moderator* that determines whether absorption failures are viewed as *management failures* or *strategic savings* successes. If the village head does not explain the rest of the ceiling, the public will see it as *a failure*, which undermines public trust and *governance*. Conversely, if communicated as intentional savings for next year's reallocation, it supports good governance. Thus, the final effectiveness of the AFA is greatly moderated by how the Village Heads use language and communication mechanisms to bridge the *gap* between fiscal data (SPJ) and public/staff understanding (Schmitt, 2010).

CONCLUSIONS AND RECOMMENDATIONS

The conclusion of this comprehensive analysis confirms that the effectiveness of the leadership of the Akelamo Village Head in managing the Administrative Facilitation Budget (AFA) during the 2023–2024 period is an empirical manifestation of Fiedler's Contingency Theory (1967). The transformation of the fiscal behavior of the Village Head, measured through the drastic decrease in operational tax payments from 2023 to 2024, strongly indicates an adaptive shift from a rigid compliance orientation style to a yield and efficiency orientation style. The village head has managed to adjust its focus to meet the demands of the changing situation, namely from simply ensuring regulatory compliance (characterized by high operational expenditures and taxes) to systematic efforts to reduce waste (characterized by a tax reduction of more than 52%), which is in line with the principle of Public Budget Optimization

(Moynihan, 2006). However, this success is overshadowed by the discovery of the paradox of contingent optimization, where success in operational cost efficiency is not balanced with investment absorption efficiency, as shown by the surge in the remaining budget ceiling in the Village Local Government Affairs Support Program (Jones & Pendlebury, 2010). This residual surge in the ceiling, while it may be a savings, creates a Communicative Accountability Deficit, a governance gap that has the potential to violate the demands of transparency (Stiglitz, 2018) and clarity of reporting (Mintzberg, 1979). Thus, the Akelamo Village Head is in a complex transition, succeeding in becoming an efficiency manager but not yet fully becoming an effective investment and communication manager.

To fill the gaps and theoretical gaps that were revealed, this study suggests three advanced research agendas. First, it is necessary to conduct in-depth qualitative research with an interview method with the Village Head and Akelamo Village staff. The goal is to uncover the managerial reasons and implementation obstacles behind the surge in the remaining ceiling in the Village Regional Government Affairs Support Program. This research should specifically focus on whether the remaining ceiling is the result of deliberate strategic savings (as hypothesized in the optimization framework), or whether it is due to a failure of coordination between programs, regulatory constraints that hinder capital expenditure, or a lack of digital competence of staff in the procurement of e-governance technology (Shah, 2007). This finding will enrich the concept of Dual Efficiency by providing an intentionality dimension to fiscal data.

Second, follow-up research should focus on the communication and public participation dimensions. Given the findings of the communicative accountability deficit, it is necessary to conduct a survey or content analysis on the socialization mechanism of the Village AFA, especially after a significant change in spending patterns (Osborne & Gaebler, 1992). This study should test the hypothesis that Communicative Accountability plays a role as a moderator variable that determines whether the residual ceiling surge is seen by the community as a failure or a success. This will fill the theoretical gap by empirically testing the boundaries of transparency and strengthening the relevance of the discipline of Communication and Applied Linguistics (Schmitt, 2010) in the performance of local government bureaucracy. In particular, the study should explore how the Akelamo Village Village reduces the complexity of fiscal regulations so that it can be understood by the community and staff, as suggested by Mintzberg (1979).

Third, it is recommended to develop an expanded contingency theoretical model. Future research can compare Akelamo Village (a successful case of operational efficiency) with other villages in Tidore Islands City (or Eastern Indonesia) that have stable or wasteful spending patterns. This comparison aims to validate Fiedler's Reinterpretation of the Situational Context by including the Contingent Fiscal Demand variable (comparison of compliance vs. investment efficiency) as a determinant dimension of the effectiveness of leadership styles in local government. By doing this, research can generate new predictive models of when rigid task-orientation styles become ineffective and when adaptations

towards outcome-oriented become effective in the context of fiscal decentralization and bureaucratic reform in Indonesia. These three agendas will collectively fill the gap between SPJ's data-driven fiscal performance analysis and theoretical understanding of adaptive leadership and governance at the frontline levels of governance.

FURTHER STUDY

Future studies should conduct deeper qualitative investigations involving interviews with the Village Head and village staff to reveal the managerial factors and operational constraints behind the large remaining ceiling in the Village Government Affairs Support Program. Research is also needed to evaluate how communicative accountability is practiced within the village bureaucracy especially how changes in AFA allocation, budget savings, and unrealized spending are communicated to the community. In addition, comparative studies across several villages in Tidore Islands City or other regions in Eastern Indonesia are recommended to validate whether the contingent fiscal demand variable truly determines the shift in leadership style, as indicated in this study. Such comparative analysis will strengthen the dual-efficiency model (operational efficiency and investment absorption efficiency) and refine the theoretical link between adaptive leadership, fiscal governance, and communication effectiveness at the local government level.

REFERENCES

- Badan Pusat Statistik (BPS) Kota Tidore Kepulauan. (2022). *Statistik Daerah Kecamatan Oba Tengah 2022*. Tidore: BPS.
- Badan Pusat Statistik (BPS) Kota Tidore Kepulauan. (2023). *Kota Tidore Kepulauan dalam Angka 2023: Kecamatan Oba Tengah*. Tidore: BPS.
- Bahl, R. W. (2009). Fiscal Decentralization in Developing Countries: Theory and Practice. *Development and Change*, 40(1), 213-233.
- Bekkers, V., & Homburg, V. (2007). *The Handbook of Public Administration: An Introduction*. Thousand Oaks, CA: SAGE Publications.
- Das, J., Hammer, J., & Schoebelen, E. (2018). The quality of public service delivery in developing countries: the importance of coordination and implementation. *World Development*, 103, 1-13.
- Denhardt, R. B., & Denhardt, J. V. (2019). *Public Administration: An Action Orientation (8th ed.)*. Boston, MA: Cengage Learning.
- Fiedler, F. E. (1967). *A Theory of Leadership Effectiveness*. New York, NY: McGraw-Hill.
- Goldfrank, B., & Schrank, A. (2009). The logic of the vote and the logic of the market: Participatory budgeting in Porto Alegre, Brazil. *Journal of Public Administration Research and Theory*, 19(2), 277-300.
- Jones, L., & Pendlebury, M. (2010). *Public Sector Accounting (6th ed.)*. London: Pearson Education.
- King, B. (2018). Communicating Government Effectiveness: The Role of Clarity and Cognitive Processing in Public Service. *International Journal of Public Policy and Administration*, 12(3), 201-218.

- Littlejohn, S. W., Foss, K. A., & Oetzel, J. G. (2020). *Theories of Human Communication (12th ed.)*. Long Grove, IL: Waveland Press.
- Mintzberg, H. (1979). *The Structuring of Organizations: A Synthesis of the Research*. Englewood Cliffs, NJ: Prentice-Hall.
- Moynihan, D. P. (2006). The dynamics of performance budgeting in a networked government: The case of Wisconsin. *Journal of Public Administration Research and Theory*, 16(1), 153-171.
- Northouse, P. G. (2021). *Leadership: Theory and Practice (9th ed.)*. Thousand Oaks, CA: SAGE Publications.
- Osborne, D., & Gaebler, T. (1992). *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector*. Reading, MA: Addison-Wesley Publishing Company.
- Peters, B. G. (2015). *The Politics of Bureaucracy: An Introduction to Comparative Public Administration (7th ed.)*. London: Routledge.
- Resnick, D. (2014). The Political Economy of Decentralization in Africa. *Development and Change*, 45(1), 1-32.
- Schick, A. (2009). *The Road to Fiscal Hell: A Guide to the Crisis of Public Finance*. Washington, D.C.: Brookings Institution Press.
- Schmitt, N. (2010). *An Introduction to Applied Linguistics (2nd ed.)*. London: Routledge.
- Shah, A. (2007). Decentralization and Fiscal Management in Indonesia. *The World Bank Economic Review*, 21(2), 313-341.
- Stiglitz, J. E. (2018). The limits of transparency. *Public Administration Review*, 78(1), 6-13.
- Walker, R. M., & Boyne, G. A. (2009). Public Management and Organizational Performance: An International Perspective. *Journal of Public Administration Research and Theory*, 19(2), 249-269.