

## THE RELATIONSHIP BETWEEN LEADERSHIP AND VILLAGE PERFORMANCE AND SUSTAINABILITY IN HIGH-POVERTY AREAS IN SUMATRA

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### ABSTRACT

The Village Law has been in effect in Indonesia for a decade, having a positive impact on village development and governance. These achievements serve as a foundation for the government to improve future village governance and sustainability. Therefore, this study aims to investigate the relationship between leadership and village performance and sustainability in poor areas of Sumatra. This study used a quantitative approach with a survey method. Primary data were collected using questionnaires distributed to village officials and village leaders in Bengkulu and Nanggroe Aceh Darussalam Provinces. The results indicate that leadership is crucial for improving performance and achieving sustainable village development.

**Keywords:** Leadership; Performance; Sustainability; Village; Development

### 1. Introduction

Developing Indonesia from the periphery by strengthening regions and villages within the framework of a unitary state is implemented in Law Number 6 of 2014 concerning Villages (Village Law). In general, the Village Law has had a positive impact on village development and governance. Several notes on village achievements serve as a basis for the government to improve village governance going forward.

Village governments play a crucial role in managing and providing services to village communities. Excellent service to the community can be achieved through superior performance by village governments in managing village funds. Performance measurement is absolutely necessary in government organizations in Indonesia as a result of implementing performance-based budgeting through ensuring that program and activity implementation aligns with established objectives.

Implementing performance-based budgeting is not easy, and its implementation is suboptimal and inconsistent. Empirical phenomena related to the implementation of performance budgeting have been found in other countries. Public service reforms implemented in the United States are still implemented outside the regulations, where there is a gap between concept and practice, requiring structural and process reform. The implementation of performance reform and budgeting programs in the Netherlands has been going on for over a decade, and the issues encountered are similar to those in other countries, and only a few have met expectations.

Success in implementing performance reforms is influenced by leadership factors. Strategic leadership adopted by top management has direct implications for the capabilities of lower-level leaders, particularly those directly involved in financial management and accountability. Therefore, management commitment, both at the top and middle levels, is a determining factor in achieving goals, development, and regional financial management.

Based on the above description, the research questions are formulated as follows: a) Does transformational leadership influence village government performance? b) Do transformational leadership and village government performance influence the sustainability of village programs?

## **2. Literature Review**

Three laws, namely: a) Law No. 17 of 2003, b) Law No. 1 of 2004, and c) Law No. 15 of 2004, formed the basis for state financial reform (from financial administration to financial management). One manifestation of budget system reform is the implementation of Performance-Based Budgeting. Performance is the results achieved over a specific period by an organization, whether for-profit or non-profit.

Specifically, organizational performance is explained as the effectiveness of the organization related to systematic efforts and the organization's ability to meet organizational needs comprehensively and sustainably. Performance benchmarks serve as the basis for assessing whether a program is successful or failed.

Existing research on village performance addresses various aspects of the managerial capabilities of village heads, but village characteristics are unique. The theoretical foundation was developed by integrating literature on leadership theory and upper-echelon theory. According to this theory, an organization is a reflection of its top managers. Therefore, to identify the performance of village leaders in carrying out their duties, the relationship between individuals, the organization, and the environment must be considered. Transformational leadership contributes to creating a positive work culture, performance, and commitment, and achieving better results.

Transformational leadership and performance play a role in the sustainability of village tourism programs. However, government attention, manifested in increasing village government financial resources through both Village Funds and Village Fund Allocations, has still had an impact on strengthening governance at the administrative level. However, this increase has not yet improved the quality of services and community welfare. Meanwhile, the "sustainable rural development" concept, as a strategy for building the nation, should result in sustainable development. The focus on performance in public sector organizations, especially in village government, is emphasized.

## **3. Research Method**

This research consists of several stages: the planning stage, which includes proposal development, team discussions on instruments, schedules, and commitments, as well as obtaining research permits; the implementation stage, which involves conducting surveys, data tabulation, data processing and analysis, and interpretation of results, as well as discussions; the monitoring and evaluation stage, which begins with the preparation of financial reports, internal and external monitoring and evaluation (M&E) with LPPM; and the reporting stage, which involves compiling research reports and research outputs.

This research begins with identifying existing problems in the research area. Problem identification is carried out to develop a follow-up plan for these problems. The research question relates to transformational leadership in maximizing the performance and sustainability of village programs. Theories related to the same case are important factors in determining the actions to be taken. These theories are reviewed to determine the formulation of the theoretical foundation used in this research, for example, a preliminary survey, questionnaire development, and then conducting a survey to obtain the data needed for the research process. The data required for this study are primary and secondary data. The primary data required includes respondent characteristics, transformational leadership, performance, and sustainability of village programs, which were obtained through a survey. A questionnaire was posted on the g-drive website. The secondary data required was village financial performance, obtained from relevant agencies.

#### 4. Results and Discussion

Table 1 presents information on the questionnaire return rate, of the 260 questionnaires distributed, 230 questionnaires (88%) could be analyzed further.

Table 1 Questionnaire Return Rate

No	Description	Bengkulu	NAD	Total	%
1)	Instruments are distributed	130	130	260	100%
2)	Instruments that do not return	12	5	17	7%
3)	Instruments that are not filled in completely can be analyzed further.	8	5	13	5%
4)	Total instruments that can be analyzed.	110	120	230	88%

Source: Research Results, 2026

The profile relates to the respondents' demographics, which consist of gender, age, education, and occupation. Table 2 provides information on the respondents' demographics.

Table 2 Respondent Demographics

No	Explanation	Bengkulu		Banda Aceh		Total	
		Amount	%	Amount	%	Amount	%
1.	Gender						
	- Man	87	79%	102	85%	189	82%
	- Woman	23	21%	18	15%	41	12%
2.	Age						
	- 20 - <30 years	16	15%	14	12%	30	13%
	- 30 - <40 years	29	26%	35	29%	64	28%
	- 40 - <50 years	48	44%	33	28%	81	35%
	- – ≥50 years	27	15%	38	32%	55	24%
3	Education						
	- elementary school	2	1.8%	-	-	2	0.9%
	- middle school	2	1.8%	1	0.8%	3	1.3%
	- high school	71	64,6%	68	56,7%	139	60.4%
	- diploma/bachelor's degree	35	30,9%	49	40,8%	83	36.1%
	- postgraduate degree	1	0.9%	2	1,7%	3	1.3%
4)	Education						
	- Employees	4	4%	17	14%	21	9%
	- Famer	10	9%	25	21%	35	15%

No	Explanation	Bengkulu		Banda Aceh		Total	
		Amount	%	Amount	%	Amount	%
	- Entrepreneur	10	9%	46	38%	50	25%
	- Village Apparatus/ BPD/Bumdes/Village Companions	86	78%	32	27%	118	51%

Source: Research Results, 2026

Descriptive statistics of research variables regarding theoretical and actual ranges, namely minimum, maximum, mean, and standard deviation (Stdev). Table 4 presents descriptive statistics of research variables.

Table 3. Statistics of Research Variables

No	Variable	n	Theoritocal Range		Actual Range				
			Min	Max	Min	Max	Mean	Stdev	
1	Transformational Leadership	230	15	75	52	75	69.54	4.64	6.17
2	Performance	230	14	70	33	70	61.11	4.37	6.11
3	Sustainability of Village Programs	230	17	85	24	85	56.42	3.32	17.65

Source: Research Results, 2026

Based on table 4, it is concluded that the average Sustainability of Village Programs variable is lower, namely a total score of 56.42 divided by 17 question items, meaning that respondents generally answer option 3 (sometimes), while the performance variable obtains an average score of 61.11 where respondents generally answer option 4 (Often). The transformational Leadership variable obtains an average score of 69.4 so that the average respondent tends to always respond.

## 5. Conclusion

Based on the research results and data analysis, it was concluded that the average transformational leadership score was 69.54, and the performance score was 61.11 on average, and the sustainability of village programs was 56.42 on average. These results indicate that leadership and performance in poor areas in Sumatra are at a moderate level, while the sustainability of village programs has a lower average. Strong and participatory leadership is an important prerequisite for achieving good performance and ensuring the sustainability of villages in poor areas in Sumatra. Local governments (provinces/districts) need to better synchronize poverty alleviation policies and programs between relevant agencies to ensure the integration and effectiveness of programs at the village level. It is recommended to conduct further research by including other variables beyond leadership and performance, such as the influence of village potential or development priorities on welfare levels, for a more comprehensive analysis.

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