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The Role of Community-Based Accountability and Social Accounting Practices in Enhancing Community Welfare: Evidence from Local Community Organizations in Indonesia

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ABSTRACT

This study examines the role of community-based accountability and social accounting practices in enhancing community welfare through local community organizations in Indonesia. It aims to explain how transparent governance, community participation, responsiveness, social-impact measurement, and public reporting contribute to inclusive and sustainable welfare outcomes. The study employs a qualitative literature review by synthesizing peer-reviewed journal articles, conference proceedings, and institutional reports concerning nonprofit accountability, village institutions, community organizations, social accounting, and welfare development. The selected literature was analyzed thematically to identify recurring concepts, empirical patterns, institutional challenges, and emerging research directions. The results show that community-based accountability improves organizational legitimacy and program relevance when it extends beyond administrative compliance and enables beneficiaries to influence planning, monitoring, evaluation, and corrective action. Social accounting strengthens this process by connecting financial resources and organizational activities with outcomes such as livelihood improvement, service accessibility, empowerment, social inclusion, trust, and social cohesion. The principal finding is that accountability and social accounting function most effectively as complementary mechanisms rather than independent practices. Their contribution to welfare depends on managerial competence, accessible information, meaningful participation, digital capacity, and institutional responsiveness. The study highlights the need for participatory, context-sensitive, and digitally supported accountability systems within Indonesian local organizations.

Keywords: Community-Based Accountability, Social Accounting, Community Welfare, Local Community Organizations, Indonesia.

I. Introduction

Community-based organizations play an important role in local development because they operate close to the social, economic, and institutional realities of citizens. These organizations may include cooperatives, village-owned enterprises, neighborhood associations, religious charities, women's groups, youth organizations, community financial institutions, and other nonprofit or semi-public organizations. Their

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proximity to local communities enables them to identify community needs, mobilize collective resources, facilitate public participation, distribute social assistance, and support small-scale economic activities. Consequently, community-based organizations are increasingly regarded as strategic partners of government in reducing poverty, improving public services, strengthening social inclusion, and enhancing community welfare. The effectiveness of community-based organizations, however, cannot be assessed merely by the number of programs implemented or the amount of funds managed. It also depends on how responsibly organizational leaders manage resources and how far community members are involved in decision-making, monitoring, and evaluation. This condition places accountability at the center of community organization governance. Community-based accountability refers to the responsibility of organizational leaders to explain, justify, and accept responsibility for their decisions and actions before the people whose interests and welfare are affected. It includes transparency, participation, responsiveness, accessible reporting, community monitoring, and the availability of mechanisms through which citizens can provide criticism or complaints.

Community-based accountability differs from accountability that is directed only toward governments, donors, or regulatory bodies. While upward accountability focuses on compliance with administrative and financial requirements, community-based or downward accountability emphasizes responsibility toward beneficiaries and organizational members. Cordery, Belal, and Thomson (2019) argue that accountability in nonprofit organizations should not be limited to financial reporting because such organizations are established to achieve social missions. Therefore, their accountability should also demonstrate whether their activities genuinely benefit the communities they serve. Similarly, Agyemang, O'Dwyer, and Unerman (2019) emphasize that accountability practices should consider beneficiary participation, organizational power relations, and the consequences of organizational decisions for vulnerable groups. Social accounting practices complement community-based accountability by broadening the scope of organizational reporting. Conventional accounting generally focuses on financial information, including revenues, expenditures, assets, liabilities, and budget realization. Although this information is necessary, it does not fully explain the social value created by community organizations. Social accounting refers to the process of identifying, measuring, evaluating, and communicating the social effects of organizational activities. It may include information related to employment creation, household income improvement, service accessibility, social inclusion, local empowerment, beneficiary satisfaction, and community participation.

Through social accounting, organizations are encouraged to answer not only whether funds have been spent according to regulations, but also whether the expenditure has produced meaningful and equitable social outcomes. Hall and O'Dwyer (2017) explain that nonprofit organizations require broader performance measures because their objectives are related to social missions rather than profit maximization. Goddard (2021) also highlights that accounting practices within nongovernmental organizations are influenced by institutional values, organizational capacity, and power relations. Therefore, accounting systems may support substantive accountability when they provide understandable information and allow communities to evaluate organizational performance. These issues are particularly relevant in Indonesia, where decentralization and community-based development have increased the responsibilities of local organizations. Village institutions, cooperatives, neighborhood associations, community enterprises, and nonprofit organizations are increasingly involved in managing funds, delivering services, and implementing community empowerment programs. This institutional expansion provides opportunities for more responsive and participatory development. Local organizations often have stronger contextual knowledge than centralized agencies and are therefore expected to design programs that correspond with local priorities.

Nevertheless, several governance problems continue to emerge. Local organizations may experience limited accounting capacity, weak documentation, inadequate transparency, elite domination, low community participation, and insufficient evaluation of social impacts. In some organizations, accountability is interpreted merely as the preparation of administrative reports. Financial statements may be completed to fulfill government or donor requirements, while ordinary community members receive limited information concerning the use of funds, beneficiary selection, or program outcomes. Community meetings may also

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function only as formal approval mechanisms rather than genuine forums for deliberation. This phenomenon illustrates a gap between procedural accountability and substantive accountability. Previous studies provide evidence that accountability and accounting practices within Indonesian local organizations remain uneven. Utomo, Sudrajat, and Dewi (2022) found that village fund management accountability did not have a statistically significant effect on community welfare. This finding suggests that formal accountability alone may not automatically improve welfare when it is not supported by effective policies, meaningful participation, and outcome-oriented program implementation. Dewi, Manochin, and Belal (2021), through an Indonesian nongovernmental organization case study, found that beneficiary accountability should be responsive, action-oriented, and connected to community empowerment. Their study indicates that accountability becomes meaningful when beneficiaries can influence organizational decisions rather than merely receive information.

Sriyono, Soeprapto, and Nugroho (2023) also identified weaknesses in the governance of a village-owned enterprise in Indonesia. The organization lacked adequate accounting systems, standard operating procedures, and integrated information management. These limitations reduced the reliability of financial information and restricted the organization's capacity to contribute to village income and welfare. Similarly, Cicalarici, Fauzi, and Rosita (2023) reported that a community-based financial institution in West Sumatra had incomplete reporting and disclosure practices. Community members faced difficulties in accessing organizational reports, while social auditing had not been implemented effectively. More recent evidence demonstrates that stronger accounting systems can improve organizational governance. Yuhertiana et al. (2025) reported that the implementation of a digital financial reporting system in a neighborhood organization in Surabaya improved reporting quality, organizational decision-making, community trust, and donor confidence. However, their study also identified differences in digital literacy and difficulties in maintaining community participation. This finding confirms that accounting technology can strengthen accountability, but its effectiveness still depends on human resources, inclusive leadership, and sustained stakeholder engagement.

The previous studies indicate that accountability, social accounting, and welfare are conceptually interconnected. Transparency may reduce the misuse of resources, participation may align organizational programs with community needs, and social accounting may help organizations identify whether their activities produce social value. However, empirical findings remain inconsistent. Some studies show that accounting practices improve trust and governance, while other studies reveal that accountability does not directly influence welfare. Moreover, most previous Indonesian studies have focused on individual villages, nonprofit organizations, village-owned enterprises, or community financial institutions using qualitative case study approaches. There is therefore limited quantitative evidence describing how community-based accountability and social accounting are practiced across different local community organizations in Indonesia. Previous studies have also commonly examined financial accountability separately from social performance measurement. Community welfare is often assumed as the final outcome without being measured through economic, social, participatory, and empowerment dimensions. This creates a research gap regarding whether organizations with stronger accountability and social accounting practices also demonstrate better community welfare outcomes.

Based on this gap, the present study aims to examine the role of community-based accountability and social accounting practices in enhancing community welfare among local community organizations in Indonesia. Using a descriptive quantitative approach, the study describes the levels of transparency, participation, responsiveness, evaluation, community oversight, and social impact reporting implemented by local organizations. It also examines community welfare through indicators related to economic benefits, access to services, empowerment, social inclusion, and social cohesion. The study is expected to provide an integrated empirical description of accountability, social accounting, and welfare while identifying organizational practices that need to be strengthened.

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II. Literature Review and Hypothesis Development

2.1. Community-Based Accountability

Community-based accountability refers to an organization's obligation to explain, justify, and assume responsibility for its decisions directly to members, beneficiaries, and local residents whose interests are affected by its activities. It extends accountability beyond upward relationships with governments, donors, and regulatory authorities by emphasizing downward accountability to beneficiaries and horizontal accountability among community members. Its principal dimensions include information transparency, participatory decision-making, organizational responsiveness, performance evaluation, complaint mechanisms, and community oversight. These mechanisms allow citizens to assess whether organizational resources and authority are being exercised consistently with collective interests and agreed social objectives (Agyemang et al., 2019; Cordery et al., 2019; Rahman, 2023). The concept is closely related to stakeholder theory, which assumes that organizational legitimacy depends on the recognition of individuals and groups who provide resources, experience organizational consequences, or possess legitimate claims. From this perspective, beneficiaries are not merely passive recipients of services but stakeholders who are entitled to influence program priorities and evaluate organizational performance. Dewi et al. (2021) conceptualize beneficiary accountability as an action-based and responsive process directed toward empowerment. More recently, Acintya et al. (2026) demonstrate that accountability accounts can be co-produced with beneficiaries in Indonesian nongovernmental organizations, enabling community experiences and expectations to become part of organizational reporting and evaluation.

Community-based accountability becomes substantive when community members can understand organizational information, question organizational leaders, participate in program evaluation, and influence corrective action. Conversely, the existence of financial statements, annual meetings, and administrative reports may only demonstrate procedural compliance when the information is inaccessible or when community participation does not affect decisions. Goddard (2021) explains that accountability practices are influenced by institutional power, organizational values, and stakeholder capacity. Noble et al. (2025) similarly conclude that downward accountability mechanisms are effective when they provide accessible information, meaningful participation, trusted complaint procedures, and feedback systems capable of changing organizational behavior. Recent studies have also emphasized the emergence of digital accountability. Digital platforms can accelerate information disclosure, facilitate communication, and connect organizations with geographically dispersed stakeholders. However, digital systems can reproduce social exclusion when community members possess unequal access, technological skills, or literacy. Cordery et al. (2023) and Cavicchi and Vagnoni (2023) found that digital information systems can strengthen governance, reporting, and stakeholder communication in nonprofit organizations. Acintya et al. (2025) therefore conceptualize contemporary accountability as a networked process involving organizational actors, technologies, beneficiaries, donors, and multiple accountability forums rather than as a one-directional reporting relationship.

2.2. Social Accounting Practices

Social accounting practices refer to the systematic identification, measurement, documentation, evaluation, and communication of an organization's social contributions and adverse consequences. Unlike conventional financial accounting, which primarily reports revenues, expenditures, assets, and liabilities, social accounting connects organizational resources and activities with social outcomes. These outcomes may include employment creation, improved household income, service accessibility, community empowerment, inclusion, beneficiary satisfaction, and social cohesion. Laine (2024) argues that impact accounting should reveal organizational externalities and the value created or diminished through institutional activities. Grossi et al. (2024) similarly emphasize the importance of accounting for the multiple and sometimes competing

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values pursued by hybrid and community-oriented organizations. Within local community organizations, social accounting may be implemented through beneficiary databases, output records, outcome indicators, satisfaction surveys, participatory evaluations, social-impact narratives, and social audits. These instruments translate broad social missions into observable and communicable evidence. For example, an organization distributing productive assistance should report not only the number of beneficiaries and the amount disbursed but also changes in beneficiary income, employment, business sustainability, and economic independence. Handley (2025), however, finds that measuring social impact remains difficult for small nonprofit organizations because social value is often intangible, stakeholder boundaries overlap, and responsibility for outcomes is distributed among several institutions and community actors.

Social accounting performs both managerial and accountability functions. Internally, social-outcome information supports organizational planning, program evaluation, resource allocation, institutional learning, and service redesign. Externally, it allows beneficiaries, donors, governments, and community members to determine whether programs generate meaningful and equitable benefits. Banerjee et al. (2024) demonstrate that organizational boards experience institutional and technical tensions when introducing social-impact measurements. Excessive quantification may neglect beneficiaries' lived experiences, while exclusively narrative reporting may make comparison and evaluation difficult. Effective social accounting should therefore integrate measurable indicators with qualitative explanations of how and why particular social changes occur. Evidence from Indonesia reveals both progress and persistent limitations in social and financial accounting practices. Fauzi et al. (2023) identified incomplete reporting, limited public disclosure, and the absence of effective social auditing within a communal financial institution in West Sumatra. Sriyono et al. (2023) similarly found inadequate accounting procedures, standard operating systems, and integrated information management in a village-owned enterprise. In contrast, Yuhertiana et al. (2025) demonstrated that implementing a digital reporting system based on ISAK 335 improved financial governance, decision-making, community trust, and donor confidence. Nevertheless, unequal digital literacy and difficulties in maintaining long-term community participation remained significant challenges.

2.3. Community Welfare and Related Studies

Community welfare is a multidimensional condition characterized by adequate economic resources, access to essential services, social protection, empowerment, community participation, inclusion, and supportive social relationships. It should not be interpreted solely as increased household income because economic improvement may coexist with unequal access, exclusion, dependency, or limited participation. In decentralized Indonesia, sustainable community welfare depends on the interaction of local economic capacity, public services, ecological conditions, protection of vulnerable groups, self-governance, and meaningful citizen participation (Tobing-David et al., 2024). Community welfare therefore represents both material improvement and strengthened collective capacity to manage local development. Local community organizations can enhance welfare by mobilizing resources, generating employment, supporting microenterprises, distributing social assistance, and connecting residents with public and private services. Permatasari et al. (2021) found that Indonesia's Village Fund Program contributed to multiple Sustainable Development Goals, although the effectiveness of activities differed across development dimensions and local contexts. Harinurdin et al. (2025) similarly argue that village-owned enterprises require open innovation, knowledge networks, institutional collaboration, and public participation to sustain their economic and social benefits. Organizational existence alone is therefore insufficient unless governance arrangements enable local resources to be transformed into sustainable community outcomes.

Community-based accountability may improve welfare through several mechanisms. Transparency reduces information asymmetry and opportunities for resource misuse, participation aligns programs with community priorities, responsiveness facilitates organizational correction, and community oversight strengthens financial discipline. Urquía-Grande et al. (2022) found that nonprofit accountability was associated with beneficiaries' perceptions of improvement in family and village conditions, although organizational objectives and results required more effective disclosure. Thus, welfare is more likely to improve when accountability enables communities to influence resource allocation and program implementation rather than merely receive completed administrative reports. Social accounting may enhance community welfare by directing managerial attention toward social outcomes instead of limiting evaluation to expenditure realization. When organizations measure service accessibility, empowerment, inclusion, livelihood changes, and beneficiary satisfaction, they can identify ineffective activities and redirect resources toward programs with greater social value. Nevertheless, accounting information does not automatically generate welfare. Its contribution depends on data quality, community understanding, managerial responsiveness, and the integration of reported outcomes into decision-making processes (Banerjee et al., 2024; Handley, 2025; Laine, 2024).

2.4. Hypothesis Development

Stakeholder theory and stewardship theory provide the theoretical foundation for the proposed relationships. Stakeholder theory emphasizes organizational responsibility toward parties affected by institutional activities, whereas stewardship theory views organizational managers as custodians of collectively owned resources. Community-based accountability makes decisions visible and enables citizens to participate in organizational governance, while social accounting connects the resources used with the social outcomes produced. The integrated application of these practices is therefore expected to enhance welfare through increased trust, institutional learning, responsiveness, and more appropriate resource allocation. Community-based accountability is expected to enhance community welfare because transparent, participatory, and responsive organizations can identify community needs more accurately and prevent the diversion of collective resources. Studies of beneficiary and downward accountability indicate that accessible disclosure, dialogue, complaints, and community feedback can improve organizational legitimacy, service relevance, and perceived development benefits (Dewi et al., 2021; Noble et al., 2025; Urquía-Grande et al., 2022).

H1: States that community-based accountability has a positive and significant effect on community welfare.

Social accounting practices are also expected to improve community welfare by translating an organization's social mission into measurable objectives and evaluative information. Outcome measurement helps organizations identify beneficiary needs, compare actual achievements with program objectives, and revise interventions that do not generate meaningful benefits. Recent studies associate social-impact reporting and digital accounting with stronger governance, stakeholder trust, organizational learning, and decision quality (Banerjee et al., 2024; Cavicchi & Vagnoni, 2023; Yuhertiana et al., 2025).

H2: states that social accounting practices have a positive and significant effect on community welfare.

The two governance practices are expected to operate complementarily. Community-based accountability creates an obligation to disclose information, facilitate deliberation, and respond to community concerns, whereas social accounting supplies the social-performance evidence required for these accountability processes. Their simultaneous implementation should improve decision quality, community trust, program relevance, institutional learning, and the equitable distribution of organizational benefits.

H3: States that community-based accountability and social accounting practices simultaneously have a positive and significant effect on community welfare among local community organizations in Indonesia.

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III. Research Method

This study employed a qualitative research approach using a literature review design to examine the role of community-based accountability and social accounting practices in enhancing community welfare within local community organizations in Indonesia. The qualitative approach was selected because the study aimed to interpret, compare, and synthesize conceptual arguments and empirical findings concerning accountability, social accounting, and community welfare. Rather than testing statistical relationships using primary data, the study explored how these concepts have been defined, implemented, and connected in previous research. The literature review also enabled the identification of recurring themes, theoretical perspectives, institutional challenges, and research gaps within the existing body of knowledge. The data used in this study consisted of secondary sources obtained from peer-reviewed journal articles, conference proceedings, academic books, and institutional reports relevant to community-based accountability, social accounting, nonprofit governance, community organizations, village institutions, and community welfare. The literature was identified through academic databases, including Scopus, Web of Science, ScienceDirect, Emerald Insight, SpringerLink, Google Scholar, and the Directory of Open Access Journals. Searches were conducted using combinations of keywords such as "community-based accountability," "downward accountability," "beneficiary accountability," "social accounting practices," "social impact measurement," "community welfare," "local community organizations," "nonprofit accountability," "village-owned enterprises," and "Indonesia." English and Indonesian publications were considered to obtain both international theoretical perspectives and evidence specific to the Indonesian context.

The selection of literature was conducted through several stages. First, potentially relevant publications were identified from their titles, abstracts, and keywords. Second, the full texts were reviewed to determine their relevance to the research objectives. Studies were included when they discussed accountability mechanisms, community participation, organizational transparency, social performance reporting, social-impact evaluation, or welfare outcomes within nonprofit, community-based, village, or local development organizations. Priority was given to peer-reviewed studies published during the most recent ten-year period to capture contemporary developments in digital accountability, participatory governance, social auditing, and impact measurement. Earlier seminal literature was retained when it provided essential theoretical foundations. Publications were excluded when they focused exclusively on corporate financial performance, did not address social or community outcomes, or lacked sufficient conceptual and methodological information. Data collection was conducted through systematic documentation. Relevant information from each source was recorded in a literature review matrix containing the author, publication year, research context, theoretical framework, methodological approach, major findings, and contribution to the present study. This process supported the comparison of findings across different organizational and geographical contexts. It also reduced the risk of relying on isolated findings and allowed the study to identify similarities, differences, and inconsistencies among previous studies.

The collected data were analyzed using thematic analysis. The analysis involved familiarization with the literature, initial coding, theme development, theme review, and interpretation. The principal themes included transparency and disclosure, community participation, organizational responsiveness, beneficiary accountability, social-impact measurement, social auditing, digital reporting, institutional capacity, stakeholder trust, and community welfare. Findings related to these themes were compared and synthesized to explain how accountability and social accounting practices may contribute to welfare improvement. Particular attention was given to differences between procedural accountability and substantive accountability, as well as between conventional financial reporting and socially oriented performance reporting. To enhance the credibility of the study, source triangulation was undertaken by comparing evidence from different authors, journals, research methods, organizational settings, and geographical locations. The interpretation did not depend on a single publication but was based on patterns consistently identified across multiple sources. The study also maintained analytical transparency by clearly explaining the literature search, selection criteria, data organization, and thematic analysis procedures. Through this method,

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the research generated an integrated understanding of the mechanisms, opportunities, and limitations of community-based accountability and social accounting practices in supporting community welfare in Indonesia.

IV. Results and Discussion

The thematic synthesis of the selected literature indicates that community welfare is not produced by accountability or accounting systems in isolation. It emerges when local organizations combine transparent governance, meaningful community participation, credible social-performance information, and organizational responsiveness. Across studies of Indonesian nongovernmental organizations, village-owned enterprises, communal financial institutions, neighborhood organizations, and village development programs, four interrelated findings were identified. These findings concern the substantive character of community-based accountability, the role of social accounting in making social value visible, the integrated pathway through which governance practices influence welfare, and the need for digitally enabled and context-sensitive institutional development.

4.1. Community-Based Accountability as a Substantive and Participatory Governance Process

The first finding is that community-based accountability contributes to welfare only when it operates as a substantive relationship between organizational managers and community stakeholders. Formal reports, budget-realization documents, annual meetings, and authorization procedures are necessary, but they do not automatically allow residents to influence decisions or evaluate organizational performance. Accountability becomes substantive when information is understandable, community members participate before decisions are finalized, complaints receive appropriate responses, and evaluation results generate corrective action. This interpretation is consistent with research distinguishing upward accountability to donors and regulatory bodies from downward accountability to beneficiaries and horizontal accountability among community stakeholders (Agyemang et al., 2019; Cordery et al., 2019). Dewi et al. (2021) further demonstrate in the Indonesian NGO context that beneficiary accountability should be action-based, responsive, and oriented toward beneficiary self-reliance. Consequently, the welfare value of accountability lies less in the production of formal reports than in whether account-giving redistributes informational and decision-making power to community members.

The synthesis also reveals that participation must be assessed in terms of influence rather than attendance. Community meetings may be highly attended while remaining dominated by organizational elites, government officials, donors, or technically knowledgeable actors. Goddard (2021) demonstrates that accounting and accountability practices are shaped by unequal institutional, professional, financial, and cultural capital. These inequalities determine whose opinions are considered legitimate and whose interests are reflected in organizational reports. Kingston et al. (2025) similarly emphasize that beneficiaries possess evaluative capacity derived from their direct experiences, although organizations frequently fail to recognize this knowledge as credible evidence. The systematic review by Noble et al. (2025) identifies participation, community ownership, transparency, program auditing, and social auditing as important downward-accountability mechanisms. However, their effectiveness is frequently constrained by power asymmetry, fragmented implementation, cultural differences, and the failure of organizations to close feedback loops. These findings imply that local organizations should treat residents as co-evaluators of organizational performance rather than passive recipients of information.

Evidence from Indonesian local institutions illustrates the difference between formal and effective accountability. Cicalarici et al. (2023) found that a communal village financial institution in West Sumatra experienced weaknesses in public disclosure, access to reports, performance assessment, community participation, and social auditing. Sriyono et al. (2023) likewise reported that an Indonesian village-owned enterprise lacked essential accounting procedures, standard operating systems, and integrated information

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management. These governance limitations restricted the reliability of organizational information and reduced the enterprise's ability to contribute consistently to village income and welfare. More importantly, Utomo et al. (2022) found no statistically significant effect of village-fund management accountability on community welfare. This result should not be interpreted as evidence that accountability is irrelevant. Instead, it indicates that compliance-oriented reporting may be too distant from program quality, beneficiary influence, service accessibility, and the distribution of economic benefits. Community-based accountability is therefore an enabling governance condition whose welfare effect depends on participation quality, managerial responsiveness, organizational capacity, and the opportunity for community evaluation to change institutional decisions.

4.2. Social Accounting as a Mechanism for Making Community Value Visible

The second finding is that social accounting expands local organizational accountability from financial stewardship toward evidence of social value. Conventional accounting identifies how much money was received, allocated, and spent, whereas social accounting examines what changes occurred, who experienced those changes, and whether benefits were distributed equitably. Relevant dimensions include livelihood improvement, employment creation, access to essential services, beneficiary capability, community participation, social inclusion, satisfaction, trust, and social cohesion. Hall and O'Dwyer (2017) explain that nonprofit and mission-oriented organizations cannot be evaluated adequately through financially oriented measurements alone because their central objectives concern social rather than commercial outcomes. More recent scholarship similarly argues that impact accounting should connect organizational resources and activities to their wider social consequences while remaining transparent about uncertainty, attribution, and the limitations of measurement (Laine, 2024). Social accounting therefore converts general organizational claims about empowerment or welfare into evidence that can be discussed, verified, and challenged by stakeholders.

The literature indicates that social accounting performs three interconnected functions. First, it facilitates internal learning by comparing expected outcomes with actual beneficiary experiences. Second, it supports external accountability by enabling communities, donors, governments, and partner institutions to assess whether resources have created meaningful social value. Third, it improves strategic resource allocation by identifying programs that should be expanded, redesigned, or discontinued. However, the measurement of social value is not politically or technically neutral. Banerjee et al. (2024) demonstrate that implementing social-impact measurements can generate governance tensions because organizational boards must reconcile financial sustainability, mission fulfillment, professional standards, and diverse stakeholder expectations. Grossi et al. (2024) similarly argue that hybrid organizations operate within multiple and sometimes conflicting value systems. An excessive emphasis on quantification may prioritize easily measurable outputs while ignoring empowerment, dignity, relationships, and long-term capability. Social accounting should therefore combine quantitative indicators with beneficiary narratives and contextual explanations rather than reducing welfare to a single monetary or numerical score.

The synthesis identifies practical constraints that are especially relevant to Indonesian community organizations. Small local organizations often lack trained accounting personnel, stable information systems, baseline data, standardized indicators, and resources for long-term outcome tracking. Handley (2025) shows that social-impact evaluation in small nonprofit organizations is complicated by stakeholder ambiguity, overlapping institutional responsibilities, intangible outcomes, and organizational reliance on interpersonal trust. In Indonesia, these difficulties may be intensified by variations in literacy, digital access, managerial competence, funding continuity, and local administrative arrangements. Nevertheless, Yuhertiana et al. (2025) found that implementing a digital financial system based on ISAK 335 in a Surabaya neighborhood organization improved reporting quality, decision-making, community trust, and donor confidence. This evidence indicates that technical systems can strengthen accountability, but only when community members understand the information and reporting is connected to public deliberation. Social accounting should

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therefore be proportionate to organizational capacity, participatory in its indicator selection, and usable for decision-making rather than designed merely to satisfy external reporting requirements.

4.3. The Integrated Contribution of Accountability and Social Accounting to Community Welfare

The third finding is that community-based accountability and social accounting are mutually reinforcing rather than independent governance mechanisms. Accountability creates an obligation to explain decisions, justify resource allocation, and respond to stakeholders, while social accounting supplies evidence about the social outcomes for which the organization must answer. Without community-based accountability, social indicators may become promotional data selectively reported by organizational managers. Without social accounting, accountability may remain concentrated on procedural compliance, administrative completeness, and expenditure realization. Their integration creates a feedback cycle in which community priorities inform program design, social outcomes are measured, results are disclosed, beneficiaries evaluate those results, and organizational managers revise subsequent decisions. This process demonstrates that accountability is relational and that its effects on welfare are mediated by institutional learning, participation, responsiveness, and the quality of organizational information.

The literature identifies several pathways through which this integration can improve welfare. Transparency can reduce information asymmetry and opportunities for resource misuse. Participation can strengthen the alignment between organizational programs and local needs. Social-impact measurement can identify ineffective interventions, while beneficiary feedback can facilitate organizational correction and innovation. Urquía-Grande et al. (2022) found that beneficiaries associated nonprofit accountability with improvements in family and village conditions, although the communication of organizational objectives and program results required further strengthening. Permatasari et al. (2021) found that Indonesia's Village Fund Program contributed to several Sustainable Development Goals, but its effectiveness varied across activities, development dimensions, and local contexts. These studies demonstrate that the availability of financial resources is insufficient unless local institutions possess governance and evaluation mechanisms capable of translating those resources into inclusive and sustainable outcomes.

Community welfare should consequently be interpreted as a multidimensional outcome. Increased organizational revenue, village income, or program expenditure may not improve welfare when benefits are captured by local elites, vulnerable households remain excluded, or interventions generate dependency instead of capability. Harinurdin et al. (2025) argue that sustainable village-owned enterprises require community empowerment, open innovation, institutional collaboration, and knowledge networks in addition to sound economic management. The findings of Dewi et al. (2021) reinforce this conclusion by positioning beneficiary self-reliance as an essential component of meaningful accountability. Accordingly, the strongest welfare contribution occurs when accountability protects community voice and social accounting monitors material outcomes, inclusion, participation, and empowerment simultaneously. The synthesis therefore supports a conditional conclusion: community-based accountability and social accounting enhance welfare when they are embedded in inclusive governance, competent management, accessible information systems, and institutional mechanisms that convert evaluation into corrective action.

4.4. Digital Transformation and a Sustainable Research Agenda

The fourth finding concerns the rapid digitalization of nonprofit and community governance. Digital platforms can improve the timeliness of financial records, expand public access to organizational information, preserve institutional documentation, and facilitate continuous communication with community members. Cavicchi and Vagnoni (2023) demonstrate that digital information systems can support accountability in welfare-providing NGOs, while Cordery et al. (2023) show that digital transformation changes how nonprofit performance, governance, and accountability are produced, evaluated, and communicated. However,

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technology does not remove underlying political or organizational problems. Digitalization may privilege indicators that are easy to quantify, increase dependence on technical intermediaries, expose sensitive beneficiary data, or exclude residents with limited connectivity and digital literacy. Digital accountability must therefore be accompanied by data-protection procedures, accessible communication formats, human support, and alternative offline mechanisms.

Recent scholarship has consequently shifted from one-directional digital disclosure toward networked and co-produced accountability. Acintya et al. (2026) show that NGO accountability accounts can be co-produced with Indonesian beneficiaries, positioning them as both subjects and objects of organizational evaluation. Their evidence indicates that beneficiaries are not entirely passive even when participation is formally structured by the organization. Through compliance, negotiation, adaptation, and the expression of lived experiences, beneficiaries contribute to the formation of accountability accounts. This development provides an important direction for Indonesian local organizations. Digital dashboards, mobile feedback systems, social-impact reports, and publicly accessible financial records should be designed collaboratively with community members, employ locally meaningful indicators, and provide space for disagreement and qualitative explanation. The purpose should not merely be to disclose greater quantities of data, but to make information capable of supporting collective judgment, institutional learning, and organizational improvement.

Future studies should examine these mechanisms through longitudinal, comparative, participatory, and mixed-method research designs. Comparative research is required to investigate differences among NGOs, cooperatives, neighborhood organizations, religious charities, communal financial institutions, and village-owned enterprises across Indonesian provinces. Longitudinal studies should determine whether improvements in transparency, participation, and social accounting precede sustained changes in household livelihoods, service accessibility, inclusion, trust, empowerment, and community capability. Subsequent studies should also investigate mediating factors such as stakeholder trust, participation quality, organizational learning, responsiveness, and managerial competence. Potential moderating factors include digital literacy, organizational size, funding dependence, local culture, elite concentration, regulatory pressure, and institutional maturity. Participatory research should involve beneficiaries in selecting welfare indicators and interpreting organizational outcomes. Such studies would move the literature beyond the assumption that formal accountability necessarily produces welfare and toward a more precise explanation of when, how, and for whom community-based organizations create sustainable social value.

V. Conclusion

This study concludes that community-based accountability and social accounting practices constitute complementary governance mechanisms for enhancing community welfare through local community organizations in Indonesia. Based on the synthesis of previous studies, accountability produces meaningful social benefits when it extends beyond administrative compliance and formal financial reporting. Substantive accountability requires transparent and understandable information, meaningful community participation, responsive complaint mechanisms, inclusive decision-making, and continuous community oversight. At the same time, social accounting enables organizations to identify, measure, evaluate, and communicate the social outcomes generated by their programs. These outcomes include improved livelihoods, access to services, social inclusion, empowerment, institutional trust, and community cohesion. The integration of these practices creates a continuous governance cycle in which community needs inform organizational planning, resources are allocated according to local priorities, social outcomes are evaluated, and stakeholder feedback is used to improve subsequent decisions. Nevertheless, the literature also demonstrates that accountability and social accounting do not automatically produce welfare improvements. Their effectiveness depends on organizational competence, participation quality, managerial responsiveness, information accessibility, digital literacy, and the ability of community members to influence institutional decisions. Community welfare should therefore be understood as the outcome of accountable relationships, socially oriented measurement, institutional learning, and equitable resource distribution rather than as a direct consequence of financial expenditure alone.

Theoretically, this study extends the literature on stakeholder theory, stewardship theory, nonprofit accountability, and social accounting by positioning community welfare as the result of an integrated accountability process. Stakeholder theory explains why local organizations must recognize beneficiaries and community members as legitimate actors with rights to information, participation, and evaluation. Stewardship theory clarifies the responsibility of organizational managers to protect and utilize collective resources for community interests. However, the findings suggest that these theoretical perspectives should be connected with social accounting to explain how accountability is translated into observable welfare outcomes. Community-based accountability provides the relational and participatory structure through which organizations answer to stakeholders, while social accounting supplies evidence concerning the social value created by organizational activities. This integration also clarifies the distinction between procedural and substantive accountability. Procedural accountability concentrates on compliance, documentation, and budget realization, whereas substantive accountability evaluates whether organizational practices improve community conditions and strengthen beneficiary capabilities. Future theoretical development should therefore investigate stakeholder trust, organizational learning, participation quality, and managerial responsiveness as mediating mechanisms. Institutional capacity, digital literacy, local culture, funding dependence, organizational size, and power concentration may also be examined as moderating conditions that determine whether accountability practices effectively contribute to sustainable community welfare.

From a managerial perspective, leaders of local community organizations should develop governance systems that combine reliable financial reporting with participatory social-impact evaluation. Managers should provide financial and program information in formats that are accessible to community members, establish regular consultation and complaint mechanisms, and involve beneficiaries in determining program priorities and welfare indicators. Social accounting should not be treated merely as an additional reporting obligation but as a managerial instrument for evaluating program relevance, identifying unequal benefit distribution, and improving resource allocation. Organizations should measure both immediate outputs and longer-term outcomes, including changes in income, service access, independence, inclusion, participation, and social cohesion. Digital reporting systems may improve efficiency, transparency, and data continuity, but they should be accompanied by training, data-protection procedures, and offline access for stakeholders with limited digital competence. Government agencies, donors, and supporting institutions should also provide technical assistance, standardized yet flexible reporting frameworks, and capacity-building programs appropriate to the scale of community organizations. Ultimately, local organizations can enhance community welfare more effectively when accountability is embedded in organizational culture, social information informs managerial decisions, and community members are recognized as active partners in planning, monitoring, evaluating, and improving collective development initiatives.

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