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GOOD GOVERNANCE, GOOD FINANCE: THE IMPACT OF VILLAGE GOVERNANCE ON VILLAGE FINANCIAL MANAGEMENT AND PERFORMANCE

SUPARWAN [1], MULYANTO NUGROHO [2] and SUMIATI [3]

[1, 2, 3] Universitas 17 Agustus 1945 Surabaya, Indonesia.
Email: [1]127200036@surel.untag-sby.ac.id, [2]nugroho@untag-sby.ac.id, [3]sumiati@untag-sby.ac.id

Abstract

The Indonesian Government has delegated more autonomy power to villages by Law No. 6 of 2014. There are some indications that village finances management and performance in Gerobogan Regency are not being managed optimally. The purpose of this study was to examine the issue of declining financial autonomy and efficiency in villages from the vantage point of village financial management and performance through competency, organizational commitment, IT, and good village governance. The research included 273 villages in the Gerobogan District of Central Java, with a total of 273 village chiefs, secretaries, and treasurers. According to the findings, competence has a negative effect on village financial management, but organizational commitment, IT, and good village government all have favorable effects. There was also a positive correlation between these factors and the financial performance of villages: competency, information technology, organizational commitment, good village government, and village financial management. The mediation analysis found no evidence that competent and good village governance mediated the relationship between village financial management and village financial performance. However, it significantly and positively moderated the influence of organizational commitment on the financial success of villages.

Keywords: Competence, Organizational Commitment, Information Technology, Good Village Governance, Village Financial Management, Village Finance Performance

JEL Classification Codes: A130, H300, M140, R510

1. RESEARCH BACKGROUND

The village's autonomy and centrality inspire self-determination and long-term progress in Indonesia. Cultural, political, and economic forces in Indonesian villages interact in complicated ways to produce local ordinances. In the past, villages' autonomy in making decisions and running their affairs was sometimes curtailed by centralized state supervision. But in recent years, the value of local control and citizen participation has come to be more widely acknowledged. 2014's Village Law grants communities the autonomy to form and run their governments according to local priorities and customs. The former model of village governance, based on a top-down approach that often ignored the specific needs and concerns of local communities, has been radically altered by this statute. However, despite these successes, villages still face difficulties in carrying out community development and empowerment activities, such as a lack of funding, poor infrastructure, and technical skills and competence. Transparent and accountable financial management, effective communication and collaboration between different stakeholders, and the development of strong leadership and management skills at the local level are all essential components of good

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governance that foster village self-reliance and community empowerment. Such as community-based development and participatory budgeting initiatives. The following information is a five-year (2017-2021) analysis of the gap between planned and actual village original revenue in Gerobogan Regency.

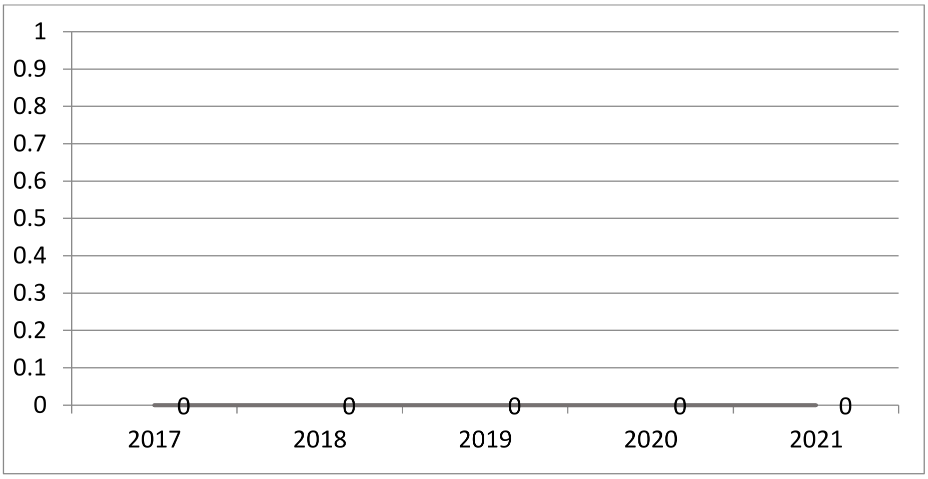

Figure 1: Target and realization of village original income for 2017-2021

Source: Processed data (2022)

The accompanying illustration shows that between 2017 and 2021, there was some variation in the amount of original income that villages earned. However, the village's initial income is being realized at a lower rate as of 2019. Since village financial management over the past three years has fallen short of the original income goal established by the community, realizing the village's original income in 2019–2021 is still suboptimal. In addition, the following is demonstrated by contrasting the village's baseline revenue with the amount transferred to it from the entity above it during the previous five years:

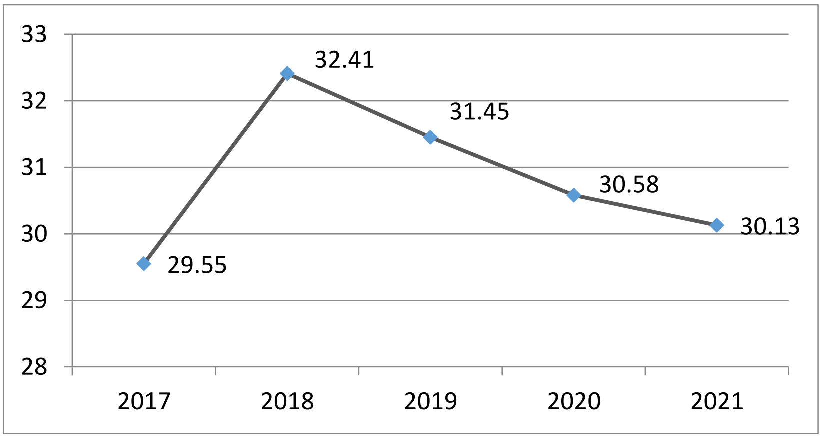

Figure 2: Village Financial Independence Ratio

Source: Processed data (2022)

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The low ratio of financial independence indicates that there is still a dependence on village income from transfer income from the central government, provincial government, and district government in the form of village funds, allocation of village funds, and share of regional taxes and levies.

Furthermore, based on the efficiency ratio, which is the comparison of the realization of village spending with the realization of village income, there is also a decline.

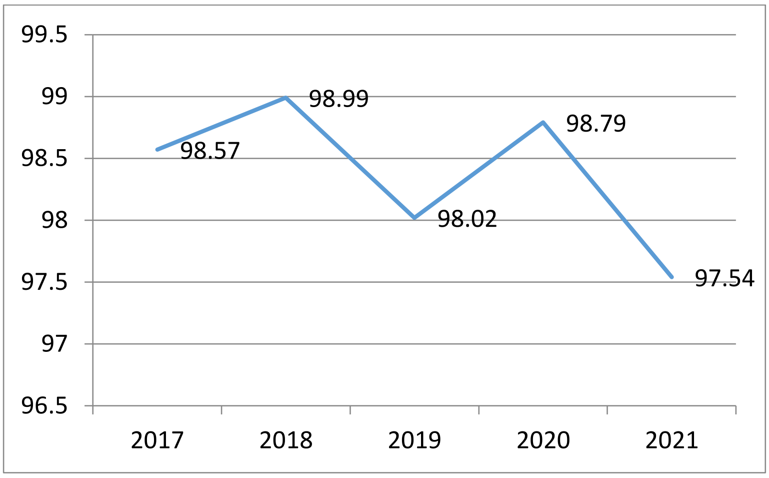

Figure 3: Financial efficiency ratios

Source: Processed data (2022)

The occurrence of these problems suggests that village finances in Gerobogan Regency are not being managed optimally. The purpose of this study was to examine the issue of declining financial autonomy and efficiency in villages from the vantage point of village financial management and performance. Researchers constructed hypotheses about the relationship between effective financial management and performance in villages and factors such as the competence and organizational commitment of village officials, the use of technology, and good village government.

Jannah et al. (2018), Hasnita (2019), and Pratolo (2021) all found a positive relationship between competence and village financial management, whereas Widyatama & Novita (2017) discovered a significant negative effect. Competence affects financial performance in villages, according to Koto (2019).

Research by Mada et al. (2017), and Himayah (2018) found a strong influence of organizational commitment on village financial management, but research by Hasnita (2019) found no effect. According to Yaya & Santoso (2018), village economic performance is unrelated to organizational commitment.

Fitriana (2015), and Jannah et al. (2018) all indicated a favorable association between IT and village financial management, however, these findings run counter to the conclusions drawn by Pratolo & Fadilah (2022). Koto's (2019) findings are at odds with those of Yaya & Santoso

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(2018), and Jauhari et al. (2019), all of whom found that IT has a substantial negative effect on the financial performance of villages. The study's novelty consists of testing the effect of good village governance on village financial management and performance, as well as testing the mediation of village financial management in the relationship between competency, commitment, information technology, and GVG on village financial performance.

2. LITERATURE REVIEW

Competency

Human resource management expertise is critical to a company's growth since HRM skills are indicative of human capital and fuel development (Hitt et al., 2009). It's important in establishing capability, which depends on combining numerous assets inside an organization's structures to develop its fundamental strengths. Competence is defined as the possession of the skills, knowledge, and work ethic necessary to carry out a given activity successfully (Wibowo, 2009). Organizations must determine the baseline degree of proficiency expected from employees to do various jobs (Foskett et al., 2003; Moeller, 2014: 161). Competence, according to Spencer & Spencer (1993:9), is "associated with effective performance and the ability to handle tasks in a variety of situations." Competence is the link between an organization's vision, goal, and human resource management strategy, and it is the source of effective performance behavior (Spencer & Spencer, 1993). Knowledge, skills, talents, and attitudes are all indicators of competency for village authorities (Edison et al., 2016).

H_1: Competence has a significant effect on Village Financial Management in Gerobogan Regency.

H_2: Competence has a significant effect on Village Financial Performance in Gerobogan Regency.

Organizational Commitment

Strong organizational commitment is associated with a willingness to give one's all to the group. However absenteeism, turnover, and sluggish performance all have a negative correlation with high levels of organizational commitment (Greenberg & Baron, 1993). Those who support the aims of an organization and plan to keep their membership indicate a high level of organizational commitment, as defined by Lubis (2010: 54). An individual's loyalty to their employer can be seen as an expression of their dedication to the organization. The term "organizational commitment" refers to an individual's dedication to a specific group.

Affective commitment, continuation commitment, and normative commitment are the three component markers of organizational commitment (Allen & Meyer, 1990).

H_3: Organizational Commitment has a significant effect on Village Financial Management in Gerobogan Regency.

H_4: Organizational Commitment has a significant effect on Village Financial Performance in Gerobogan Regency.

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Information Technology

The term "information technology" refers to a broad category of tools used in the creation of reliable data through operations such as retrieval, compilation, storage, and manipulation. Technology-related fields such as information technology include mainframe, mini, and microcomputers, software, databases, networks (internet and intranet), and electronic commerce (Wilkinson, et al., 2000).

Information technology (IT) is not just a computer technology for processing and storing information, but also a communication technology for spreading that information (Haza, 2015). In other words, it's any method or tool that has anything to do with computers. Information technology, of which the computer is a part, is a powerful instrument that can greatly enhance an individual's potential. It's also possible that computers can perform tasks that humans cannot. Meanwhile, telecommunications technology, often known as communication technology, encompasses mediums like radio, television, and the Internet that facilitate long-distance contact.

Data and information processing, and utilization of technology for services and access are the two indicators created by Hamzah (2009) to evaluate operational information.

H_5: Information Technology has a significant effect on Village Financial Management in Gerobogan Regency.

H_6: Information Technology has a significant effect on Village Financial Performance in Gerobogan Regency.

Good Village Governance

Good governance is defined by the State Administration Agency (LAN, 2000) as "the management of a stable and accountable, yet efficient and effective, state government by preserving the productive interactions among government, business, and society." Umar (2006:32) echoes this idea, defining governance as the standard of interaction between the government and the people it serves. There are three spheres of influence in governance: the public (government), the private (business), and the public (society). The term "governance" refers to the method by which choices are made and how they are carried out or abandoned. The purpose of government is to establish a framework of laws and policies that can be followed by citizens. The private sector, meanwhile, generates both jobs and income. The community, meantime, plays a constructive role in these spheres of contact by, for example, encouraging various sectors of society to take part in economic, social, and political processes.

Law No. 28 of 1999 on the Implementation of a Corruption-Free, Collusive, and Nepotism-Free State applies to the notion of Good Village Governance in Indonesia. It is stated in the general explanation section that all state officials and society must share the same vision, perception, and mission to save and normalize national life by the requirements of reform.

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The people's conscience demands that a state administration be established that takes its duties and responsibilities seriously, with a sense of responsibility, and that is capable of carrying them out effectively, efficiently, and free from corruption, collusion, and nepotism. This requires a shared vision, perception, and mission.

Good governance principles, when put into practice, make a significant impact on society at large by fostering an environment conducive to economic growth and innovation, boosting competitiveness, decreasing corruption, and protecting citizens from bribery and other forms of extortion -according to the National Committee on Governance Policy (KNKG, 2006).

The following indicators (Umar, 2006; Hout, 2007; Jinarat & Quang, 2003) are used to evaluate the success of Good Village Governance programs. Accountability, with indications of Reporting and Accountability; Participation, with indices of Democratic Decision Making and Community Involvement; and Transparency, with indicators of Operational Transparency and Financial Transparency.

H_7: Good Village Governance has a significant effect on Village Financial Management in Gerobogan Regency.

H_8: Good Village Governance has a significant effect on Village Financial Performance in Gerobogan Regency.

Village Financial Management

According to Village Law Number 6 of 2014, all monetary rights and obligations of a village, as well as all monetary and in-kind assets relevant to the exercise of such rights and obligations, constitute village finances. The village government uses the local budget to administer the village, carry out village development, build up the village community, and provide the village's residents more agency. The financial affairs of the village are administered under open, accountable, and participatory principles, in a systematic and budgetary fashion, and within a fiscal year that runs from 1 January to 31 December.

Planning, enactment, administration, reporting, and accountability for the financial well-being of a village are all aspects of village financial management. Supporting local initiatives like village administration, village development, village community development, and village empowerment are the goals of village finance management. Effective financial management relies on a perpetual cycle of mutual sustainability. Each step of the cycle builds upon the previous ones to form a continuous sequence. Measurement of the Village Financial Management variable is based on the Minister of Home Affairs Regulation No. 20 of 2018 and Law No. 6 of 2014, both of which deal with villages and their implementing laws. Planning, Execution, Administration, Reporting, and Accountability are the relevant indications while discussing these rules.

H_9: Village Financial Management has a significant effect on Village Financial Performance in Gerobogan Regency

H_{10}: Competence has a significant effect on Village Financial Performance through Village Financial Management in Gerobogan District.

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H_{11}: Organizational Commitment has a significant effect on Village Financial Performance through Village Financial Management in Gerobogan District.

H_{12}: Information Technology has a significant effect on Village Financial Performance through Village Financial Management in Gerobogan District.

H_{13}: Good Village Governance has a significant effect on Village Financial Performance through Village Financial Management in Gerobogan District.

Village Financial Performance

Manzoni & Islam (2009) define performance as a measure of productivity based on output and input, or all commodities, services, and resources employed to achieve organizational goals. According to Carton & Hofer (2006), sales are a reliable performance indicator of an organization's ability to create value.

Analyzing a company's financial performance can tell you how well it has followed the established financial implementation standards necessary to achieve its goals (Fahmi, 2011). Budgets are used as a yardstick against which to evaluate performance indicators derived from financial data, such as financial reports (Mardiasmo, 2009). Financial performance at the local level, says Halim (2004: 24), is one indicator of a region's capacity to exercise its autonomy. Sucipto (2005: 36) defines local government financial performance as the degree to which a work result in the field of regional finance is achieved during a given budget period. This includes regional revenues and expenditures made possible by the financial system as established by policy or statute.

The financial performance of a village is measured by its government's success in achieving its stated goals—in this case, the equitable development and improvement of village communities' welfare—through the efficient and cost-effective use of all available resources. (Mardiasmo, 2009) These factors and indicators were used to evaluate the monetary well-being of the villages:

1. Economical, this dimension is determined by the cost factor (comparison of buying price and budget) and timeliness.
2. Efficiency is determined by resource utilization, low costs for high results, and work planning and scheduling.
3. Effectiveness is measured through a vision that is understood and understood by workers, monitoring organizational effectiveness, and organizations using feedback to improve vision.

3. RESEARCH METHODS

This study utilized a quantitative approach to conduct causal explanatory research, aiming to explain the causal effect of exogenous variables on endogenous variables. The survey method was employed to gather primary data from village officials in the Gerobogan District. The data collection involved the distribution of questionnaires and the use of Google Forms based

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on theoretical and empirical studies related to the research variables. The study focused on village chiefs, secretaries, and treasurers as research subjects. The data obtained through the questionnaires were processed using the SmartPLS program.

The population of this study encompassed a total of 819 village heads, village secretaries, and village treasurers throughout the Gerobogan Regency. A sample of 269 respondents was selected using random sampling and the Slovin formula. Moreover, proportional sampling was applied to allocate the samples based on the population of each sub-district.

4. RESULTS AND DISCUSSION

Hypothesis 1

The analysis result contradicted Hypothesis 1, showing that Competence had a negative effect on financial management in the village. This confirms the results of earlier research on the capabilities of village government apparatus in some regencies in Indonesia by Sugeng (2014) and Widyatama & Novita (2017).

However, the descriptive analysis found that respondents did not agree on how to define roles, responsibilities, and authority, as well as how to handle the village's finances. This shows that several village leaders do not fully grasp these fundamental issues. It could be due to the poor level of education among village officials or the ineffective coaching system given by the regency and district governments for Village Fund Allocation managers at the village level. Data collected via questionnaire showed that over half of village government officials (66%) merely had a high school diploma. Several possible models appeared as I thought about the negative correlation between expertise and the actual implementation of Village Financial Management. First, even if village institutions are competent, they may still fail to fully appreciate their role in implementing Village Financial Management due to a failure to adhere to established protocols. Second, the particularly well-equipped village apparatus may get arrogant and decide to hand off the job to those who are less qualified. Last but not least, some villages may have trouble implementing Village Financial Management since its most qualified officials have moved on to higher posts.

The results contradict the research conclusions of Fitriana (2015), Rozanti (2018), Mada, et.al (2017), Atmadja & Saputra (2018), Himayah (2018), Umar (2018), Jannah et al. (2018), Hasnita (2019), Hendaris & Siraz (2020), and Pratolo (2021) which state that competence has a significant effect on Village Financial Management.

Hypothesis 2

Competence does have a positive and substantial effect on Village Financial Performance, hence it is claimed that Hypothesis 2 is accepted. The study's findings suggest that improved village financial performance is associated with higher levels of apparatus competency. One of the major determinants of a village's economic success is the efficiency of its infrastructure. The competency of the village apparatus refers to their ability to carry out their roles and obligations with the necessary knowledge, skills, attitudes, and ethics.

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Village finances will be difficult to manage if village authorities lack the necessary skills. They might not be able to locate viable revenue streams for the region, create balanced budgets, and keep costs in check. A decrease in revenue sources, an increase in expenses, and a weakening of the village's financial stability are all things that will result from this. However, if the villagers' infrastructure is competent, the village's money will be handled effectively. They can track out new revenue streams for the community, manage existing funds prudently, and rein down wasteful spending. The village's finances will be strengthened as a result of increased revenue and decreased costs.

The descriptive analysis indicated that the "Efficiency" indicator was the most positively perceived of all the measures. The cost-benefit analysis informs the planning and scheduling of all activities, from when they will begin to when they will end, as well as how much money will be needed and what will be accomplished as a result. There was a high percentage of responses that were either "agree" or "strongly agree" for each question, indicating that the Village Financial Performance in the Gerobogan District was conducted cost-effectively and efficiently.

The findings of this study are consistent with those of Koto (2019), who found that HRCs had an impact on financial performance in rural areas. Human resource competencies have not been shown to have a negative effect on financial performance in villages.

Hypothesis 3

Organizational commitment is shown to have a small positive impact on village financial management, leading the authors to reject Hypothesis 3. The findings of this study suggest that the level of dedication of the village apparatus to the village government organization does not affect the efficiency with which village financial management is put into practice. A village's financial management execution can be improved by the dedication of its village officials to the village government organization, although this is not always the case.

Descriptive analysis shows that, of the three indicators, Affective Commitment receives the least positive evaluations and shares a significant level with the normative indicator, which receives the most positive evaluations. An employee's affective commitment can be defined as their degree of emotional investment, sense of belonging, and active participation in their workplace.

This could be due to a combination of the following factors: Despite their dedication to the village government, the village apparatus may lack the necessary knowledge and abilities to carry out effective village financial management. Therefore, training and education must be carried out to enhance the capability of village apparatus. Constraints on available resources, available technology, and available regulatory space are all examples of environmental issues that could reduce the effectiveness of efforts to improve financial management in rural areas. Even though village officials are deeply invested in the village government organization, they may struggle to manage finances effectively. Aspects of local culture and customs may affect the methods used by village authorities to manage money. Village apparatus may be extremely dedicated to the village government organization, yet cultural and traditional elements may

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lead to inefficient and ineffectual financial administration. Despite their dedication to the village administration, village officials may lack the staff needed to carry out effective financial management. This has the potential to worsen the effectiveness of village financial management.

In contrast to the findings of studies by Fitriana (2015), Mada et al. (2017), and Himayah (2018), which found a positive relationship between organizational commitment and village financial management, the current study's findings indicate that no such relationship exists.

Hypothesis 4

Organizational commitment is shown to negatively and insignificantly affect the financial performance of villages, leading the authors to reject Hypothesis 4. This research shows that the financial health of a village does not depend on the level of dedication its apparatus has to its governing body.

Descriptive analysis revealed that respondents were divided over whether or not they would be able to continue participating in the village organization and over the value of the services provided by the village organization. The idea that organizational issues should be treated as personal problems elicited the most strong reactions. Some villagers' elected representatives may not feel a deep connection to their jobs. This can result in sloppy execution of community services provided by the government. When a village apparatus pledges its allegiance to the village government, it pledges its support for the aims and policies of that authority. However, the financial well-being of the community is not always improved by this dedication. There are several possible causes for this: An inability to manage money properly due to ignorance. Village apparatus may be dedicated to the village administration, but they may lack the knowledge of financial management to make good choices for the community's budget. Inadequate means. Town leaders may have a strong dedication to the community they serve, but they may lack the tools necessary to preserve the fiscal health of the town as a whole. Inadequate access to modern conveniences. While the apparatus of a village may be dedicated to the government of that village, they may lack the modern tools necessary to effectively manage the town's finances. Deficit of drive. The apparatus of the village may be loyal to the village administration, but it doesn't mean they'll be driven to keep the town's finances in order. Control issues while local institutions may be loyal to the village council, they may lack the authority to ensure the integrity of the village budget.

These findings are consistent with those of Yaya & Santoso (2018), who found that organizational commitment does not affect the financial performance of villages.

Hypothesis 5

We accept H5 because our data show that there is a positive and statistically significant relationship between information technology and the financial management of villages. This study's findings suggest that the quality of village financial management implementation increases as information technology in the village government improves. The usage of IT has various advantages that can aid municipal governments in better managing municipal budgets.

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Accountability and openness: IT can make it easier for village administrations to keep tabs on their finances. This aids in keeping track of and accounting for the village's funds. Saving both time and money, IT may assist local governments in rural areas in streamlining their financial operations. The time and money spent on managing village finances can be reduced as a result of this. Ease of use and access: With the help of IT, local governments may quickly and easily access reliable financial data. The budget, taxes, and expenditures of a village can all be managed more efficiently with the use of information technology thanks to the implementation of an integrated system. So much the better for matching and analyzing village financial facts and information.

In contrast to the findings of Pratolo (2021), these positive findings are consistent with those of Fitriana (2015), and Jannah et al. (2018).

Hypothesis 6

Financial performance in villages is found to be significantly impacted negatively by information technology, leading the authors to reject Hypothesis 6. This study's findings suggest that improved information technology utilized by village government organizations is associated with worsening financial performance in rural areas.

The descriptive analysis revealed that, out of the three indicators, respondents valued the Data Processing Capability indication the most, while the Service and Access Capability indicator was valued at a moderate level. It's clear that the information technology available in rural areas of Gerobogan Regency can support data processing, but that it's not being put to good use by the local government.

Therefore, the performance of village finances still cannot be felt by the community, although Information Technology has a good impact on internal management, particularly on financial management in villages. In addition, IT might not affect a village's economic performance due to several other issues. Due to a lack of knowledge and competence: The efficiency and efficacy of financial administration are hindered by the fact that many village authorities are not proficient with financial software. Some rural areas still have trouble getting online, while others lack sufficient IT resources, both of which hinder the efficiency of the village's overall financial management system. Hardware failure due to neglect or a lack of knowledge about physical or virtual (viruses, out-of-date software) maintenance. Reliance on electronic devices: Contrary to the third premise, issues might arise when a community places too much dependence on information technology for financial administration. The possibility of human mistakes in the use of information technology, such as inaccurate data entry or neglecting to update information, exists despite its potential to simplify financial administration.

This study's findings are at odds with those of Yaya & Santoso (2018), and Jauhari et al. (2019), while they are consistent with those of Koto (2019).

Hypothesis 7

As a result, we accept H7, which states that effective village governance has a positive effect on budgeting and finance in rural communities. The quality of village financial management

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was found to rise as the level of Good Village Governance implementation in village government organizations rose.

There is a strong correlation between the efficiency with which village finances are managed and the degree to which Good Village Governance (GVG) is implemented. Improved GVG implementation will lead to better financial management in the villages. Building up local institutions, spreading the word, and getting more people involved in setting priorities and allocating funds are all ways to make this happen.

The GVG emphasizes improving the dedication and competence of local officials through training and educating village staff. Financial managers in the villages will have a firmer grasp of the planning and budgeting process and stronger budgetary strategies as a result of greater village capacity. They will be able to make more informed decisions about their money and adhere more closely to federal regulations as a result.

GVG also emphasizes bettering the dissemination of relevant data. Villagers will have a better grasp of the budgeting and planning process and will be better able to keep tabs on how their money is being spent if more information is made public. The more open and accountable village financial administrators feel, the more transparent and accountable the village's financial management will become. The GVG also places a premium on getting more people involved. Residents of the village are encouraged to make suggestions and offer input during the budgeting and planning stages. This means villagers' financial managers will have a better understanding of their wants and needs. They'll be able to make better-informed choices about their money as a result of this.

Hypothesis 8

As a result, we reject Hypothesis 8 and argue that good village governance has a slightly beneficial effect on financial performance in villages. This research shows that there is no correlation between the degree to which Good Village Governance is implemented by village governments and the level of financial success those governments enjoy. Managing natural and human resources, having strong leaders, having sound financial and quality control systems in place, and resolving conflicts peacefully are all aspects of excellent village governance. The GVG approach places a premium on citizen involvement in the design and execution of village-level initiatives. Meanwhile, elements beyond GVG, such as local government policies, national fiscal policies, economic conditions, economic structure, investment policies, and natural resource management policies and practices, all have an impact on the financial success of villages. Therefore, GVG may have a slight but positive effect on the economic well-being of villages. Although GVG does not have a noticeable impact on village financial performance, it does have long-term benefits that can help villages increase revenue and long-term development, such as better resource management and a more welcoming environment for investment. This contradicts the results of studies by Lockwood (2010) and Sujana, Saputra & Manurung (2020).

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Hypothesis 9

The results support the conclusion and the statement that there is a favorable relationship between village financial management and village financial performance (Hypothesis 9). This study's findings can be construed to suggest that improved village finance management leads to better financial outcomes.

Effective and efficient use of village finances to achieve village development goals and objectives is the goal of financial management. This can be done by establishing and sticking to reasonable budgets, keeping spending under control, and delivering on the promised advantages of village initiatives and programs.

The following are ways in which villages might improve their financial performance through improved implementation of village financial management: 1) Keeping costs down, by making sure the village's money is being spent as planned with the help of good financial management; Good financial management can make it easier to oversee and audit village funds by ensuring that all expenditures in the village are correctly reported and recorded. 2) Increased efficiency and effectiveness in the administration of village revenue streams is one way in which good financial management can boost revenue for the village. To ensure that village finances are spent effectively and following development goals and objectives, good financial management can aid in budget planning and control. 3) Improved financial health is a byproduct of good financial management, which can lead to new streams of income for the village in the form of taxation, community fees, and so on.

Hypothesis 10

Hypothesis 10 is rejected because it states that HR competencies have no or negligible effect on village financial performance although mediated by village financial management. This study's findings suggest a direct correlation between village apparatus competence and village financial performance, with no mediating role played by village financial management. This may occur if HRM theory and monetary management theory don't mesh well together. The point is that better execution of financial management can't compensate for poorly managed human resources that don't produce adequate quality human resources. Efficiency and cost reduction are two primary goals of financial management theory. This school of thought stresses the need for sound financial management in all aspects of business, including resource discovery, performance evaluation, cost management, revenue forecasting, risk mitigation, and capital allocation. There is insufficient mediational competence between Village Apparatus Competence and Village Financial Performance and the two hypotheses in question.

Competencies in the Village Apparatus encompass a wide range of fields, including economics, law, management, and administration, and are designed to boost a community's bottom line. To accomplish this, one must be well-versed in management theory and practice. The Village Apparatus, for instance, needs to be able to manage finances, evaluate threats, coordinate operations, help with planning, carry out initiatives, and compile reports. To achieve these standards, Village Apparatus needs to have in-depth knowledge and experience

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in several areas of management. While several theories can help increase productivity, none of them can mediate the connection between village apparatus competencies and financial performance. Only through investing in the education and experience of the Village Apparatus' workers will this goal be accomplished. Therefore, due mainly to the constraints of the management theory adopted, Village Financial Management is unable to mediate the relationship between Village Apparatus Competencies and Village Financial Performance.

Hypothesis 11

Organizational commitment has a positive but insignificant effect on financial performance in villages, hence this hypothesis is rejected since it is mediated by village financial management. This research disproves the hypothesis that organizational commitment directly influences financial outcomes in villages through sound financial management. Although village financial management plays a crucial part in enhancing village financial performance, in practice, this relationship between village apparatus commitment and village financial performance is not always mediated by village financial management.

This happens because internal characteristics, such as the village apparatus's motivation, competence, contentment, and outlook on their obligations, have a disproportionately large impact on the level of dedication displayed by the village apparatus. It is more likely that village officials will make a substantial contribution to financial performance if they are highly motivated, competent, and have a positive attitude towards their tasks and obligations. Even with effective village financial management, a community's finances may not fare well if its leaders are uninterested in, ill-equipped for, or unenthusiastic about their jobs.

Job satisfaction is a major factor in the dedication of village authorities. One's level of job satisfaction is a reflection of how happy they are with the results of their work. Village financial performance can be greatly improved by the implementation of well-planned village financial management, which in turn increases job satisfaction among village authorities. However, if village officials are unhappy in their roles, they will be less effective in implementing village financial management and improving village financial performance. This indicates that the quality of village financial administration has nothing to do with the officials themselves, but rather with the procedures they follow.

Hypothesis 12

It is concluded that Hypothesis 12 holds which means Village Financial Management moderates the positive influence of IT on Village Financial Performance. This research shows that the link between IT and a community's financial health is mediated by village financial management. Implementing village financial management can help improve village financial performance by facilitating access to village financial information, streamlining the planning and reporting process, and lowering the likelihood of human error. Information technology serves these ends through its ability to increase productivity, reduce costs, and improve service quality.

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Village financial management mediates the connection between IT and financial performance by making sure that IT is deployed in a way that helps the village meet its financial goals.

Hypothesis 13

The findings indicate that good village government has a positive and statistically insignificant effect on village financial performance, and hence, Hypothesis 13 is rejected. This study's findings suggest that the link between Good Village Government and Village Financial Performance is not mediated by Village Financial Management.

While GVG does help the village's bottom line, it doesn't do so in a meaningful way. This is because GVG is just one of many elements that affect the economic well-being of rural communities. As a result, Village Financial Management is unable to buffer the impact of GVG on monetary well-being in villages.

5. CONCLUSION

Human resource management theory (HRM) was shown to correlate with the field of finance. Human resource management is based on the premise that productivity and efficiency may be increased by the careful management of a company's human resources. Meanwhile, the goal of financial management theory is to improve productivity while decreasing waste and maximizing returns.

Despite the apparent disconnection between the two theories, this research shows that enhancing the competence of the Village Apparatus through the acquisition of the appropriate education, training, and experience is essential to the successful implementation of Financial Management.

Consistent efforts to strengthen the competence and commitment of the Village Apparatus should be made, as Human Resource Management is crucial to the success of Financial Management. Facilitating the implementation of village financial management activities is the identification of human resource needs, the development of recruitment and selection techniques, and the development and evaluation of training programs. Again, when it comes to IT use, the technology employed is not as advanced as that used abroad, where IT has been automated, so there is still a human aspect that must manage it, which - once again - necessitates continual competency improvement.

While this study found that GVG had a negligible impact on village financial performance, it did discover that GVG played a favorable role in fostering thriving rural communities and raising standards of living.

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6. RECOMMENDATION

For Village Government Organizations

1. It is necessary to identify HR needs in developing recruitment and selection strategies
2. It is necessary to develop and evaluate training programs related to the implementation of village financial management activities.
3. In the use of Information Technology, there is still the human factor that has to run it, which -once again; requires consistent competency improvement.
4. Although the findings of this study state that GVG has an insignificant effect on village financial performance, GVG still has a positive role in creating good village conditions and improving the quality of life of village communities.

To Further Researchers

Because there is a link between Human Resource Management and Financial Management in Village Finance processing, other research can be developed that examines other Human Resource Management variables to obtain a broader paradigm.

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