

Factors Influencing Village Financial Management

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ABSTRACT

Good village financial management is the main foundation for improving village development and community welfare. The purpose of this study is to examine how village financial management in Bacan District, South Halmahera Regency, is impacted by leadership, human resources, commitment, and communication. This research uses quantitative methods by collecting data through surveys and questionnaires from 140 respondents from 14 villages in the research area. Analysis findings indicate that while communication has no discernible impact on village financial management, leadership, human resources, and dedication do. This research provides an important contribution in formulating strategies to increase accountability and transparency in village financial governance.

Keywords: Village Financial Management, Leadership, Human Resources, Commitment, Communication

JEL Classification: For papers in the economics field only.

INTRODUCTION

A paradigm shift has occurred in the village government structure, particularly with regard to authority. Instead of immediately intervening, the central government and regional governments are understood to offer directives, training, and education, including village ordinances and the Village Revenue and Expenditure Budget (APBDes). Villages are now legal community units with the power to oversee and control all Indonesian government matters in order to promote national development, according to the passage of Law Number 6 of 2014 regulating villages. In order to increase the welfare of the village community, this development is implemented by granting villages the capacity to administer and run an autonomous government system that is a component of the administration of the village's resources, finances, and revenue.

In managing village finances, the principles of transparency, accountability, participation, and orderly and disciplined budget must be considered (Mahdi et al., 2021). In order for villages to manage all of their potential and raise the standard of community welfare and the economy, the central government gives them power and substantial financial resources. The village government is responsible for coordinating village financial management and oversees village funds obtained from the APBN. In addition, the sufficient funds managed by the village government include "government

transfer funds (central), village fund allocation (ADD), regional tax and levy sharing, provincial financial assistance, and village original income (PADes)". All village finances are documented in the form of APBDes in accordance with its policies. Therefore, the village government will not manage it as it pleases even though the village head has the authority as the budget user. Village finances allocated by the central government based on the 2022 Revised Revenue and Expenditure Budget (APBN) for 38 provinces throughout Indonesia show that North Maluku received a budget of IDR 14.68 trillion for 8 (eight) districts and 2 (two) cities. While for the 2023 budget year it increased to IDR 16.84 trillion. Then what is interesting is that the village funds allocated for South Halmahera Regency amounted to IDR 196,099,147, which is the first of the eight districts that received a fairly large amount. Bacan District is one of the districts in South Halmahera Regency which consists of 14 villages with an area of 304.69 km² with a population of 28,788 people in 2020. The amount of village funds allotted to Bacan District will also have significant accountability implications, so efficient and effective village financial management is essential as a manifestation of the good governance principles. Bacan District receives an allocation of village funds and village funds from the center, which can be said to be fairly large. The amount of Village Fund Allocation and Village Funds in Bacan District is shown in the table below. Regency of South Halmahera in 2022.

Large Village Funds and Village Fund Allocations are provided by the government to boost the village economy, enhance public services, and close development gaps, as shown in table 1. Nonetheless, there are several instances of misappropriation of village funds that the central government has provided to villages, indicating that the administration of village funds is not entirely open and responsible. However, there is no concrete evidence that can prove that all villages are not responsible for managing these funds.

Village financial management methods in Bacan District, South Halmahera Regency, do not always reflect the intended accountability, despite a substantial allocation of monies. Numerous villages frequently experience financial mismanagement, which indicates that the administration of village funds is frequently opaque and unaccountable. As a result, people continue to struggle to obtain clear information about the use of village funds and accountability from the village government, which is frequently insufficient. Sharing accountability data is necessary due to the stringent requirements placed on the village government to establish effective governance, particularly with regard to the

responsible use of village finances in accordance with the financial management principles.

Table 1. Recap of the amount of Village Fund Allocation and Village Funds in 2022

No	Description	Village Allocation (ADD)	Village Fund (DD)
		Budget (Rp)	Budget (Rp)
1.	Marabose Village	Rp. 294.799.454,00	Rp. 966.434.000,00
2.	Hidayat Village	Rp. 300.902.854,00	Rp. 737.017.000,00
3.	Tomori Village	Rp. 363.469.254,00	Rp. 1.009.094.000,00
4.	Labuha Village	Rp. 427.023.254,00	Rp. 1.130.429.000,00
5.	Amasing City Village	Rp. 351.114.054,00	Rp. 1.127.852.000,00
6.	Amasing City North Village	Rp. 279.997.954,00	Rp. 712.741.000,00
7.	Amasing City West Village	Rp. 293.638.054,00	Rp. 801.220.000,00
8.	Amasing Kali Village	Rp. 283.185.554,00	Rp. 768.503.000,00
9.	Awanggoa Village	Rp. 311.603.314,00	Rp. 892.885.000,00
10.	Indomut Village	-	-
11.	Belang-Belang Village	Rp. 268.062.954,00	Rp. 960.622.000,00
12.	Sumae Village	Rp. 270.954.054,00	Rp. 714.789.000,00
13.	Kaputusang Village	Rp. 271. 077.055,00	Rp. 805.237.000,00
14.	Suma Tinggi Village	Rp. 265.913.154,00	Rp. 775.232.000,00

Source: DPMD South Halmahera Regency

Through the Regulation of the Minister of Finance No. 93 of 2015, the Ministry of Finance establishes guidelines for the distribution, allocation, usage, oversight, and assessment of village funds. The purpose of this law is to guarantee proper management of village finances, from planning to assessment. In order to improve the efficacy and efficiency of village finance management in promoting sustainable village development, it is crucial to analyze the several elements that affect it.

The primary factors that determine the performance of village financial management are communication, leadership, human resources (HR), and the dedication of village officials. Effective leadership is able to direct financial management strategically, while quality HR ensures the implementation of management according to procedures. Strong commitment ensures accountability and compliance with the rules, while good communication encourages community participation and transparency in the management process.

Several previous studies have been carried out, this study refers to research conducted by Krisnawati (2020) demonstrating how village financial management is significantly impacted by leadership. A leader in an organization has a big role for his followers. Leadership is crucial to the operation of the organization because the village head serves as a leader who makes choices and inspires his followers to accomplish organizational objectives, including the well-being of the village community. Nonetheless, studies by Lestari & Andini (2020) demonstrate that leadership has no bearing on village financial management.

In his study, Latif et al. (2021) shown that the availability of qualified human resources—in terms of education, training, and prior experience in village financial administration—influences effective village financial management. This aligns with the accounting function's statement of the finance department's responsibilities and demonstrates task-completion expertise. The findings of this study are consistent with those of Santoso & Wahyuni (2020), who demonstrate that human resources significantly impact village financial management. In contrast to the findings of studies by Lestari (2020), which demonstrated that human resources have no discernible impact on village financial management.

According to research by Pramono & Wulandari (2021), organizational commitment significantly affects village financial management. Lestari and Santoso (2020) found no relationship between commitment and village financial management. Additionally, studies by Handoko & Sari (2018) found no discernible impact of communication on village financial management. In this instance, the management of village finances has not completely embraced communication. This contrasts with studies by Haris & Fitriani (2020) which demonstrate that communication affects village financial management.

This research is a development of research conducted by Rivan & Maksum (2019) with similar research variables and analysis tools. This study differs in that it was carried out in a community in the South Halmahera Regency's Bacan District. This is because there is ineffective financial management caused by irresponsible village officials so that the funds distributed to the village are not fully received. The researcher is interested in testing "Analysis of Factors Influencing Village Financial Management in Bacan District, South Halmahera Regency" based on the description given above.

LITERATURE REVIEW

Stewardship Theory

Donaldson & Davis (1991) explained that "stewardship theory was designed for researches to examine situations in which executives as stewards are motivated to act in the best interest of their principals." By fulfilling its responsibilities and functions to achieve the welfare of the community (which serves as a principal), the village government (which acts as a steward) can be explained as a trustworthy institution that acts in the public interest. This is the implication of steward theory for this study. In this instance, the village government is required to make information about village financial management freely accessible to the community in an honest and open manner. In village financial management, stewardship theory places a strong emphasis on the duty of managers or leaders to uphold the community's interests and trust while making responsible use of resources. Competent and integrated human resources are also important because human resources are believed to help implement the principles of Stewardship in financial management. Commitment and communication are also important if stakeholders are aware of the importance of good financial management and communicate openly and clearly with all parties regarding village financial management, creating a common understanding of the goals, values, and processes of financial management in accordance with the principles of Stewardship.

Agency Theory

Jensen & Meckling (1976) defined agency theory as the idea of an agency relationship that results from the principal-agent contractual relationship. The person who assigns the agent the authority to act on the principle's behalf is known as the principal; in this situation, the agent is able to make decisions. According to agency theory in village financial management, the community (principal) assigns the village government (agent) the responsibility of managing village finances through an agency relationship or contractual arrangement. The community gives the village government feedback in the form of political trust, and the village government must answer for its responsibility to manage village finances effectively. In financial management, agency theory can be associated with good leadership that influences decision making and financial supervision, trained human resources improve financial performance, commitment to prevent misuse, while effective communication ensures openness and proper understanding of village financial policies.

Village Financial Management

Government Regulation No. 60 of 2014 concerning "village funds are funds sourced from the State Revenue and Expenditure Budget (APBN) allocated by villages transferred through the Regency/City Revenue and Expenditure Budget (APBD) used to finance government administration, development implementation, community development, and community empowerment." Permendagri No. 20 of 2018 states, "Village Financial Management is all activities that include planning, implementation, administration, reporting, and accountability of Village finances." Village financial management is a crucial task that village officials must complete. By doing so, the village government can perform better in a number of ways, including by managing village finances more openly, responsibly, and collaboratively while also adhering to relevant laws.

Leadership

According to Heifetz & Laurie (2001), effective leadership promotes behavioral changes that enhance the likelihood of overcoming both internal and external obstacles that communities and organizations encounter as a result of transition. Leadership is an activity that involves someone in influencing others to work together to achieve a predetermined vision and mission (Fahri et al., 2021). Leaders, such as village heads, have a crucial role in village financial management, particularly when it comes to putting Permendagri No. 20 of 2018 concerning Village Financial Management into practice and ensuring open and responsible financial management. Important phases of village financial management, including planning, execution, administration, reporting, and accountability, are governed by this Permendagri. Village leaders are in charge of making sure that each of these procedures is correctly completed in order to promote community welfare and village development.

Human Resources

Barney (1991) explains that HR includes various capabilities such as expertise, organizational processes, attributes, information, and knowledge. Organizational resources play an important role in formulating and implementing strategies aimed at improving organizational efficiency and effectiveness. Thus, the quality and management of resources directly affect the success of a process, including in financial management. HR is part of the organizational resources that play a very important role in financial management. HR includes the ability of individuals to carry out tasks that have been given based on education, training, and experience. In financial management, this ability is very necessary to manage the budget accurately and in accordance with regulations, carry out transparent and easy-to-understand financial records and ensure accountability at every stage, from planning to financial reporting. Thus, quality HR management is one of the key factors to support transparent, efficient, and sustainable financial management.

Commitment

High commitment applied in any party can be achieved by better assessing by acting as a determinant in carrying out the financial management process (Rampersad, 2003). The degree to which a person supports a specific organization, its objectives, and intends to stay involved with it is known as their level of commitment. One of the key elements that affects how well village finance management is done is commitment. Commitment comes from the awareness and responsibility of individuals, both village heads and village officials, to take actions that support the achievement of organizational goals. While the village head and other officials are highly committed, they will put accountability and openness first while managing the village budget and completing responsibilities in accordance with the regulations. On the other hand, a lack of dedication may result in poor financial management for the village, including sluggish financial reporting, misappropriation of funds, or neglect of financial records. As a result,

everyone in the organization must be highly conscious in order to assist the realization of the village development vision and goal. It is envisaged that with a strong commitment from the village chief and village authorities, the standard of village financial administration will rise, allowing for more open, effective, and community-beneficial village development.

Communication

Communication factors also greatly influence the success of financial management, both among employees (staff) and with stakeholders. Communication is defined as the process of sending or receiving various messages within an organization, either through formal or informal groups (Buamonabot et al., 2023). Effective communication between the parties involved is key to ensuring that the financial management process runs smoothly and achieves its goals. According to Asegid (2015), ineffective communication of financial information can cause stakeholders to ignore important information or fail to identify relationships between parts of the financial information. This can lead to incorrect decision-making and failure in financial management. Conversely, good communication of financial information allows all parties to understand the financial data as a whole, so that the financial management process becomes more effective and efficient.

Hypothesis Development

Leadership in Village Financial Management

The quality of village financial management can be influenced by effective leadership, as can the ways in which agency connections influence the decisions made by village officials and heads regarding the community's entrusted funds. Leadership has a favorable impact on village financial management, according to previous research by Silviyana & Taufik (2020), which looked at the examination of elements that influence the success of village fund management. The study supports Arifin (2020) and Saputra (2021) findings that village financial management is impacted by leadership. The following hypothesis was derived from this statement:

H1: There is an Influence of Leadership on Village Financial Management

Human Resources on Village Financial Management

One significant element affecting the effectiveness of village finance management is human resources. Human Resources include the abilities possessed by individuals involved in management obtained through education, training, and experience. Good human resource capabilities can improve the quality of planning, implementation, and supervision of village financial management in order to guarantee that village funds are handled as efficiently as possible and in line with the objectives of village development. Previous research conducted by Rahmad (2023), discovered that the financial administration of the village is positively impacted by human resources. The following hypothesis was derived from this statement:

H2: There is an Influence of Human Resources on Village Financial Management.

Commitment on Village Financial Management

The primary element influencing the effectiveness of village finance management is dedication. Real acts that demonstrate accountability and integrity in the execution of the village financial management process are how high commitment is put into practice in organizations, including village governments. Maintaining accountability and openness in village financial management is crucial to meeting community expectations, and this is made possible by the dedication of the village administration and head of village. According to earlier studies by Sari (2023), organizational commitment improves village financial management. The following hypothesis was derived from this statement:

H3: There is an Influence of Commitment on Village Financial Management

Communication on Village Financial Management

The communication factor is an important element that influences the success of village financial management, both among internal staff and with related stakeholders. Good communication between the village head, village apparatus, and other parties involved ensures that the financial management process can run effectively. Ineffective financial information dissemination, on the other hand, may lead stakeholders to overlook critical details or overlook crucial connections among various components of the financial system. The financial management of the community may fail as a result. However, if communication is carried out effectively, the financial management process will be more focused, transparent, and accountable. Previous research conducted by Nuraini (2023), shown that village financial management is significantly impacted by communication. The following hypothesis was derived from this statement:

H4: There is an Influence of Communication on Village Financial Management.

RESEARCH METHOD

The 14 villages that make up the Bacan District are the site of the research object. This study was carried out between July and December of 2024. With the sampling technique known as "Purposive Sampling," which is sampling based on predetermined criteria, the study's population consisted of the village administration and village communities in Bacan District, totaling 14 (fourteen) villages. The sample of this study consisted of 10 people in each village, consisting of religious leaders, traditional leaders, education leaders, women's leaders, RT, RW, village government, fishermen's groups, farmer groups, and representatives of the village community, with a total of 140 respondents from the 14 villages. This study uses quantitative data, which is represented by scores for the responses that participants give to the questionnaire's questions. Questionnaires and surveys are the methods used to collect data for this study. Instrument testing is to determine the level of accuracy and consistency of the data collected. The list of questions used to collect primary data must meet two requirements, namely reliability and validity. The analysis's purpose was to ascertain how many independent variables affected the dependent variable. Four hypotheses in this study are being tested with basic and multiple linear regression analytic methods.

RESULTS

Bacan District is one of the Districts in South Halmahera Regency, North Maluku Province. Bacan District has fourteen (14) Villages consisting of (1) Marabose Village, (2) Hidayat Village, (3) Tomori Village, (4) Labuha Village, (5) Amasing Kota Village, (6) North Amasing Kota Village, (7) West Amasing Kota Village, (8) Amasing Kali Village, (9) Awanggoa Village, (10) Indomut Village, (11) Belang-Belang Village, (12) Sumae Village, (13) Kaptusang Village, and (14) Suma Tinggi Village. It can be explained that the Villages in Bacan District each have a distance that is not so far, including Sumae Village, Kaptusang Village, and Suma Tinggi Village. The three villages are far from the other 11 (eleven) villages. The journey to the 14 villages uses land transportation and also uses sea transportation. The village that uses sea transportation is Suma Tinggi village because the road to Suma Tinggi village still has rocks or the road has not been paved so it is risky if using land transportation.

Respondent Characteristics

Respondent characteristics are used to explain respondents based on existing characteristics, below is a table of respondent characteristics.

Table 2. Respondent Profile

Profil	Description	Percentage	Frequency
Gender	Male	79.3	111
	Female	20.7	29
Age	21–30 y.o.	17.1	21
	31–40 y.o.	30.7	43
	41–50 y.o.	18.6	26
	51–60 y.o.	22.1	31
	> 60 y.o.	11.4	16
Level of Education	Elementary School	10.7	15
	Junior High School	13.6	19
	Senior High School	64.3	90
	Diploma	1.4	2
	Bachelor's Degree	10.0	14

Source: Data processed

From the data above, it can be explained that the respondents with male gender amounted to 111 respondents or 79.3%, and the female gender amounted to 29 respondents or 20.7%. Furthermore, the age of respondents in the village in Bacan District who were 21-30 years old was 17.1%, those aged 31-40 years were 43 or 30.7%. Then those aged 41-50 years were 18.6%, 51-60 years were 22.1%, and those aged > 60 years were 16 respondents or 11.4%. In addition, the higher level of education was high school with a total of 90 or 64.3%, while respondents with a lower level of education were diplomas with a total of 2 or 1.4%.

Description of Village Financial Management Variables

The implementation of village government, village development, village community development, and village community empowerment are all supported by village financial management. A frequency distribution chart of the variables used in Village Financial Management can be found below.

Table 3. Frequency Distribution of Village Financial Management Variables

Item	STS		TS		KS		S		SS		Mean
	F	%	F	%	F	%	F	%	F	%	
Y1	0	0	0	0	0	0	84	60.0	56	40.0%	4.40
Y2	0	0	1	0.7	1	0.7%	96	68.6	42	30.0%	4.28
Y3	0	0	0	0	1	0.7%	90	64.3%	49	35.0%	4.34
Y4	0	0	0	0	0	0	83	59.3%	57	40.7%	4.41
Y5	0	0	0	0	1	0.7%	91	65.0%	48	34.3%	4.34
MEAN											4.35

Source: data processed by SPSS by researchers (2024)

From the table above, it can be explained that in the first item, 84 respondents answered strongly agree, and 56 respondents answered strongly agree, while there were no answers for less agree, disagree and strongly disagree. Regarding the second issue, 96 respondents selected "agree," 1 selected "less agree," 42 selected "strongly agree," 1 selected "disagree," and no responses were selected for "strongly disagree." Regarding the third item, 90 respondents selected "agree," 1 selected "less agree," and 49 selected "strongly agree." Strongly disagree and disagree were left unanswered. Eighty-three respondents selected "agree," one selected "less agree," fifty-seven selected "strongly agree," and neither "strongly disagree" nor "disagree" were selected. In the fifth item, 91 respondents answered agree, 1 respondent answered less agree, 48

people answered strongly agree while there were no answers for strongly disagree and disagree.

Description of Leadership Variables

Good leadership motivates behavioral changes that increase the potential to overcome internal and external challenges faced by the Community, and organizations due to change.

Table 4. Frequency Distribution of Leadership Variables

Item	STS		TS		KS		S		SS		Mean
	F	%	F	%	F	%	F	%	F	%	
X1.1	0	0	4	2.9%	1	0.7	64	45.7	71	50.7%	4.44
X1.2	0	0	1	0.7%	1	0.7%	68	48.6%	70	50.0%	4.48
X1.3	0	0	0	0	1	0.7%	85	60.7%	54	38.6%	4.38
X1.4	0	0	0	0	1	0.7%	95	67.9%	44	31.4%	4.31
X1.5	0	0	0	0	2	1.4%	77	55.0%	61	43.6%	4.42
MEAN											4,40

Source: data processed by SPSS by researchers (2024)

As can be seen from the above table, 64 respondents selected agree, 4 selected disagree, 1 selected less agree, 71 selected strongly agree, and none selected strongly disagree for the first question. Regarding the second item, it is evident that 70 respondents selected strongly agree, 68 selected agree, 1 selected disagree, 1 selected less agree, and none selected strongly disagree. In the third item, 85 respondents selected "agree," 1 selected "less agree," and no one selected "strongly disagree." In contrast, 54 selected "strongly agree," and no one selected "disagree." Regarding the fourth item, in this fourth statement, 95 respondents selected "agree," 44 selected "strongly agree," 1 selected "less agree," and none selected "strongly disagree." The fifth question is also dominated by the responses "agree" (77 respondents), "disagree" (2 respondents), "strongly disagree none," and "strongly agree" (61 respondents), with the disagree none response accounting for the largest percentage.

Description of HR Variables

Human resource management is the combined capabilities of a person's mental and physical strength. While skills are acquired via effort (learning and training), cognitive power is intellect that is innate (basic capital). While nature and behavior are influenced by environment and genes, the desire to be satisfied drives work performance.

The table above can be seen in the first item that answered agree as many as 92 respondents, while those who answered strongly disagree, disagree and less agree there are none, 48 respondents answered strongly agree. Regarding the second item, 112 respondents indicated they agreed, 2 indicated they agreed less, 26 indicated they strongly agreed, and none indicated they disagreed or strongly disagreed. The third item, shows that those who answered agree as many as 112 respondents, 2 respondents answered less agree, 1 respondent answered strongly disagree, 24 respondents answered strongly agree while 1 respondent answered disagree. The fourth item, it is known that those who answered agree 121 respondents, 3 respondents answered less agree, 16 respondents answered strongly agree, while there are none who answered strongly disagree and disagree. The fifth item, from the data seen in the table that answered agree as many as 117 respondents, 23 respondents answered strongly agree, while there are none who answered strongly disagree, disagree and less agree. The sixth item, those who answered agree as many as 115 respondents, 25 respondents answered strongly agree, while there are none who answered less agree, disagree and strongly disagree. Two respondents selected "less agree," 96 selected "agree," and 42

selected "strongly agree." The remaining respondents selected "disagree" and "strongly disagree."

Table 5. Frequency distribution of HR variables

Item	STS		TS		KS		S		SS		Mean
	F	%	F	%	F	%	F	%	F	%	
X2.1	0	0	0	0	1	0.7%	79	56.4%	60	42.9%	4.42
X2.2	0	0	0	0	2	1.4%	107	76.4%	31	22.1%	4.21
X2.3	2	1.4%	1	0.7%	2	1.4%	108	77.1%	27	19.3%	4.12
X2.4	1	0.7%	2	1.4%	3	2.1%	114	81.4%	20	14.3%	4.07
X2.5	0	2	1.4%	0	0	0	112	80.0%	26	18.6%	4.16
X2.6	0	0	2	1.4%	0	0	109	77.9%	29	20.7%	4.18
X2.7	0	0	1	0.7%	3	2.1%	90	64.3	46	32.9%	4.29
MEAN											4,20

Source: data processed by SPSS by researchers (2024)

Description of Commitment Variable

Village financial management is influenced by organizational commitment, which stems from each person's determination to act in a way that benefits the organization. Therefore, it is envisaged that a strong commitment from the village chief and other authorities will enhance the quality of financial management in the village, which will in turn enhance the operation of the village apparatus.

Table 6. Frequency distribution of commitment variables

Item	STS		TS		KS		S		SS		Mean
	F	%	F	%	F	%	F	%	F	%	
X3.1	0	0	0	0	12	8.6%	101	72.1%	27	19.3%	4.11
X3.2	0	0	0	0	14	10%	102	72.9%	24	17.1%	4.07
X3.3	0	0	6	4.3%	29	20.7%	29	20.7%	76	54.3%	4.25
X3.4	0	0	1	0.7%	12	8.6%	95	67.9%	32	22.9%	4.13
X3.5	1	0.7%	6	4.3%	26	18.6%	88	62.9%	19	13.6%	3.84
MEAN											4,08

Source: data processed by SPSS by researchers (2024)

The table above shows the first item, has a response of 12 respondents disagree, 101 respondents agree, while there are no answers strongly disagree and disagree, and 27 respondents strongly agree. The second item, which answered disagree as many as 14 respondents, strongly agree as many as 24 respondents, 102 respondents answered agree, while there are no disagree and strongly disagree. According to the above data, 29 respondents indicated they agreed with the third item, 29 indicated they disagreed, 76 indicated they strongly agreed, 6 indicated they disagreed, and none indicated they severely disagreed. The fourth item, which answered agree as many as 95 respondents, 12 respondents answered disagree, 32 respondents answered strongly agree, 1 respondent answered disagree, and there is no answer strongly disagree. The fifth question included 88 respondents who selected "agree," 26 who selected "disagree," 19 who selected "strongly agree," 6 who selected "disagree," and 1 who selected "strongly disagree."

Description of Communication Variables

The exchange of different messages both inside and outside of an organization's formal and informal groups is known as communication.

Table 7. Frequency Description of Communication Variables

Item	STS		TS		KS		S		SS		Mean
	F	%	F	%	F	%	F	%	F	%	
X4.1	0	0	3	2.1%	3	2.1%	53	37.9%	81	57.9%	4.51
X4.2	0	0	29	20.7%	38	27.1%	62	44.3%	11	7.9%	3.39
X4.3	1	0.7%	21	15.0%	34	24.3%	69	49.3%	15	10.7%	3.54
MEAN											3.81

Source: data processed by SPSS by researchers (2024)

According to the above table, 53 respondents selected "agree" for the first item, 3 selected "disagree," 81 selected "strongly agree," 3 selected "disagree," and none selected "strongly disagree." Regarding the second question, none of the respondents disagreed, whereas 29 disagreed, 62 agreed, 38 disagreed, and 11 strongly agreed. Third, 69 respondents said they agreed, 34 said they disagreed, 15 said they strongly agreed, 21 said they disagreed, and 1 said they strongly disagreed.

Validity and Reliability Test

The degree to which the instrument can measure what needs to be assessed is the validity test. As shown in the accompanying table, the reliability test is used to gauge how consistent the measuring device is.

Table 8. Validity and Reliability Test

No	Variable	Item	Person correlation	Provision value	Cronbach's Alpha	Provision value	Information
1.	Leadership	X1.1.	0.620	0,5	0.769	0.6	Valid and Reliable
		X1.2.	0.787				
		X1.3.	0.694				
		X1.4.	0.753				
		X1.5.	0.802				
2.	Commitment	X2.1.	0.567	0,5	0.803	0.6	
		X2.2.	0.518				
		X2.3.	0.646				
		X2.4.	0.750				
		X2.5.	0.772				
		X2.6.	0.807				
		X2.7.	0.691				
3.	Commitment	X3.1.	0.725	0,5	0.610	0.6	
		X3.2.	0.693				
		X3.3.	0.555				
		X3.4.	0.702				
		X3.5.	0.615				
4.	Communication	X4.1.	0.644	0,5	0.628	0.6	
		X4.2.	0.819				
		X4.3.	0.798				
5.	Village Financial Management	Y1.	0.663	0,5	0.817	0.6	
		Y2.	0.775				
		Y3.	0.797				
		Y4.	0.811				
		Y5.	0.752				

Source: data processed by SPSS by researchers (2024)

Table 8 illustrates this, with the reliability value above 0.6 and the leadership variable, HR, exceeding 0.5. Thus, the object is considered to be trustworthy and legitimate. The

Commitment variable has a value above 0.5 and 0.6. Thus, the object is considered to be trustworthy and legitimate. The communication variable's value is higher than both 0.5 and 0.6. Thus, communication is considered dependable and genuine.

Hypothesis Testing

Table 9. Hypothesis Test Results

Variable	Unstandardized Coefficient		Unstandardized Coefficient	t	Sig.
	B	Std. Error	Beta		
(Constant)	16.848	.730		23.070	.000
Leadership	.115	.020	.385	5.867	.000
Human Resource	.060	.021	.191	2.841	.005
Commitment	.076	.012	.406	6.119	.000
Communication	.006	.011	.036	.562	.575
Adjusted R Square					.426

Source: data processed by SPSS by researchers (2024)

Table 9 indicates that the study's determinant coefficient (Adjusted R square) is .426, meaning that the variables of communication, commitment, leadership, and human resources can account for 4.26% of the variance in village financial management, with other variables not included in the study accounting for the remaining 5.74%. Furthermore, the results of partial testing (t-test) of leadership, human resources, and commitment have a significant value of $0.000 < 0.05$. On the other hand, communication's value of $0.575 > 0.05$ is not noteworthy. The variables of dedication, leadership, and human resources are therefore found to have a considerable impact on village financial management, but the communication variable has no significant impact.

Discussion

The Influence of Leadership on Village Financial Management

Based on statistical analysis, the first hypothesis test results indicate that leadership has a favorable impact on village financial management. This implies that the quality of village finance management increases with the effectiveness of the village head's leadership. As the head of the village government, the village head plays a crucial role in organizing, leading, planning, and establishing the objectives of the organization. Village officials' work motivation can be raised by the village head through good leadership, which will improve and streamline village finance management.

Based on agency theory, the village head as an agent representing the interests of the community (principal) has full authority in managing village finances. The findings of this study lend credence to the agency theory's concept that better village financial management is a product of the village head's leadership, which is defined by their capacity to inspire, motivate, and urge village officials to operate as efficiently as possible. With changes led by the village head, a shared vision can be created, innovation is encouraged, and public trust in the village government increases.

Meanwhile, the stewardship theory according to Donaldson & Davis (1991) states that a leader acts as a servant who acts in the best interests of the community as the party entrusted. As a steward in village financial management, the village head is in charge of making sure that every choice made is in the public interest and serves the community's well-being. By implementing the principle of stewardship, the village head not only manages finances technically, but also builds harmonious and trust-based relationships with the community and village officials, so that synergy is created in efforts to achieve village development goals.

The leadership of the village head in Bacan District, South Halmahera Regency, has generally been able to implement a leadership pattern that supports change. This is reflected in the encouragement of innovation, motivation to the community, and improvement of better village development and management. However, there are several villages in this area where the village head has not fully realized the importance of the role of leadership in creating change. As a result, several villages are still experiencing decline, especially in terms of infrastructure. To overcome this decline, the village head needs to increase awareness of his leadership responsibilities through the application of stewardship principles and transparent management. The village chief can foster cooperation, involvement, and trust between the community and the village government by exercising responsible leadership. This step will support more accountable village financial management and ensure sustainable village development.

This study supports the findings of Krisnawati (2020), who also found that village financial management is significantly impacted by leadership. The findings of this study that leadership has a major impact on village financial management are further supported by these investigations.

The Influence of Human Resources on Village Financial Management

Human resources have a major favorable impact on village financial management, according to the statistical analysis of the second hypothesis test results. This implies that better village financial management will result from the village government's increased capacity. The village head and village officials involved in financial management need to have adequate resources, both in terms of educational background, routine training, and experience in the field of financial management. Good human resources make it possible to prepare financial reports accurately and efficiently, allowing them to be presented on schedule and in line with the distribution of village money used. Furthermore, this competence is necessary to provide accountability, ensuring that all financial decisions are in accordance with community requirements and village development objectives.

According to agency theory, the village chief and other officials are in charge of effectively managing the village's finances as agents acting on behalf of the community (principal). To reduce conflicts of interest that may arise from divergent objectives between the community and the village government, agents in charge of village finance management have a duty to do their duties with responsibility and transparency. As the principal, stewardship theory highlights that the village government functions as a public servant and operates in the community's best interests. The village government's trust and duty to serve the community are examples of how the stewardship principle is mirrored in village financial management. The village government can make sound financial management decisions and ensure that all village monies are spent in line with the development plan and community needs if it has high-quality human resources. The study's findings are consistent with the agency and stewardship theories, which hold that having competent human resources improves the accountability and effectiveness of village financial management. This also ensures the conformity between financial reports and the realization of village fund expenditures, especially in village infrastructure projects, thus supporting sustainable development.

This study supports the conclusions of Fitriani & Santoso (2019), who found that human resources significantly impact village financial management. These results corroborate the study's findings that one of the main elements that favorably affects village financial management is human resources.

The Influence of Commitment on Village Financial Management

In compliance with Permendagri No. 20 of 2018, good village financial management encompasses planning, execution, administration, reporting, and responsibility. In this instance, the dedication of village authorities is crucial to

guaranteeing open and responsible village budget administration. High commitment helps village officials focus on utilizing village funds efficiently and in accordance with community needs.

The relationship between the village government (agent) and the community (principal) in village financial management necessitates a high level of commitment from the agent to fulfill the mandate, according to agency theory (Jensen & Meckling, 1976). If the village government is firmly committed to fulfilling its duties, conflicts of interest and budgetary irregularities can be reduced. This dedication is also crucial for boosting public confidence in the village government's operations, particularly with regard to the administration of village funds and allocations (ADD).

Previous research by Utami & Yulia (2019) showed that a strong commitment from the village government in being accountable for budget use can reduce the risk of irregularities and increase public trust. This is also reinforced by the findings of Nigsih & Pratama (2018), which state that significant commitment influences village financial management. Strong dedication from village leaders will result in more accountable, transparent, and community-driven financial management. Ultimately, this will support the realization of sustainable village development goals.

The Influence of Communication on Village Financial Management

In resource management, agency theory emphasizes the interaction between the agent (village government) and the principal (community). The village government is tasked by the community as the principle with managing village finances for the benefit of all. Nonetheless, there are frequently conflicts of interest and knowledge imbalance between the principal and the agent. By fostering accountability and openness, effective communication is a crucial tool for mitigating these issues.

According to Haryanto & Rahayu (2021), the community may not comprehend how village finances are being used if the village authority communicates incoherently. The possibility of moral hazard, in which the agent (village government) acts contrary to the interests of the principal (community), may rise as a result of this ambiguity. According to Prabowo research (2019), the monitoring of village financial management may be weakened if the community is not involved in communication. This is consistent with the agency theory perspective, which holds that agents' opportunistic behavior can be curbed by the principal's good supervision.

In the context of village financial management, inadequate communication can make the knowledge imbalance between the community and the village authority worse. On the other hand, good communication allows the community to understand financial reports, participate in planning, and support program implementation. This strengthens the principal's oversight mechanism over agents, thereby minimizing the risk of misuse of funds. In a complicated organization, like the village administration in this instance, communication is essential to ensuring that information is sent and received efficiently (Masmuh, 2010). Effective communication can also increase community trust in the village government, which ultimately supports more transparent and accountable management of village funds.

CONCLUSION

The following explanation of the study's conclusions can be provided in light of the findings of the research discussion:

1. Village financial management is positively and significantly impacted by leadership.
2. Village financial management is positively and significantly impacted by human resources.

3. Village financial management is positively and significantly impacted by commitment.
4. The financial administration of the community is not significantly impacted by communication.

From the conclusions above, the suggestions in this study can be explained as follows:

1. To manage village finances well and efficiently, the village government must be able to balance between human resources, commitment and leadership, therefore from the results of the research that the researcher made there were several villages that had inappropriate or less feasible infrastructure both in terms of roads in the village and the lack of equal distribution of clean water in the village
2. For further research, it is expected to pay attention to and improve the questions in the leadership questionnaire in the fourth point, human resources in the second to seventh points, while commitment from the first to fifth points and communication in the second to sixth points to produce more valid and reliable data.
3. For further research, it is expected to discuss specifically the leadership variables which are divided into several parts, namely transactional, transformational, and administrative leadership. Meanwhile, commitments are affective, normative and rational commitments.

LIMITATION (OPTIONAL)

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DECLARATION OF CONFLICTING INTERESTS

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