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FACTORS AFFECTING THE FINANCIAL ACCOUNTABILITY OF VILLAGE FUNDS: EVIDENCE FROM BANTEN & WEST JAVA (INDONESIA)

ABSTRACT

This study aimed to analyse the effect of organizational commitment, the competence of village government, internal control system implementation, and the application of good governance principles on the financial responsibility of village funds. This research was conducted by surveying villages that received village funds in Banten and West Java with a sample of 95 villages calculated using the Slovin formula. The purposive sample approach was used with the village criteria in each district that received funding from the central government > RP 900 million, and had an original village income >RP 50 million. Data were gathered through surveys administered directly to village government employees. Data analysis was conducted using structural equation modelling (SEM) with the SmartPLS tool. According to the research results, organizational dedication and the application of effective governance favourably and considerably affect the financial responsibility of village finances. These findings emphasise the need to improve internal commitment and implement good governance principles to raise responsibility and openness in the management of village funds. Conversely, there was no meaningful relationship between financial accountability and the competency of internal control systems or village leaders. Particularly in assuring open and targeted administration of public funds for village development, the findings of this study might work as a reference for village governments, supervising institutions, and lawmakers in devising strategies to strengthen capacity and improve governance policies. From the results of this study, the village government should strengthen organizational commitment and enhance the application of good governance principles.

Keywords: financial accountability, good governance, internal control system, organizational commitment, rural development, village funds, village government

JEL Classification: H83, H72, M48

INTRODUCTION

Village development will not progress appropriately if only the village government contributes to its implementation. The community's support, initiative, and active role are needed for this program (Castro-Arce & Vanclay, 2020; Hilmawan et al., 2023). Village development will certainly require significant funds and transparency of its funding sources. The organization of government, community development, development implementation, and community empowerment are funded by village funds generated from the regency/city regional revenue and expenditure budget, per Minister of Internal Affairs Regulation 113 of 2024. The State Budget (APBN) Village Fund receives 10% of the Region Transfer Fund and phased distributions. Village funding is determined by the number of villages (Sidik & Habibi, 2024) and allocated depending on population, poverty rate, area, and topographical challenges. Therefore, an understanding of village fund management is an essential and fundamental aspect that the village government must acquire to realise village financial transparency and accountability.

The village head possesses authority over financial management and acts as the representative of the village administration regarding the ownership of village property. The village secretary acts as the coordinator for local finance management implementation,

where one of the duties is to prepare accountability reports for the village budget (APBDesa), verifying evidence of APBDesa receipts and expenditures. To manage village finances well, village governments must have qualified village government competencies supported by their background in accounting education, regularly engage in educational and training activities, and have good financial experience. Therefore, they can present financial reports, improve the village government's performance, and ensure the accountability of the village government in accordance with Article 24, point (g) of Law No. 6 of 2014. Each village determines its accounting policies as guidelines for preparing standardised and homogeneous financial statements.

In addition to village government competency, commitment to the organization is needed for good village financial management. Following Law No. 6/2014, Article 24, letter g, village government performance and accountability must improve. Organizational commitment is a critical behavioural dimension in assessing the tendency of employees to stay in an organization, help achieve organizational goals, follow the work standards imposed, and have no desire to leave it (Sukmawati, 2019). This statement is also reinforced by Sofyani et al. (2022), which states that high organizational commitment influences financial accountability.

Monitoring village finance management activities is also necessary for accountability (Shaleh et al., 2022). Government internal control system (ICS) deployment and benchmark testing of organizational activities' efficacy is the basis for this monitoring (Wahyudi et al., 2022). The implementation is carried out by considering the cost and benefit aspects, human resources, clarity of effectiveness measurement criteria, and technological developments that are implemented comprehensively (Twizeyimana & Andersson, 2019). According to Martini et al. (2019), the government's internal control mechanism greatly impacts village fund financial responsibility.

Fraud can occur in the management of village funds. To prevent this problem, good governance is needed. Based on Government Regulation (PP) Number 101 of 2000, good governance is a government that develops and applies the principles of professionalism (Aven & Renn, 2018), accountability (Glass & Newig, 2019), transparency (Cárcaba et al., 2022; Koene et al., 2019), excellent service, democracy, efficiency, effectiveness, and the rule of law that the entire community can accept. Good governance in a village is the responsibility of the village council, which encompasses all the responsibilities, powers, rights, and obligations that come with developing and implementing a community's infrastructure. To achieve good governance in this reform era, it has become non-negotiable and is fulfilled. Research by Aven and Renn (2018) concluded that good governance significantly affects financial accountability. Good governance also affects financial statement quality, according to Setiyawati and Iskandar (2020).

Village fund management is an integral component of financial management in the Village Budget. The main principles underlying regional or village financial management are transparency, accountability, and money value (Mardiasmo, 2021). Therefore, the financial management of the Village Fund must fulfill the principles of fund allocation management: a) The Village Fund plans, implements, and evaluates all activities openly for, by, and for the community. b) Administrative, technological, and legal procedures must address all activities, c) The Village Fund is implemented using the principles of frugality, directionality, and control, d) The village fund can be used to improve community service facilities to meet basic needs, enhance village institutions, and other village community needs during village meetings.

This study examines village fund financial responsibility issues based on the occurrence and past research., such as organizational commitment, village apparatus competence, internal control system implementation, and good governance principles. This study collected village fund data from villages in Banten and West Java provinces, Indonesia. The area was chosen because the unique characteristics of the local area can allow the formation of financial management policies from village funds that are more targeted, effective, and can be widely applied according to the same characteristics of the region. This research should help to provide insights and suggestions for the government to see the gaps and overcome the problems in the financial management of village funds, which are influenced by the factors studied.

LITERATURE REVIEW

Organizational Commitment

Commitment refers to the desire to work hard and devote energy and time to a task or activity. So, organizational commitment can be interpreted as employees' level of trust and acceptance towards organizational goals and the desire to stay with the organization (Mathis & Jackson, 2008). Their research also suggests that the core of the commitment to the organization is employee loyalty to their work, where "more companies realise that in a tight labour market, employee turnover rates increase when employee loyalty is low, which in turn emphasises the importance of a loyal and committed workforce."

Organizational commitment is essential in ensuring accountability for the sound financial management of village funds (Fitria, 2019). The higher the commitment, the greater the possibility of achieving accountability goals for using and reporting village funds effectively and efficiently. This is confirmed by (Indriasih & Sulistyowati, 2022), who suggest that organizational commitment significantly affects the accountability of village funds. A recent study by (Luna-Arocas & Lara, 2020) in Spain has shown that talent management in local governments has been shown to impact service performance, with affective organizational commitment acting as a mediating variable. In contrast, Diansari, Othman, et al. (2023) state that organizational commitment has no significant effect on the accountability of village funds. Hypotheses are thus posited:

H1: Organizational commitment has a significant effect on the accountability of village funds.

Village Government Competence

Competence is an individual's ability related to excellent performance in a role or job, which includes knowledge, skills in intellectual fields, strategy design, or a combination of the three, which are then applied to a work unit (Busro, 2018; Hitt et al., 2003; Sutrisno, 2016). More competent human resources improve the Batam local government's financial statements (Anggraini et al., 2024). The competence of village government also contributes to community empowerment regarding the financial accountability of village funds (Dilson & Noviardj, 2017). So, in this case, the quality of financial reports is also influenced by the competence of its employees (Bawono et al., 2020; Diansari, Musah, et al., 2023; Rosari & Manabulu, 2020; Yulianto et al., 2020). Supporting this, (Sripan & Wisaeng, 2022) in a study of sub-national governments in Thailand confirmed that Competence in financial management is crucial for accurate and timely reporting of public funds. However, Rasmini & Mimba (2021) refuted this statement by finding in their research that the competencies owned by village governments did not significantly influence the accountability of village funds. Hypotheses are thus posited:

H2: Village government competence significantly affects the accountability of village funds.

Internal Control System

Internal control is a process intended to ensure implementation, reporting, and goal compliance (Kieso et al., 2020). According to PP No. 60 of 2008, the government ICP is a comprehensive process related to actions and activities undertaken on an ongoing basis by leaders and all employees. This process is aimed at assuring the realization of organizational goals. Practical and efficient actions, reliable financial reports, protecting state assets, and following rules and regulations help achieve organizational goals. To achieve these goals, the implementation must be comprehensively implemented in the central and local government environments (Mardiasmo, 2021).

Several studies related to the internal control system have been conducted, and exciting findings have been provided. In research by Bawono et al. (2020), Diansari, Musah, et al. (2023), and Savitri et al. (2022), it was found that the internal control system affects the financial reporting of village funds. According to (Boufounou et al., 2024), effective internal control mechanisms in local government units in Greece significantly improve financial accountability and minimize misappropriation of public funds. In contrast, Nindita and Haliah (2023) and Wardani et al. (2023) found no significant effect between the internal control mechanism and village fund accountability. Thus, the hypothesis is proposed:

H3: Implementing internal control systems significantly affects the accountability of village funds.

Good Governance Principles

The principles of good governance consist of accountability, which refers to the obligation to be accountable for one's performance; openness and transparency, allowing the public not only to access policies but also to engage in their formulation; and public participation in diverse governmental and developmental activities (Mardiasmo, 2021). Corporate governance is defined by the Indonesian Forum for Corporate Governance (FCGI) as a system of regulations that regulates the relationships among various stakeholders, including shareholders, managers, the government, creditors, and employers. This regulation encompasses all facets of their rights and obligations, or serves merely as a framework governing the company (Mardiasmo, 2021). (Knieć & Goszczyński, 2022) highlight challenges in Polish rural communities, including low effectiveness of collective action, dense informal networks, and lack of trust in public institutions. (Budzewicz-Guźlecka & Drożdż, 2022) identify energy-related challenges in implementing smart village concepts, such as a lack of awareness and social trust in modern energy solutions. Research indicates a substantial correlation between the implementation of good governance principles, the reliability and quality of financial statements, and enhanced financial accountability of village funds. (Budiasni & Ayuni, 2020). Hypotheses are thus posited:

H4: The principles of good governance significantly affect the accountability of village funds.

Accountability of Village Funds Management

Accountability is an important rule and mechanism in upholding social psychological relationships between individual decision-makers and social systems. In governance, the principle of accountability can be realised if several aspects are fulfilled. Government organizations should have clear duties and authorities, public information systems, open budget systems, and independent institutions to supervise all government processes (Mardiasmo, 2021).

This research will discuss issues related to the phenomena described above, which are related to the factors that influence the accountability of village funds. This research will address the phenomena mentioned and their effects on village fund accountability. These factors include organizational commitment, village apparatus competence, internal control system implementation, and good governance principles. The research framework, represented by hypotheses, is presented in Figure 1. This figure illustrates the relationships and interactions between variables and visually represents the theoretical framework that drives the research hypotheses.

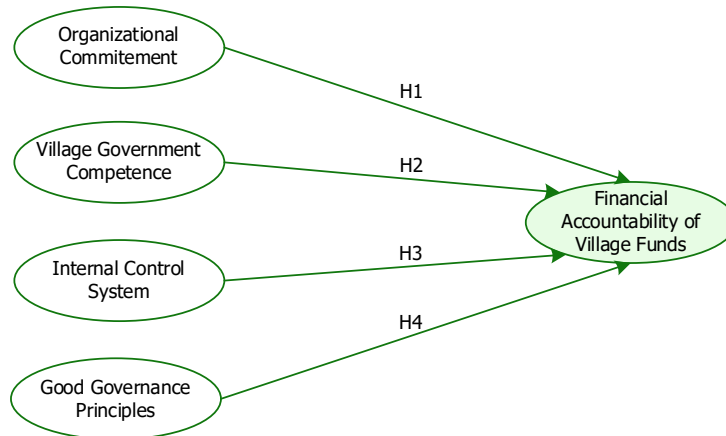


Figure 1. Research Framework.

AIMS AND OBJECTIVES

This study investigates how various organizational and governance factors affect the accountability of Village Fund financial management. To achieve this, the study focuses on exploring the role of organizational commitment, village government competence, internal control efficacy, and good governance principles in enhancing financial accountability.

METHODS

This is exploratory quantitative research with a type of causal study investigation where researchers intend to determine the cause of one or more problems. In particular, this study investigated the effect of organizational commitment, the implementation of the internal control system, the competence of the village government, and the principles of good governance on the financial accountability of the Village Fund. The study population was villages that received funding in 2023 in the provinces of Banten and West Java, Indonesia. The sampling method was convenience sampling, a nonprobability sampling based on convenience. The selected districts for the villages were Pandeglang District (326 villages) and Lebak District (340 villages) for Banten Province, and Sukabumi District (372 villages), Sumedang District (270 villages), Purwakarta District (183 villages), and Indramayu District (309 villages) for West Java Province. The total number of villages in the population was 1,800. The number of samples collected using the Slovin formula $n = N / (1 + N e^2)$, so the numbers were obtained as follows: $n = 1,800 / (1 + 1,800(0.12)^2) = 95$ villages. Ninety-five villages were selected proportionally, namely Pandeglang 17 villages, Lebak 18 villages, Sukabumi 20 villages, Sumedang 14 villages, Purwakarta 10 villages, and Indramayu 16 villages. The sampling technique for villages in each kabupaten employed a purposive sampling method with the following criteria: villages that obtained assistance from the central government of more than RP 900 million and had an original village revenue (PAD) of more than RP 50 million.

This research included a questionnaire distributed to 95 villages in the six districts. The data were gathered through structured interviews using questionnaires distributed directly to village officials. The returned questionnaires were from 94 villages, while 2 filled in incomplete questionnaires, so the processed questionnaires were from 92 villages/data. Based on the questionnaire distribution results, the respondents' profile by education level and gender is presented in Table 1.

Table 1. Respondent Profile Based on Education Level.

No.	Education Level	Quantity (people)	Percentage
1	Senior High School	35	38,04%
2	Diploma	1	1,09%
3	Bachelor degree	52	56,52 %
4	Master degree	4	4,35 %
5	Doctoral degree	0	0 %
Total		92	100%

Table 1 indicates that most respondents in this study possessed a bachelor’s degree, followed by high school graduates. Respondents with a Diploma education were the fewest, while no respondents had a doctoral education. The majority of respondents in this survey were male, including 82 individuals or 89.13%, while females accounted for 10 individuals, or 10.87%. Following data collection, Smart PLS 4 processed the information using a Structural Equation Model using partial least squares. The steps were to design the structural model (inner model), design the Outer Model (measurement model), evaluate the measurement model (outer model), evaluate the Inner Model (structural model), and test the hypothesis.

RESULTS

The Description of Research Variables

The research object description explains the variables derived from respondents’ answers to the questionnaire items related to the studied indicators. This overview will observe patterns in respondents’ answers across all research variables.

Table 2. Description of Research Variables. (Source: Primary data processed, 2024)

No.	Variable	Dimensions	Score
1	Organizational Commitment	Affective Commitment	4.16
		Sustainability Commitment	4.46
		Normative Commitment	4.19
		Average	4.27
2	Village Government Competence	Knowledge	4.27
		Skills	4.47
		Self-Concept	4.43
		Average	4.39
3	Internal Control System	Control Environment	4.23
		Risk Assessment	3.12
		Control Activities	4.36
		Information & Communication	4.18
		Monitoring Activities	3.08
		Average	3.79
4	Principles of Good Governance	Transparency	4.41
		Participation	4.25
		Average	4.33
5	Financial Accountability	Planning	4.01
		Implementation	4.51
		Administration	4.36
		Reporting	4.37
		Accountability	4.30
	Average	4.31	

Based on Table 2 data, the organizational commitment variable, consisting of three dimensions, has an average score of 4.27. This finding indicates that the organizational commitment of village officials in West Java and Banten is outstanding. Meanwhile, the score with the lowest average, 4.16, relates to affective commitment. This indicates that village officials

have firm affective commitment. Meanwhile, the highest mean score of 4.46 refers to continuance commitment. This finding indicates that their continuance commitment is also firm. The Village Government Competency variable, consisting of three dimensions, resulted in an average score of 4.39, indicating that village official competence in West Java and Banten is excellent. Then, the Internal Control System variable, which includes five dimensions, has an average score of 3.79. This finding indicates that the internal control system in West Java and Banten villages is quite effective. The lowest score of 3.08 was related to monitoring activities, which reflects that the control system related to monitoring is adequate. However, the highest score of 4.36 on control activities indicates that internal control related to these activities is very effective. The Good Governance Principles variable, which consists of two dimensions, had an average score of 4.33, reflecting that the principles of good governance in these villages are excellent. Finally, with five dimensions, the Accountability variable had an average score of 4.31, indicating that accountability in West Java and Banten villages is also at a high level.

The Result of the Validity & Reliability Test

Table 3 shows the output results of factor loading constructs of organizational commitment, village government competence, internal control system, principles of good governance, and accountability obtained from Smart PLS. At the 5% level, all factor loadings, regardless of whether they are second or first, are statistically significant. Table 3 also shows the validity test results, illustrating each indicator's factor loading.

Table 3. Variable and Dimension Reliability Test results. (Source: Primary data processed, 2024)											
Organizational Commitment (X1)											
Dimension	X1.1				X1.2				X1.3		
Indicator	X111	X112	X113	X114	X121	X122	X123	X124	X132	X133	X134
Outer Loading	0.52	0.91	0.926	0.932	0.782	0.658	0.802	0.622	0.911	0.926	0.88
Description	Valid	Valid	Valid	Valid	Valid	Valid	Valid	Valid	Valid	Valid	Valid
Village Government Competence (X2)											
Dimension	X2.1				X2.1				X2.3		
Indicator	X211	X212	X213	X214	X221	X222	X223	X231	X232	X233	
Outer Loading	0.584	0.882	0.898	0.65	0.911	0.853	0.832	0.849	0.847	0.758	
Description	Valid	Valid	Valid	Valid	Valid	Valid	Valid	Valid	Valid	Valid	
Internal Control System (X3)											
Dimension	X3.1				X3.2				X3.3		
Indicator	X311	X312	X313	X321	X322	X323	X324	X331	X332	X333	
Outer Loading	0.752	0.874	0.884	0.82	0.857	0.819	0.87	0.797	0.89	0.824	
Description	Valid	Valid	Valid	Valid	Valid	Valid	Valid	Valid	Valid	Valid	
Dimension	X3.4				X3.5						
Indicator	X341	X342	X343	X344	X351	X352	X353	X354			
Outer Loading	0.841	0.782	0.834	0.799	0.877	0.828	0.824	0.736			
Description	Valid	Valid	Valid	Valid	Valid	Valid	Valid	Valid			
Principles of Good Governance (X4)											
Dimension	X4.1				X4.2						
Indicator	X411	X412	X413	X421	X422	X423	X424				
Outer Loading	0.755	0.748	0.822	0.771	0.832	0.864	0.75				
Description	Valid	Valid	Valid	Valid	Valid	Valid	Valid				
Financial Accountability (Y)											
Dimension	Y1	Y2			Y3			Y4		Y5	
Indicator	Y11	Y21	Y22	Y23	Y31	Y32	Y33	Y41	Y42	Y51	Y52
Outer Loading	1	0.902	0.907	0.82	0.795	0.857	0.854	0.96	0.961	0.93	0.917
Description	Valid	Valid	Valid	Valid	Valid	Valid	Valid	Valid	Valid	Valid	Valid

Table 3 provides the outer loading values for the indicators associated with the various constructs and dimensions. All indicators show valid outer loading values, indicating a strong correlation between the indicators and their respective constructs. These values confirm that the indicators are valid measures of the dimensions they represent, contributing to overall model reliability and validity.

Table 4. The results of the Reliability Test of Variables and Dimensions. (Source: Primary data processed, 2024)

Variables & Dimensions	AVE	Cronbach's Alpha	Composite Reliability	Description
Organizational Commitment (X1)	0.820	0.856	0.881	Reliable
Village Government Competence (X2)	0.507	0.886	0.909	Reliable
Internal Control System (X3)	0.501	0.940	0.947	Reliable
Principles of Good Governance (X4)	0.537	0.853	0.889	Reliable
Financial Accountability (Y)	0.853	0.892	0.912	Reliable

Table 4 shows the results of Composite Reliability, which is used to assess the variables' internal consistency and composite reliability. Good governance values and responsibility have Cronbach's Alpha above 0.6 and Composite Reliability above 0.7. This research's findings pointed out that all variables have a value above 0.8 and, hence, a high level of reliability. Therefore, all variables are declared reliable, which indicates that the instruments in this research can measure the research constructs.

Model Fit Test

Model fit tests were conducted through Prediction Relevance (Q-Square), Effect Size (f-Square), and R-Square. The results of this research indicate that the value of the R Square analysis for the Financial Accountability variable (Y) is 0.455. This indicates that the model can explain almost half of the variation in Financial Accountability. The result of R Square is shown in Table 5.

Table 5. The R-Square. (Source: Primary data processed, 2024)

Variable	R Square
Financial Accountability (Y)	0.455

Meanwhile, the effect size value for the Good Governance Principles variable is the highest at 0.374, compared to organizational commitment (0.063), village government competence (0.032), and the internal control system (0.025), indicating that Good Governance Principles have the strongest influence on financial accountability. This shows that applying Good Governance Principles strongly affects the financial accountability of village funds in West Java and Banten villages. Factors such as the internal control system, the competency of the village government, and organizational dedication all play a little role. This means that the financial accountability of village funds in West Java and Banten villages is dominated by implementing Good Governance Principles, particularly concerning the participation indicator. The detailed effect size values are presented in Table 6.

Table 6. The Result of f-Square. (Source: Primary data processed, 2024)

Variable	Accountability
Organizational Commitment (X1)	0.063
Village Government Competence (X2)	0.032
Internal Control System (X3)	0.025
Principles of Good Governance (X4)	0.374

According to SmartPLS output, financial responsibility has an R2 value of 0.455. Therefore, this study's Q-Square value is:

$$Q^2 = 1 - (1 - R^2) = 1 - (1 - 0.4552) = 1 - (1 - 0.207) = 1 - 0.793 = 0.207$$

According to the calculations, the Q Square value of the research model is 0.207 ($Q^2 > 0$), signifying that the model demonstrates significant predictive relevance.

The result of Hypothesis Testing

This hypothesis testing examines the relationship between the dependent variables of organizational commitment, village government competence, internal control system, and good governance principles, and their effect on the dependent variable, financial accountability. The importance of these ties is evaluated to ascertain the impact of accountability within the framework of village government.

Table 7. Hypothesis Testing Results. (Source: Primary data processed, 2024)

Relationship Between Variables	Parameter Coefficient	t-statistic	P-Values	Description
Organizational Commitment > Accountability	0.203	2.682	0.007	Significant
Village Government Competence > Accountability	-0.162	1.763	0.078	Not Significant
Internal Control System > Accountability	0.168	1.505	0.132	Not Significant
Principles of Good Governance > Accountability	0.542	5.429	0.000	Significant

Table 7 shows the hypothesis testing result. The path parameter coefficient, which is 0.203, is derived from the effect of the accountability variable on the Organizational commitment variable, with a T-statistic value of $2.682 > 2.042$ and a P value of $0.007 < 0.05$. This implies that a positive direction of organizational commitment significantly influences the accountability variable. If Organizational commitment increases by 1%, financial accountability will increase by 0.203 or 20.3%. The path coefficient for the impact of the village government competence variable on the accountability variable is -0.162 with a T-statistic value of $1.763 < 2.042$, and a P-value of $0.078 > 0.05$. This indicates that village government competency has no impact on the accountability variable. The path parameter coefficient derived from the effects of the internal control system variable on the accountability variable is 0.168 with a T-statistic value of $1.505 < 2.042$, and a P-value of $0.132 > 0.05$, which means that there is no impact of the internal control system on the accountability variable. The path parameter coefficient obtained from the impact of the good governance principles variable on the accountability variable is 0.542 with a T-statistic value of $5.429 > 2.042$, and a P-value of $0.000 < 0.05$, which means that there is a significant impact with a positive direction of the good governance principles on the accountability variable. If the good governance principles increase by 1 per cent, Financial accountability will increase by 0.542 or 54.2%.

This research and analysis revealed that organizational commitment and good governance principles significantly improved accountability. However, village government competencies and internal control systems did not show a statistically significant relationship with accountability. The hypothesis testing path diagram is shown in Figure 2.

is a significant effect with a positive direction of organizational commitment on village fund financial accountability. Research is inconsistent with this study, asserting that "organizational commitment and internal control do not positively influence an individual's level of accountability" (Diansari, Musah, et al., 2023).

The effect of village government competence on the financial accountability of village funds

The findings of this research indicate that the competence of village officials does not affect the financial accountability of village funds. Village government competencies are generally expected to influence financial accountability positively; however, there are scenarios where these competencies may not significantly impact village fund accountability. This may be because of systemic problems, limited authority, lack of support, political interference, inadequate training and resources, and ineffective monitoring and evaluation. While the competency of village government is a crucial factor in managing village funds, it does not always directly impact financial accountability due to various systemic, structural, and external factors. Ensuring financial accountability requires a holistic approach that integrates (Indriasih & Sulistyowati, 2022). This research result is not from the study (Safelia et al., 2022; Ubaidillah & Cahayuni, 2022), which found that village administrators' competence influences village fund financial accountability. According to this study, village officials' competence does not affect village financial management accountability (Sitepu et al., 2023).

The effect of the internal control system on the financial accountability of village funds.

The study found that the internal control mechanism does not affect the financial accountability of village funds. Although the internal control system is designed to improve financial accountability, there are situations where the system may not significantly impact the accountability of village funds. Causes include inadequate implementation, lack of training and awareness, and external factors such as political factors. Ensuring that internal controls are appropriately designed, implemented, and supported requires a comprehensive approach to financial management. This is critical to improving the village fund's financial accountability. This contradicts the findings of Barus and Hariwibowo (2024) and Safelia et al. (2022), which found that the internal control system influences the village fund's financial accountability. Internal control doesn't influence the accountability in village fund management, contends Diansari et al. (2022).

The effect of the application of good governance principles on the financial accountability of village funds

The study found that the application of good governance principles has a significant effect on the financial accountability of village funds. It means that the financial accountability of village funds will be better if the principles of good governance are correctly implemented. Good governance includes a set of practices and standards designed to ensure that public resources are managed effectively, transparently, and ethically. Good governance principles emphasise transparency in decision-making and financial reporting. By ensuring that all financial transactions and decisions are openly documented and accessible to stakeholders, transparency helps build trust and reduces opportunities for mismanagement. Transparent processes allow stakeholders to scrutinise how village funds are allocated and spent, thereby increasing accountability. Good governance encourages participatory decision-making, where community members have a say in financial decisions and resource allocation. Involving communities in the planning and budgeting process helps ensure that funds are used to align with local needs and priorities. This inclusiveness encourages better use of resources and improves financial accountability by making decision-makers more responsive to community concerns. Applying good governance principles, such as participatory decision-making, accountability, transparency, compliance with the rule of law, integrity, effective oversight, efficiency, and responsiveness, highly influences the financial accountability of village funds. The finding is similar to research conducted by (Budiasni & Ayuni, 2020; Safrizal et al., 2022), indicating that applying good governance principles significantly positively influences the financial accountability of village funds.

CONCLUSIONS

The findings of this research reveal that organizational commitment plays a significant role in enhancing the financial accountability of village funds. This suggests that stronger commitment within the organization contributes to improved accountability in fund management. In contrast, the competence of village officials was not found to have a meaningful impact on financial accountability, a result that also applied to the internal control system, which showed no significant influence. However, the implementation of good governance principles demonstrated a positive and meaningful effect on the accountability of village fund management. The more consistently these principles are applied, the higher the level of financial accountability achieved. In light of these results, the study recommends that village administrations reinforce organizational commitment through continuous training programs and by encouraging village leaders to model responsible

financial behaviour. Furthermore, it is essential for village officials to strengthen the application of good governance practices by promoting transparency, ensuring public access to information, and fostering active community involvement in decisions related to village fund usage.

For future studies, it is advisable to investigate other potential determinants of financial accountability, such as the integration of digital technologies in village governance, the influence of external auditing mechanisms, and the effectiveness of community empowerment initiatives. Additionally, employing a longitudinal research design or broadening the regional coverage to include a more varied set of villages could provide deeper insights and strengthen the generalizability of the results.

ADDITIONAL INFORMATION

AUTHOR CONTRIBUTIONS

All authors have contributed equally.

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CONFLICT OF INTEREST

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Сетіяваті Х., Маппанюкі Р., Рахаю П.

ФАКТОРИ, ЩО ВПЛИВАЮТЬ НА ФІНАНСОВУ ПІДЗВІТНІСТЬ СІЛЬСЬКИХ ФОНДІВ: ДОСВІД БАНТЕНА ТА ЗАХІДНОЇ ЯВИ (ІНДОНЕЗІЯ)

Це дослідження мало на меті проаналізувати вплив організаційних зобов'язань, компетентності сільської влади, упровадження систем внутрішнього контролю та застосування принципів належного врядування на фінансову підзвітність коштів села. Це дослідження було проведене шляхом обстеження сіл, які отримали сільські кошти в Бантені та Західній Яві, з вибіркою з 95 сіл, розрахованих за формулою Словіна. Цілеспрямований метод вибірки використаний із сільськими критеріями в кожному районі, який отримав фінансування від центрального уряду >900 мільйонів рупій і мав початковий сільський дохід >50 мільйонів рупій. Дані збирали за допомогою анкет, які роздавали безпосередньо працівникам сільської влади. Дані були проаналізовані за допомогою моделі структурних рівнянь та оброблені за допомогою програмного забезпечення SmartPLS. Це дослідження показало, що організаційна відданість і належне врядування мають значний позитивний вплив на фінансову підзвітність сільських коштів. Ці

результати свідчать про те, що вдосконалення організаційних зобов'язань і практик управління має важливе значення для посилення підзвітності в управлінні сільськими коштами. При цьому компетенція сільської влади та система внутрішнього контролю не впливають на фінансову підзвітність коштів села. Отримані результати можуть бути корисні для сільських чиновників, керівників органів місцевого самоврядування та політиків для розробки програм розбудови потенціалу й формування політики врядування. Це особливо актуально для зусиль, спрямованих на забезпечення прозорого та ефективного використання державних коштів у розвитку сільських територій. Згідно з результатами цього дослідження, сільська влада повинна посилити організаційні зобов'язання та застосування принципів належного врядування.

Ключові слова: фінансова підзвітність, належне врядування, система внутрішнього контролю, організаційні зобов'язання, розвиток сільських територій, сільські фонди, сільська влада

JEL Класифікація: H83, H72, M48