

## The Effect of the Implementation of Good Governance on Village Financial Management (Study on Villages in Tolinggula District, North Gorontalo Regency)

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Article Info	ABSTRACT
<b>Keywords:</b> Good Governance, Village Financial Management, Transparency, Accountability, Community Participation.	Village financial management is an important aspect in supporting development at the local level. The implementation of Good Governance, which includes transparency, accountability, and community participation, is a key factor in creating effective and efficient financial management. This study aims to analyze the influence of the implementation of Good Governance on village financial management in Tolinggula District, North Gorontalo Regency. The method used in this study is a quantitative approach with causal design. Data was collected through a questionnaire distributed to 140 respondents, consisting of village officials who are responsible for village financial management. The analysis technique used is Structural Equation Modeling (SEM) to test the relationship between Good Governance variables and village financial management. The results of the study show that the implementation of Good Governance has a significant influence on the effectiveness of village financial management. Transparency has the most dominant impact, followed by accountability and community participation. However, there are still challenges in implementation, such as imbalances between planning and budget realization, which lead to surpluses in some villages and deficits in others. In addition, villages with independent and developed status tend to have a better financial management system than developing villages. Therefore, efforts are needed to increase transparency, strengthen accountability mechanisms, and increase public participation in budget supervision. Thus, the implementation of more optimal Good Governance is expected to increase the effectiveness of village financial management and support more sustainable development.
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## INTRODUCTION

Village financial management is a crucial aspect in regional development, especially in the context of fiscal decentralization aimed at improving community welfare. Along with the regional autonomy policy, the village government has the authority to manage the budget allocated by the

central government. However, in order for the management to run effectively, transparently, and accountably, it is necessary to apply the principles of Good Governance which include transparency, accountability, and community participation. In this context, Law of the Republic of Indonesia Number 3 of 2024 stipulates that villages as government entities have the responsibility to regulate and take care of the interests of their communities, including in the aspect of financial management. This is strengthened by the Regulation of the Minister of Home Affairs Number 20 of 2018 which stipulates that village financial management must go through the stages of planning, implementation, administration, reporting, and accountability in accordance with the principles of good governance.

Although the regulations have clearly regulated, in practice there are still many challenges in the implementation of Good Governance in village financial management, especially in Tolinggula District, North Gorontalo Regency. Based on existing data, there are several villages in the sub-district that have experienced a considerable budget surplus, while other villages have experienced a deficit. This imbalance shows that there are problems in the planning and implementation of the village budget that can have an impact on the effectiveness of development programs at the village level. Therefore, this study was conducted to examine the effect of the implementation of Good Governance on village financial management in Tolinggula District.

Based on these problems, this study aims to analyze the relationship between the implementation of Good Governance and the effectiveness of village financial management, identify factors that affect village financial management, and provide recommendations for village governments to increase transparency and accountability in village budget management. Thus, this research is expected to provide benefits both theoretically and practically. Theoretically, the results of this study can be a reference for further research related to village financial governance. Meanwhile, practically, this research can provide input for village governments in improving more transparent and accountable financial governance, as well as encouraging active community participation in supervising the use of village funds.

Through this research, it is hoped that a deeper understanding of the importance of implementing Good Governance in village financial management and how its principles can help create a better financial governance system at the village level. With better management, villages in Tolinggula District can maximize the available budget to achieve more sustainable development and more equitable community welfare.

## **METHOD**

This study uses a quantitative approach to analyze the influence of the implementation of Good Governance on village financial management in Tolinggula District, North Gorontalo Regency.

The quantitative approach was chosen because it allows for objective and systematic measurement of the variables studied. The research design used is a causal design, which aims to identify the cause-and-effect relationship between the implementation of Good Governance as an independent variable and village financial management as a dependent variable.

### **Location and Time of Research**

This research was conducted in villages in Tolinggula District, North Gorontalo Regency, Gorontalo Province. The object of the research includes village officials who are directly involved in village financial management. This research will be carried out in November 2024.

### **Population and Sample**

The population in this study consists of all village officials involved in village financial management in Tolinggula District, with a total of 160 people. The sample in this study was determined using the purposive sampling technique, which is a method of selecting samples based on certain criteria. The sample used amounted to 140 respondents, consisting of village heads, village secretaries, finance heads, planning heads, government heads, hamlet heads, and members of the Village Consultative Body (BPD).

### **Data Collection Instruments and Techniques**

Data is collected through questionnaires, interviews, and documentation. Questionnaires are used as the main tool in obtaining primary data from respondents. The questions in the questionnaire used a Likert scale with a score range of 1 to 5, to measure the level of implementation of Good Governance and the effectiveness of village financial management. In addition, interviews were conducted with village officials to explore more information about obstacles and challenges in village financial management. Documentation is also used to collect secondary data related to village financial statements, applicable regulations, and government policies related to village financial management.

### **Data Analysis Techniques**

The data obtained was analyzed using the Structural Equation Modeling (SEM) method, which allows testing the complex relationships between the research variables simultaneously. SEM was chosen because it is able to measure constructs indirectly through indicators and analyze the relationship between latent variables and indicator variables. Data processing was carried out with the help of SPSS version 16 software, which was used to test validity, reliability, and measure the influence between independent variables and dependent variables.

To ensure the accuracy of the data, validity tests were carried out using Pearson's Product Moment correlation technique, as well as reliability tests using the Alpha Cronbach ( $\alpha$ ) technique. The data that had passed the validity and reliability test were then analyzed using descriptive statistics to

describe the characteristics of the respondents and the pattern of relationships between the research variables.

By using this research method, it is hoped that the results obtained can provide an accurate picture of the influence of the implementation of Good Governance on village financial management, so that it can be the basis for recommendations for improving village financial governance in Tolinggula District, North Gorontalo Regency.

## RESULTS AND DISCUSSION

This study was conducted to analyze the influence of the implementation of Good Governance on village financial management in Tolinggula District, North Gorontalo Regency. The results show that the application of Good Governance principles, which includes transparency, accountability, and participation, has a significant relationship with the effectiveness of village financial management.

From the analysis of data obtained through questionnaires, interviews, and documentation, it was found that most of the villages in Tolinggula District have implemented the principles of Good Governance in their financial management. However, there are still several villages that are experiencing challenges in budget realization, which can be seen from the large budget surplus in some villages and budget deficits in other villages. Data shows that 6 out of 10 villages have a large budget left, as happened in Molangga Village, where there was an excess budget of Rp 97,421,472. On the other hand, 4 villages experienced a budget deficit, with Limbato Village recording budget use that exceeded the allocation of Rp 13,837,215.

The results of the Structural Equation Modeling (SEM) analysis show that the Good Governance variable has a positive and significant effect on the effectiveness of village financial management. The principle of transparency has the most dominant influence, followed by the principles of accountability and community participation. Villages that have a high level of transparency in financial reporting tend to have more effective budget management than villages that do not implement transparency.

In addition, an analysis of the budget realization report indicates that there is a gap between planning and budget realization in several villages. This shows that although the principles of Good Governance have been applied in several aspects, improvements are still needed in budget planning and supervision to prevent imbalances in the use of village funds.

The results of this study are in line with the findings of previous research which show that the implementation of Good Governance affects the effectiveness of village financial management. As stated by Simanjuntak et al. (2023), the application of the principles of transparency and accountability in village financial management contributes to increasing village financial accountability. Another study by Sari et al. (2024) also shows that Good Governance has a significant influence in controlling the village financial

management process and preventing budget misappropriation.

Transparency is the main factor that contributes to increasing the effectiveness of village financial management. When financial information is publicly accessible to the public, the level of public trust in the village government increases. This also allows for supervision from the community, which plays a role in preventing irregularities in the management of village funds. However, in some villages, transparency in budget reporting is still a challenge. Some village officials are less active in submitting budget realization reports to the community, which leads to a lack of public understanding of the use of village funds.

Accountability also plays an important role in village financial management. The results of the study show that villages that have a clear accountability mechanism in the use of the budget tend to be more effective in managing village finances than villages that have a less strong accountability system. Good accountability allows village governments to provide clear and systematic reports on the use of village funds, thereby increasing public trust and reducing potential budget abuse.

Community participation in village financial management was also found to have a positive impact. Villages that encourage community participation in the budget planning process and program implementation tend to have a better level of financial management effectiveness. People involved in village financial planning have a better understanding of village fund allocation, so that they can provide constructive input in budget management. However, in some villages, community participation is still relatively low due to the lack of socialization from the village government regarding the budget planning and monitoring mechanism.

Another finding of this study is that there is a difference in the level of effectiveness of financial management between independent villages, developed villages, and developing villages. Villages that have the status of independent villages and developed villages tend to have a better financial management system compared to developing villages. This can be due to differences in the level of human resource capacity in village government, as well as a higher level of understanding of village financial regulations.

Based on the results of this study, it can be concluded that the implementation of Good Governance has a significant influence on the effectiveness of village financial management in Tolinggula District, North Gorontalo Regency. However, there are still several challenges that need to be addressed, especially in terms of transparency in financial reporting, increased accountability, and encouraging active community participation in the budgeting process and supervision of village funds. Therefore, further efforts are needed from the village government to increase the disclosure of financial information and involve the community more actively in village budget management.

## CONCLUSION

Based on the results of the research that has been conducted, it can be concluded that the implementation of Good Governance has a significant influence on village financial management in Tolinggula District, North Gorontalo Regency. The principles of transparency, accountability, and community participation have proven to play a role in increasing the effectiveness of village financial management. Transparency in financial reporting allows the public to access information regarding the use of village funds, thereby increasing public trust and reducing potential irregularities. Good accountability ensures that the village government is able to account for every use of the budget systematically and in accordance with applicable regulations. In addition, community participation in the village financial planning and supervision process also contributes to creating more efficient and effective governance.

However, this study also found that there are still villages that experience imbalances in budget realization, both in the form of large budget surpluses and budget deficits due to the use of funds that exceed the allocation. This shows that improvements are still needed in budget planning and supervision to ensure that each village can manage its finances optimally. In addition, the level of implementation of Good Governance also varies between villages, where villages with independent and developed status tend to have a better financial management system than developing villages.

Thus, to increase the effectiveness of village financial management, village governments need to strengthen the implementation of Good Governance through increasing transparency in financial statements, strengthening accountability mechanisms, and encouraging more active community involvement in the budgeting process and supervision of village funds. With better management, it is hoped that village funds can be used more optimally to support sustainable development and improve the welfare of village communities.

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