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The Role of the Village Government's Commitment in Moderating the Relationship Between Community Participation, Financial Transparency, and the Use of Information Technology on the Financial Management of Village Funds in Dresi Kulon Village, Rembang Regency

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Abstract: This study examines the influence of community participation, financial transparency, and information technology utilization on Village Fund financial management, with village government commitment as a moderating variable in Dresi Kulon Village, Rembang. The methodology used was a quantitative approach, analyzing questionnaire data collected from 146 participants and then processing it using SEM–SmartPLS. The results show that community participation, financial transparency, and information technology utilization have a positive impact on Village Fund financial governance, with financial transparency having the strongest impact, while village government dedication was shown to mediate the relationship between financial transparency and IT utilization. This framework was able to explain 47.0% of the change in Village Fund financial management ($R^2 = 0.470$). Therefore, it is recommended to strengthen financial reporting transparency, village government commitment, and technology utilization.

Keywords: Community Participation, Financial Transparency, Information Technology Utilization, Village Government Organizational Commitment, Village Fund Financial Management.

INTRODUCTION

Financial management at the village level is the most important part of the public financial system because it is directly related to accountability for the use of state funds at the local level. The allocation of Village Funds which is carried out annually by the central government functions as a development financing instrument intended to improve community welfare and the quality of public services in rural areas.

Conceptually, financial management at the village level includes a series of processes ranging from program planning, budget preparation, implementation of activities, to reporting and accountability. All of these stages must be carried out systematically so that existing funds can be optimized effectively, efficiently, and on target.

The enactment of Law Number 6 of 2014 concerning Villages gives wider authority to village governments to regulate government affairs and manage their finances independently. This policy is expected to be able to accelerate village development, strengthen the local economy, and reduce the development gap between regions. Since 2015, Village Funds have continued to be allocated through the State Budget and channeled through local governments to support government implementation, development, coaching, and community empowerment activities.

The involvement of the people in the management of funds at the village level is crucial so that decisions related to the budget are based on the actual needs of the community. This participation reflects the use of local knowledge of the community related to development priorities such as infrastructure, social services, and economic welfare (Rohmah et al., 2025). On the other hand, financial transparency realized through information disclosure allows the public to gain equal access to information on fund management at the village level, thereby increasing public trust.

Table 1. Details of the Allocation of Funds for Dresi Kulon Village for 2021-2024

Year	Village Fund Budget	Realization of Village Funds
2021	Rs. 1.500.174.084	Rs. 1.501.482.416
2022	Rs. 2.135.519.254	Rs. 2.138.366.771
2023	Rs. 1.673.322.700	Rs. 1.619.310.604
2024	Rs. 1.842.206.000	Rs. 1.810.044.053

Source : Village Budget Realization Report of the Dresi Kulon Village Government

Based on the table, the amount of the budget for village income and expenditure is seen to fluctuate unsteadily from 2021 to 2024. In 2021, the village received an allocation of Rp. 1,500,174,084, then increased significantly in 2022 to Rp. 2,135,519,254. However, in 2023 there will be a decrease in the budget to reach Rp. 1,673,322,700, which may be related to policy adjustments or a shift in development focus. Entering 2024, the total budget will increase again to Rp. 1,842,206,000. The variation in these figures reflects changes in needs and shifts in the focus of village development influenced by external and internal elements.

Table 2. Details of the Development of Dresi Kulon Village in 2021-2024

Year	Remarks	Realization of Village Funds
2021	Dresi Volleyball Court	Rs. 134.912.780
2022	Environmental Road Construction	Rs. 63.412.000
	Agricultural Irrigation	Rs. 112.049.600
2023	Ceria KB Terrace	Rs. 20.000.000
	Rev. Madin Roudlotul	Rs. 40.000.000
	Farming Roads	Rs. 50.000.000
	Rice Mill *Drying Floor*	Rs. 70.000.000
	RTLH *(Uninhabitable House)*	Rs. 10.000.000
2024	RTLH *(Uninhabitable House)*	Rs. 30.000.000
	Farm Road	Rs. 159.819.900

Market Hall	Rs.	61.172.300

Source : Dresi Kulon Village Government Development Report

From the village development report, the allocation of Village Funds in Dresi Kulon Village shows that the infrastructure sector, especially the construction of environmental roads, farming roads, and agricultural roads, is one of the main priorities in the use of the budget. The construction of road infrastructure reflects the village government's efforts to improve accessibility and economic mobility of the community. Adequate road infrastructure is known to have an important role in supporting village socio-economic activities and accelerating the distribution of agricultural products and public services (Rohmah et al., 2025). This condition is in line with the initial findings of the study which show that the limited quality of roads is still an obstacle in supporting optimal village development.

From the perspective of public governance, road construction can be understood as a manifestation of responsible and community-oriented management of the Village Fund. The stewardship theory emphasizes that village officials act as trustees who are responsible for ensuring that the use of public funds provides real benefits to the community (Pribadi et al., 2025). In addition, transparency in village financial management plays an important role in increasing public trust because the results of development can be observed directly as a form of public accountability (Putri et al., 2024). However, the effectiveness of development is not only determined by physical output, but also by the quality of governance, such as community participation, financial transparency, and the commitment of the village government in the management of the Village Fund.

This study was conducted in Dresi Kulon Village, Rembang Regency, which although it is a village with fairly good development, still needs to face various challenges in the process of managing funds at the village level. This study aims to explore how much community involvement, transparency in finance, and the application of information technology contribute to the quality of financial management of funds at the village level. In this study, the commitment of the village government was placed as a moderation variable that functions to strengthen or weaken the relationship between these three factors to village financial management, especially in ensuring openness, preventing possible irregularities, and increasing the responsibility of village financial governance.

Overall, the results of this study are consistent with the network governance model described by (Cristofaro et al., 2025), that the effectiveness of village administration is greatly influenced by the interaction between the community, stakeholders, and the village government. On the other hand, (Putri et al., 2024) It shows that the quality of village governance is highly determined by the implementation of accountability, transparency, internal control, and commitment of the apparatus. The synchronization between the results of this research and previous studies indicates that the management of the Fund at the village level not only requires involvement and technology, but must also be supported by a strong dedication from the village government.

METHODS

This study adopts a quantitative approach through the explanatory method. The purpose of this approach is to decipher the causal relationship between the variables of citizen participation, transparency in financial management, and the use of information technology in the financial management of the Fund at the village level, with the commitment of the village government as a moderating variable. This research was conducted in Dresi Kulon Village, Rembang Regency. The selection of the place is determined by considering that the village receives Village Funds regularly and has implemented a financial management system at the village level in accordance with existing regulations. The research lasted from mid-December

2025 to early January 2026. The determination of the number of participants in this study is based on guidelines (Hair et al., 2014), which indicates that the sample size required in the analysis (SEM-PLS), which ranges from 5-10 times the number of indicators.

In this study, the construct with the highest number of indicators has 17 indicators. Using an approach of 8 times the number of indicators, the minimum number of samples required is:

$$\text{Minimum Sample Count} = (5 \text{ to } 10) \times (\text{indicator})$$
$$= 8 \times 17 = 136$$

The number of respondents who entered was 146 people, so it exceeded the minimum required. (Hair et al., 2019) said that the use of the number of samples in this range can still produce reliable estimates, especially if the research model has a moderate level of complexity and all indicators meet the criteria of validity and reliability, as proven in this study. The research data was obtained through the dissemination of a closed-ended questionnaire using a five-level Likert scale, with a rating range from 1 (strongly disagree) to (strongly agree). The preparation of the questionnaire instrument is based on the indicators of each variable referenced from relevant literature as well as the findings of previous research.

Table 3. Variable Operations

Variable	Measurement Indicators	Source
Community Participation	Decision Making	(Selinda Rahmaindah, 2022)
	Budget Preparation	
	Budget Implementation	
Financial Transparency	Access Information Providers	(Pribadi et al., 2025)
	Deliberation	
	Management Openness	
	Document Openness	
Utilization of Information Technology	Hardware and software are available to assist management in program planning	(Pribadi et al., 2025)
	Have adequate internet access to support reporting in budgeting	
	Financial management is carried out with a computerized system in the implementation of activities	
	Use of the system in accordance with applicable regulations in reporting	
Village Fund Financial Management	Preparation of activity plans	(Rohmah et al., 2025)
	Implementation of activities	
	Reporting and accountability	
Commitment of Village Government Organizations	Affective	(Pribadi et al., 2025)
	Sustainability	
	Normative	

Source : Researcher (2026)

RESULTS AND DISCUSSION

Respondent Characteristics

From the results of the data processing that has been carried out, the number of respondents involved in this study is 146 people, with the composition of male respondents (52.1%) and female respondents (47.9%). In terms of age, as many as (21.9%) of respondents were under 25 years old, (6.8%) were in the age range of 25–35 years, (29.5%) were 36–45 years old, (26.7%) were in the age group of 46–55 years, and (15.1%) were over 55 years old.

The criteria for respondents in this study include men and women who live in Dresi Kulon Village and have been involved in village activities for at least one year.

Outer Model Validity

To ensure that the analyzed data is valid, a validity test can be performed by evaluating the factor load value for each indicator. An indicator can be considered valid if the value of the loading factor obtained is equal to or greater than 0.700. The results of the validity test in this study are described in detail and can be seen in the accompanying table.

Table 4. Loading *Factor Results*

Indicator	Community Participation (X1)	Financial Transparency (X2)	IT Utilization (X3)	Financial Management of Village Funds (Y)	Commitment of Village Government Organizations (Z)	Remarks
X1.1	0,743					Valid
X1.2	0,780					Valid
X1.3	0,881					Valid
X2.1		0,829				Valid
X2.2		0,893				Valid
X2.3		0,835				Valid
X2.4		0,908				Valid
X3.1			0,859			Valid
X3.2			0,831			Valid
X3.3			0,857			Valid
X3.4			0,830			Valid
Y.1				0,882		Valid
Y.2				0,773		Valid
Y.3				0,830		Valid
Z.1					0,868	Valid
Z.2					0,843	Valid
Z.3					0,822	Valid

Source : PLS-SEM data processing results (2026)

Based on the information in Table 4, it can be concluded that all indicators used in the research variables have met the validity criteria. This is evidenced by the loading factor value for each item that exceeds the minimum threshold of 0.700, meaning that all items are suitable for use in the analysis.

Outer Model Reliability

Reliability tests are performed to evaluate the internal consistency of the indicators used in measuring invisible constructs. The results of the analysis of each variable in this study showed that Cronbach's Alpha value was more than 0.70, the Composite Reliability value was also more than 0.70, and the Average Variance Extracted (AVE) value exceeded 0.50. Further details regarding the relationship and results of these tests related to the study will be outlined in the following sections.

Table 5. Reliability Model Results

Indicator	Cronbach's alpha	Composite Reliability	Average variance extracted (AVE)	Remarks
X1	0.749	0.880	0.645	Reliable
X2	0.889	0.892	0.752	Reliable
X3	0.867	0.873	0.713	Reliable

Y	0.773	0.791	0.688	Reliable
Z	0.800	0.816	0.713	Reliable

Source : PLS-SEM data processing results (2026)

Based on table 5, the results show that the entire research construct is reliable and has good internal consistency, making it suitable for use in structural model testing.

Coefficient of Determination (R2)

This test aims to show the level of the model's ability to explain and predict the data being studied. A value above 0.75 indicates that the model has excellent explanatory skills, a range of values between 0.50 and 0.75 reflects a model that is quite robust, while a value below 0.25 indicates that the model is not able to adequately represent the data.

Table 6. Determination Coefficient Results

Model Indicators	R-square	R-square adjusted
Y	0.470	0.444

Source : PLS-SEM data processing results (2026)

From table 6, the R-square value in the Village Fund Financial Management variable is 0.470, with the R-square adjusted value of 0.444. This value shows that 47.0% of the variation in village fund financial management can be explained by community participation, financial transparency, use of information technology, and the commitment of village government organizations, while the remaining 53.0% is explained by other variables outside the research model. Thus, even though the R-square value of 0.470 indicates that the research model has a moderate explanatory ability. This is acceptable considering that the financial management of the Village Fund is a complex phenomenon that is influenced by various other factors such as human resource capacity, external supervision systems, and compliance with regulations, which are not entirely included in this research model.

Hypothesis Test (t-Test)

To find out the influence between variables, it can be done by hypothesis testing by looking at t-statistics and p-values. The test results show that:

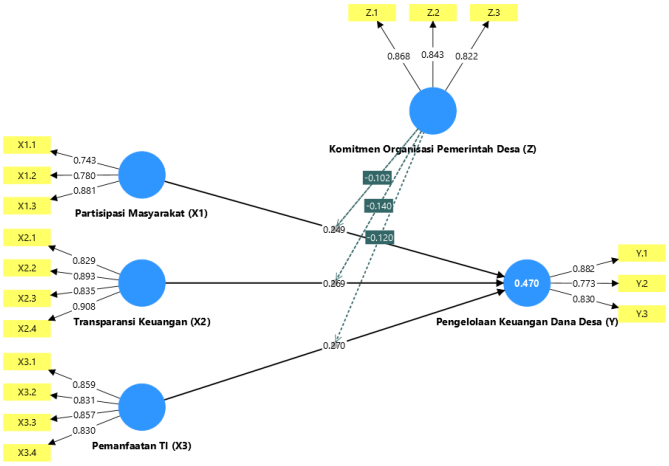

Figure 2. Loading Factor Test Results
Source : PLS-SEM data processing results (2026)

Table 7. Path Coefficients Results

Model Indicators	T-statistics	P values	Remarks
X1 -> Y	4.171	0.000	Accepted
X2 -> Y	4.303	0.000	Accepted
X3 -> Y	4.379	0.000	Accepted
X1 x Z -> Y	1.694	0.090	Rejected
X2 x Z -> Y	2.229	0.026	Accepted
X3 x Z -> Y	2.084	0.037	Accepted

Source : PLS-SEM data processing results (2026)

Based on the results of the statistical test in Table 7, the commitment of the village government organization was proven to have a significant effect on the financial management of the Village Fund (p = 0.000 <0.05), which shows that the quality of fund management is highly determined by the level of commitment of the village apparatus. Financial transparency also has a significant effect on the management of Village Funds (p = 0.000 <0.05), so that hypotheses related to transparency can be accepted. However, the test results showed that the interaction between community participation and the commitment of the village government did not have a significant effect on the financial management of the Village Fund (p=0.090>0.05).

Meanwhile, the interaction between financial transparency and village government commitment (p=0.026<0.05) as well as the use of information technology and village government commitment (p=0.037<0.05) proved to have a significant positive effect. This shows that the role of moderation of the village government's commitment does not apply to all relationships, but is selective depending on the characteristics of independent variables. In general, these findings indicate that although community participation is important in village governance, its role has not been strong enough to strengthen the relationships between key variables in the Village Fund's financial management model.

Hypothesis Test 1: The Influence of Community Participation on Village Fund Financial Management

The results of the hypothesis test showed that the interaction of community participation with the village government's commitment was not significant (p = 0.090 > 0.05), so the role of moderation was not statistically proven. This shows that the contribution of community participation in the model is relatively weak compared to other variables. The meaning of these findings is that community involvement is still normative and has not fully played an active role in the village financial management system. In other words, community participation has not been able to be the main determining factor in improving the quality of Village Fund management.

Hypothesis Test 2: The Effect of Financial Transparency on Village Fund Financial Management

The results of the analysis show that financial transparency has a positive and significant effect on the financial management of the Village Fund with a value of p = 0.000 < 0.05. These results prove that financial information disclosure has a direct relationship with the quality of village fund management. The meaning of these findings is that transparency can increase accountability, strengthen social control, and encourage village officials to be more responsible in the management of public funds. This also explains why transparency is the most dominant variable in the research model.

Hypothesis Test 3: The Influence of Information Technology Utilization on Village Fund Financial Management

The results showed that the use of information technology had a positive effect on the financial management of the Village Fund, and was strengthened through the interaction of moderation with the commitment of the village government ($p = 0.037 < 0.05$). This shows that the use of digital technology is able to improve the quality of administration and disclosure of village financial information. The meaning of these results is that technology functions as a supporting tool for modern financial governance, but its success is still influenced by the organization's readiness to implement it.

Hypothesis Test 4: The Effect of Moderation of Village Government Organization Commitment on Community Participation in Village Fund Financial Management

The test results showed that the village government's commitment was unable to moderate the relationship between community participation and the financial management of the Village Fund, which was indicated by a significance value above 0.05. This means that the level of commitment of village officials does not strengthen or weaken the influence of community participation on the quality of financial management. The meaning of these findings is that community participation is more influenced by external factors such as participatory culture, community literacy level, and the quality of citizen involvement in village deliberations. Thus, even though the village government has a high commitment, it is not necessarily able to increase the effectiveness of community participation in village financial management.

Hypothesis Test 5: The Effect of Moderation of Village Government Organization Commitment on Financial Transparency on Village Fund Financial Management

The results of the analysis showed that the village government's commitment was able to moderate the relationship between financial transparency and the financial management of the Village Fund significantly. This means that the higher the commitment of the village apparatus, the stronger the influence of transparency in improving the quality of financial management. The meaning of these findings is that transparency does not only depend on the information disclosure system, but also on the integrity and seriousness of the village apparatus in implementing it. Officials with high commitment tend to be more consistent in conveying information openly, maintaining accountability, and being responsive to public supervision. Therefore, organizational commitment plays a role as a strengthening factor that increases the effectiveness of transparency in village financial governance.

Hypothesis Test 6: The Effect of Moderation of Village Government Organization Commitment on the Utilization of Information Technology on Village Fund Financial Management

The test results showed that the village government's commitment significantly moderated the relationship between the use of information technology and the financial management of the Village Fund. This means that the use of technology will have a stronger impact on the quality of financial management when supported by the high commitment of village officials. The significance of these findings is that technology cannot run optimally without the support of organizational attitudes and readiness. Apparatus that has a high commitment tends to be more adaptive to digital innovation, consistent in the use of systems, and maintains the quality of technology-based financial reporting. Thus, the village government's commitment serves as a catalyst that strengthens the effectiveness of the use of technology in improving village financial governance.

CONCLUSION

It was concluded that community participation, financial transparency, and the use of information technology have a positive and significant effect on the financial management of

the Village Fund, with financial transparency as the most dominant factor. The commitment of the village government also has a significant direct effect and is able to strengthen the influence of financial transparency and the use of information technology, but it has not been able to moderate community participation optimally. These findings show that the quality of the Village Fund's financial management is highly determined by information disclosure, technological support, and the commitment of the apparatus in realizing accountability in the management of public funds.

This study has limitations because it was only conducted in one village and uses a questionnaire-based quantitative approach, so the generalization of results is still limited and has not fully described social and behavioral factors in depth. Therefore, further research is recommended to expand the research location and add qualitative methods and other variables to obtain more comprehensive results.

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