



Transformation of Village Financial Governance Based on The New Public Governance Paradigm as a Foundation for Socio-Environmental Resilience: A Case Study of Rokan Hulu Regency, Riau Province

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Abstract. The purpose of this study is to analyze governance in Indonesia has undergone significant changes from Old Public Administration (OPA) to New Public Management (NPM), to New Public Governance (NPG) which emphasizes collaboration, transparency, and public participation. In the context of villages, these changes are increasingly relevant after the birth of Law No. 6/2014, which gives villages broad authority to manage their finances independently. However, the practice of village financial management in Rokan Hulu Regency, Riau Province, still faces obstacles such as low apparatus capacity, weak transparency, and lack of community participation. This research aims to analyze how the transformation of village financial governance can be implemented based on the NPG paradigm to improve transparency, accountability, and participation, and how its implementation can be a foundation for socio-environmental resilience. The research used mixed methods with an exploratory sequential design. The results showed that village financial governance in Rokan Hulu is still dominated by traditional patterns, with the utilization of the Village Financial System (Siskeudes) that is not optimal in encouraging public information disclosure. Community participation in budget planning tends to be a formality, although villages with collaborative leadership are able to create more transparent and accountable governance. The application of the NPG paradigm is proven to strengthen cross-sector collaboration, including with NGOs, universities, and the private sector, thus encouraging the creation of development programs based on local needs. In addition, NPG has great potential in building socioenvironmental resilience through the integration of programs such as waste management, reforestation, and renewable energy, although it is still hampered by rigid regulations and limited digital literacy. This research contributes a conceptual model and strategic recommendations to strengthen village financial governance through visionary leadership, apparatus training, digital technology utilization, and budget allocations that support socioenvironmental sustainability.

Keywords: Governance Transformation, New Public Governance, Socio Environmental Resilience.

1 INTRODUCTION

Governance in Indonesia continues to evolve in line with social, political, and economic dynamics. The paradigm shift from Old Public Administration (OPA), which emphasizes hierarchy and formal rules, to New Public Management (NPM), which focuses on efficiency, and further to New Public Governance (NPG), which prioritizes collaboration and participation, reflects ongoing efforts to identify governance models that are relevant to the needs of modern society [1].

This paradigm shift has become increasingly significant in the village context following the enactment of Law No. 6 of 2014 on Villages. The law grants villages substantial authority to manage their finances independently in order to promote local development, alleviate poverty, and improve community welfare [2]. Rokan Hulu Regency in Riau

Province illustrates the complexity of challenges faced in village financial management. With 145 villages and village fund allocations exceeding IDR 100 billion by 2022, the quality of financial governance plays a decisive role in determining the success of local development initiatives.

One of the fundamental issues encountered is the limited capacity of village officials, particularly in financial planning, implementation, and reporting. This condition often results in ineffective village financial management that does not fully comply with public accountability standards. Transparency and accountability also remain persistent challenges. The lack of clarity in budget management creates opportunities for the misuse of village funds and contributes to declining public trust in village governments. Moreover, community participation in village deliberation forums is frequently procedural rather than substantive. In practice, meaningful participation is essential to ensure that development programs reflect the actual needs of the community [3].

The utilization of technology in village financial governance, including the Village Financial System (Siskeudes), has not yet reached its full potential. Technology is often employed merely as an administrative instrument rather than as a strategic tool to strengthen collaboration among stakeholders or to enhance public participation. Most previous studies on village financial governance have been framed within the NPM paradigm, emphasizing technical efficiency and financial reporting mechanisms [4]. As a result, the collaborative and inclusive dimensions promoted by the NPG paradigm have received limited scholarly attention.

The NPG paradigm highlights network-based governance, active involvement of diverse actors, transparency, accountability, and sustainability. This approach is considered capable of strengthening village institutional capacity, increasing public trust, and building a foundation for social and environmental resilience [5]. Within the NPG framework, villages are no longer viewed solely as administrative units but as collaborative hubs that connect government institutions, local communities, the private sector, and non-governmental organizations to achieve sustainable development objectives [6].

In Rokan Hulu Regency, the implementation of NPG principles in village financial governance remains limited. Many villages have yet to optimize transparency mechanisms, supervisory systems, and cross-sector collaboration. This research emerges from that gap by focusing on the transformation of village financial governance through an NPG-based approach. Such a transformation is not only aimed at improving financial administration but also at fostering a resilient socio-environmental ecosystem. Sustainable village development requires the integration of accountable financial management with the prudent utilization of natural resources, and NPG provides a conceptual framework to harmonize economic, social, and environmental dimensions [7].

Nevertheless, the implementation of NPG in village governance faces several challenges, including cultural resistance to innovation, limited technological infrastructure, and low levels of digital literacy among village officials and community members. At the same time, significant opportunities exist. NPG opens space for the involvement of the private sector, non-governmental organizations, and academic institutions in designing village development programs that are more inclusive, adaptive, and responsive to local needs [8].

The transformation of village financial governance based on NPG is expected to generate broader public value, including improved public service quality, strengthened social capital, and enhanced environmental protection. Rokan Hulu Regency was selected as the case study due to its socio-economic and geographical diversity, which offers a comprehensive depiction of the dynamics surrounding the implementation of village financial management policies. This research also aims to design a village financial governance model that integrates collaboration, deliberative participation, and technology-based transparency as a means of strengthening socio-environmental resilience.

Ultimately, the transformation of village financial governance grounded in the New Public Governance paradigm is expected to serve as a central pillar in building socially and environmentally resilient villages, while also providing a model that can be replicated in other regions of Indonesia. Accordingly, this study focuses on two key issues: first, how the transformation of village financial governance in Rokan Hulu Regency can be implemented through the NPG paradigm to enhance transparency, accountability, and community participation; and second, how the application of this paradigm can serve as a foundation for achieving socio-environmental resilience in villages across Rokan Hulu Regency, Riau Province [9].

2 METHOD

This research used a mixed methods approach with an exploratory sequential design to gain a comprehensive understanding of village financial governance based on New Public Governance (NPG) in Rokan Hulu Regency [10]. The qualitative phase was conducted first through a case study, involving in-depth interviews, participatory observation, and document analysis such as financial reports and village meeting minutes. Qualitative data was

analyzed using coding, categorization, and thematic analysis techniques, which then became the basis for the preparation of quantitative instruments in the form of Likert scale questionnaires. In the quantitative stage, data was collected through a survey to measure respondents' perceptions of transparency, accountability, participation, and effectiveness of village financial governance [11]. Analysis was conducted with descriptive and inferential statistics using SPSS [12]. The research population included village heads, village officials, BPD members, community leaders, MSME players, and village fund beneficiaries. Qualitative informants were selected using purposive sampling and snowball sampling techniques, while quantitative respondents used stratified random sampling. Primary data was obtained from interviews, observations, and surveys, while secondary data came from official documents [13]. Data validity was maintained through triangulation of sources, methods, and time to ensure the reliability of the research findings [14].

3 RESULTS AND DISCUSSION

3.1 Transformation of Village Financial Governance in Rokan Hulu Regency Based on the New Public Governance Paradigm

The transformation of village financial governance in Rokan Hulu Regency based on the New Public Governance (NPG) paradigm is still at an early stage. The shift from traditional top-down managerial practices toward participatory and collaborative governance requires not only structural changes but also cultural adjustments and capacity building among village officials. This condition is reflected in the way village administrations perform their functions, which still prioritize procedural compliance rather than the creation of public value. Although the NPG paradigm emphasizes the active involvement of multiple stakeholders, cross-sector collaboration forums in Rokan Hulu have not yet been fully institutionalized. Village meetings are conducted regularly, yet the deliberative process often remains formalistic and does not provide sufficient space for meaningful public dialogue regarding the management of village funds [15].

This study finds that public disclosure of village financial information remains limited. Although most villages in Rokan Hulu have adopted the Village Financial System (Siskeudes), its use has not been optimized as a tool to enhance transparency and accountability [16]. Siskeudes continues to function primarily as an internal administrative system, without innovations that allow citizens to directly access or monitor budget utilization. Efforts to improve transparency are further constrained by limited digital literacy among village officials, many of whom face difficulties in managing financial data in an open and systematic manner. Consequently, accountability practices remain focused on fulfilling formal reporting requirements to higher levels of government, rather than on evaluating the substantive impact of village programs on community welfare [4].

Community participation has also not been positioned as a central element in village financial planning. Although deliberative forums exist, many community members are reluctant to participate actively or feel that their voices are not sufficiently accommodated. Vulnerable groups such as women, youth, and low-income residents are often excluded from budget planning and program evaluation processes. The findings indicate that villages with higher levels of community participation tend to demonstrate more transparent, accountable, and responsive financial governance. These villages are typically led by village heads who adopt a collaborative leadership style, promote open dialogue, and actively encourage community involvement throughout the planning and evaluation stages [3].

The limited implementation of NPG principles in Rokan Hulu is partly due to the perception that this paradigm is new and not yet fully understood by village officials. Financial management is still commonly viewed as a technical administrative task rather than an opportunity to foster collaboration with external actors such as the private sector, academic institutions, or civil society organizations [17]. Innovation in village financial governance, including the use of digital platforms for transparency, has not become a priority. Many villages continue to rely on conventional methods of financial reporting, such as information boards, which are often outdated and ineffective.

Human resource capacity remains one of the main obstacles to the transformation of NPG-based village financial governance. A number of village officials have limited educational backgrounds, making it difficult for them to grasp concepts such as deliberative participation, cross-sector collaboration, and technology-based transparency. In addition, a bureaucratic culture characterized by hierarchical and top-down approaches further slows the adoption of NPG principles [18]. Village governments tend to wait for directives from higher authorities instead of developing local innovations that respond to community needs.

Accountability in village financial management in Rokan Hulu is still largely administrative in nature, focusing on compliance with standardized reporting formats. Systematic evaluations of the impact of village fund utilization on improving community welfare are rarely conducted. This study also reveals that the supervisory role of the Village Consultative Body has not been fully optimized. Oversight activities are often limited to formal procedures, without

proactive monitoring to ensure transparency and accountability. Nevertheless, several villages have begun to demonstrate good practices by adopting elements of the NPG paradigm, particularly through increased collaboration and information disclosure. Some villages have involved local micro, small, and medium enterprises in village-funded economic development programs, while others have experimented with online information systems to publish budget and expenditure data, although these initiatives remain limited in scale and effectiveness.

Strengthening NPG-based village financial governance in Rokan Hulu requires systematic efforts to enhance the capacity of village officials through training in financial management, digital literacy, and collaborative governance. Support from local governments and village facilitation institutions is essential to foster understanding of the importance of public participation and multi-actor collaboration in budget management. Public participation can be strengthened through empowerment strategies that raise awareness of citizens' rights to access information and oversee the use of village funds, thereby creating more effective social control mechanisms.

The integration of digital technology represents a promising pathway to improve openness and accountability. Application-based systems or online portals can facilitate public monitoring of village budgets while also streamlining financial reporting processes. The effectiveness of NPG implementation is also closely linked to leadership quality. Village heads who possess a strong understanding of collaboration, transparency, and participation are better positioned to guide village officials and communities in adopting the NPG paradigm. Overall, the transformation of village financial governance in Rokan Hulu Regency requires a fundamental shift in mindset, strengthened technical capacity, and supportive regulatory flexibility to achieve more inclusive, accountable, and transparent governance.

3.2 Application of the NPG Paradigm as a Foundation for Socio-Environmental Resilience in Rokan Hulu Villages

The application of the New Public Governance paradigm provides an important foundation for building socio-environmental resilience in villages across Rokan Hulu Regency. This paradigm encourages collaboration among village governments, communities, the private sector, and non-governmental organizations in managing village resources more responsibly. Through its emphasis on collaboration, NPG creates opportunities to design development programs that promote environmental sustainability while strengthening social cohesion at the local level.

Although the implementation of NPG in Rokan Hulu remains limited, there are indications that community involvement in development planning can enhance collective awareness of environmental protection. Collaborative initiatives such as waste management and village greening programs demonstrate that cooperation among village officials, residents, and local businesses can generate positive environmental outcomes while fostering active participation. However, the study also finds that most villages continue to prioritize physical infrastructure development, whereas programs aimed at environmental resilience such as conservation, sustainable resource management, and land rehabilitation have not received adequate attention. This highlights the need to reorient village budget priorities toward strengthening socio-environmental resilience.

The capacity of village officials to understand the relationship between financial governance and socio-environmental resilience remains limited. Environmental development is often perceived as the responsibility of higher levels of government, despite the NPG principle that positions villages as key actors in maintaining social and ecological balance. Villages led by visionary and collaborative leaders are better able to integrate environmental considerations into development planning. Such leaders can mobilize community participation and build partnerships to support environmentally oriented initiatives, including eco-tourism development and integrated waste management [19].

Community participation plays a crucial role in fostering socio-environmental resilience. Villages that actively involve women, youth, and marginalized groups in planning and implementing environmental programs tend to demonstrate stronger social sustainability. These groups have a direct stake in environmental quality and resource sustainability, making their involvement essential. Collaboration with external actors, including universities, civil society organizations, and the private sector, further strengthens socio-environmental resilience by providing access to appropriate technologies, technical expertise, and additional resources. However, regulatory rigidity and top-down governance approaches sometimes limit the ability of villages to develop locally driven, innovative environmental programs, indicating the need for more flexible policy frameworks.

Community awareness remains a critical factor in the success of NPG-based socio-environmental initiatives. In several villages, awareness of environmental sustainability is still relatively low, underscoring the importance of education through socialization programs, environmental campaigns, and training activities. Despite some efforts to allocate village funds for environmental initiatives such as waste management, renewable energy, and conservation,

budget allocations remain relatively small compared to expenditures on physical development. Villages that successfully apply NPG principles often integrate social and environmental programs, creating economic opportunities while simultaneously improving environmental conditions.

Digital technology can serve as an important enabler of socio-environmental resilience. Online platforms can facilitate transparent monitoring of village funds, disseminate information on environmental programs, and encourage public engagement in policy discussions related to social welfare and ecological sustainability. From a social perspective, the NPG paradigm enhances community involvement in decision-making processes, strengthening social cohesion and fostering a sense of collective responsibility for village development.

Village leadership with a strong sustainability vision is a decisive factor in the successful implementation of NPG. Leaders who are capable of building collaborative networks and motivating community participation are more likely to achieve socio-environmental resilience. Survey findings indicate that community perceptions of socio-environmental resilience in Rokan Hulu villages remain moderate. While residents generally recognize the importance of environmental programs, they perceive shortcomings in implementation due to limited coordination and information transparency. Nonetheless, villages that have invested in waste management facilities, village parks, and reforestation initiatives demonstrate tangible improvements in environmental quality and stronger community solidarity [20].

Overall, the application of the New Public Governance paradigm in village financial governance offers a strategic opportunity to balance social, economic, and environmental objectives. Through collaborative and transparent financial management, villages can design development programs that enhance economic welfare while conserving natural resources. The findings confirm that successful implementation of NPG for socio-environmental resilience requires clear regulatory support and continuous capacity-building programs. In the future, the NPG approach can be further developed through the establishment of green village pilot models in Rokan Hulu Regency, integrating environmentally based economic activities, renewable energy initiatives, waste management systems, and active community participation to strengthen resilience against future social and ecological challenges.

4 CONCLUSION

Based on the research results, it can be concluded that the transformation of village financial governance in Rokan Hulu Regency with the New Public Governance (NPG) approach is still at an early stage, but has great potential to improve transparency, accountability, and community participation. The main obstacle encountered is the low capacity of village officials in understanding the principles of collaboration and the use of technology for public information disclosure. However, villages that have implemented collaborative and participatory leadership have shown positive results, with increased public trust in the management of village funds. In addition, the implementation of NPG is also proven to be the foundation for socio-environmental resilience, where community participation and multi-stakeholder collaboration are the keys to success in creating sustainable development programs. The contribution of this research lies in providing an analytical model and strategic recommendations for integrating the NPG paradigm in village financial governance. It provides a new understanding of how the concepts of collaboration, transparency and sustainability can be practically implemented at the village level, particularly in Rokan Hulu District. This research also contributes by identifying opportunities for digital technology development, community empowerment, and cross-sector partnerships as important factors for realizing socially and environmentally resilient villages. The findings are expected to serve as a reference for local governments and policy makers in designing more inclusive and sustainable village development strategies.

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