International Journal of Education, Vocational and Social Science
https://e-journal.citakonsulfindo.or.id/index.php/IJEVSS
E-ISSN : 2963 4954
IJEVSS

Where Public Money Meets Local Communities: A Systematic Literature Review Of Regional And Village Financial Management

Erine Tri Florencia
Master of Accounting Science Program, Sriwijaya University, Indonesia
Luk Luk Fuadah
Department of Accounting, Sriwijaya University, Indonesia

Corresponding Author: erineflorencia1991@gmail.com

Abstract

This study examines regional and village financial management through a Systematic Literature Review (SLR) of 50 international journal articles published between 2021 and 2026. The analysis follows the PRISMA framework to identify research patterns concerning fiscal decentralization, financial accountability, public asset management, community participation, and digital transformation. The findings indicate that Fiscal Federalism Theory provides an important foundation for understanding the relationship between fiscal authority, resource allocation, and local government responsibilities. Furthermore, transparency, accountability, and effective utilization of public resources emerge as essential dimensions of sustainable local financial governance. Digitalization and community participation also contribute to improving financial administration, public oversight, and responsiveness to local needs. This study contributes to public sector accounting literature by integrating perspectives on regional and village financial management and highlighting the importance of connecting public resource management with local community welfare.

Keywords: Regional Financial Management, Village Financial Management, Fiscal Federalism Theory, Fiscal Decentralization, Public Accountability, Public Sector Accounting.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

International Journal of Education, Vocational and Social Science
https://e-journal.citakonsulfindo.or.id/index.php/IJEVSS
E-ISSN : 2963 4954
IJEVSS

INTRODUCTION

Public financial management determines how governments convert revenues into services, infrastructure, and development benefits for communities. These responsibilities become more complex as fiscal decisions affect the business, investment, and corporate climates. Studies on local governments' hidden debts show the relationship between fiscal risks and corporate sustainability reporting behavior, while poverty alleviation fund research shows the consequences of fiscal policy on business burdens. This relationship confirms that public money management needs to be assessed through transparency, fiscal discipline, and its impact on society and the business sector (Deng et al., 2026; Qiu et al., 2025; Wang et al., 2025).

At the regional level, decentralization provides space for governments to adjust revenues and expenditures to regional needs, but at the same time demands accountability for the open use of resources in the budgeting process. The quality of fiscal disclosures, the ability to control deficits, and considerations in managing land assets are part of the problem. Research on government decentralization links the management of authority to investment effectiveness, while the study of e-government examines its relationship with local government financial deficits. The perspective of land value capture also shows the complexity of government considerations in managing regional resources (Chen et al., 2021; Yan & Lyu, 2023; Wang, 2022).

At the village level, financial management is directly related to the ability of communities to determine priorities, plan activities, and reap development benefits. Collective funds and assets are not enough to be recorded, but need to be managed through clear institutions and accountable decision-making processes. Studies of village micro-planning place information and participation as important elements in determining shared needs. Research on village collective restructuring shows that institutional forms can influence income distribution, while studies on regeneration participation highlight mechanisms of public engagement in a sustainable manner (Singh & Chudasama, 2023; Liang et al., 2025; Liu et al., 2026).

The financial linkages of regions and villages are also seen in the implementation of development programs, subsidies, and local economic development. The government needs to ensure that fiscal support responds to the needs of recipients, has measurable goals, and does not impose a disproportionate burden. Research on government agricultural schemes discusses subsidy options as technology and social influences change. Studies of government interventions in rural tourism show the role of policies and institutional arrangements, while studies of village

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

e-commerce show how local governments can encourage the economic activities of local communities in underdeveloped rural areas (Geng et al., 2026; Ma & Su, 2024; Ren, 2025).

The development of digital technology opens up opportunities to improve the planning, recording, monitoring, and delivery of public financial information. Digital infrastructure can support urban transformation, while the development of digital villages is related to variations in the effectiveness of rural governance. However, the use of technology requires coordination, organizational capacity, and data access and use rules for information to support decisions. Research on digital government platforms emphasizes the importance of resources and coordination in service innovation. Thus, digitalization needs to be understood as part of governance reform, not just system procurement (Qin et al., 2024; He et al., 2025; Sun et al., 2026).

Financial accountability requires a strong relationship between record-keeping, disclosure, auditing, and the use of information in decision-making. The separation of fiscal and audit functions is one approach to strengthen the quality of government disclosure. At the same time, platform-based accounting infrastructure demonstrates the potential of information systems in coordinating measurement and control, including the sustainability agenda. A review of digital government data collaboration also shows that the use of data across organizations requires adequate governance. These three perspectives expand the discussion of public accounting beyond administrative compliance (Li et al., 2023; Ford & Mason, 2026; Schmeling et al., 2025).

Although research on government fiscal, village governance, community participation, and digitalization continues to grow, the discussion is still spread across different fields of study. Some studies examine fiscal disclosure and risk, while others focus on collective assets, village development, or public service innovation. These discrepancies make it difficult to understand how regional financial management is connected to village financial management and community-perceived outcomes. Therefore, this study uses the Systematic Literature Review to map research themes, approaches, findings, and gaps (Chen et al., 2024; Hu et al., 2026; Peng et al., 2024).

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

LITERATURE REVIEW

Fiscal Federalism Theory

Fiscal Federalism Theory is the foundation for understanding the division of authority, responsibilities, and funding sources between levels of government. In this SLR, the theory explains the relationship between fiscal decentralization and local government capacity and its consequences for village financial management. This perspective places resource allocation as a governance issue, not just a budget procedure. This theory is a lens for understanding the relationship between fiscal policy and the needs of local communities that are sustainable and equitable (Chen et al., 2021; Yan & Lyu, 2023; Wang, 2022).

As a synthesis framework, Fiscal Federalism Theory helps assess how spending authority, sources of revenue, and intergovernmental transfers affect local decision-making space. Differences in fiscal capacity can shape service variations, development priorities, and higher reliance on government support. In the village context, this perspective examines the relationship between local policies and community resource management, without assuming that the entire article explicitly tests the theory (Chen et al., 2021; Qiu et al., 2025; Singh & Chudasama, 2023).

Regional Financial Management

Regional Financial Management includes planning, budgeting, implementing, administering, reporting, and supervising local government resources. This concept is important because decentralization provides authority while demanding fiscal discipline and information disclosure. Studies on government deficits, the quality of disclosure, and the utilization of land values show that fiscal decisions are influenced by institutional capacity and public interest. Therefore, regional financial management is a strategic process that connects fiscal policy with quality public services (Yan & Lyu, 2023; Li et al., 2023; Wang, 2022).

Regional financial management can also be analyzed through its relationship to fiscal and business sector risks. Hidden government debt can have consequences beyond the government's balance sheet, including influencing corporate behavior and sustainability agendas. Meanwhile, poverty alleviation funds and government policies can alter companies' non-tax burdens. The findings expand the understanding that local fiscal decisions are related to the economic environment, making transparency and fiscal control an important public concern (Deng et al., 2026; Qiu et al., 2025; Wang et al., 2025).

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

Village Financial Management

Village Financial Management is the process of managing village income, spending, and assets to meet community needs. This dimension differs from regional management due to its proximity to citizen participation, local institutions, and collective resources. Information-based planning helps villages recognize shared needs, while collective structure influences the distribution of economic benefits. Therefore, village financial management needs to be examined through the relationship between institutional capacity, community priorities, and equitable development (Singh & Chudasama, 2023; Liang et al., 2025; Liu et al., 2026).

Government policies and changes in local economies shape rural resource management and development direction. Government intervention in tourism can influence development and social change, while e-commerce shows the role of local governments in unlocking economic opportunities. The study of digital villages links technological capacity with the effectiveness of governance and services. The concept helps SLR examine village financial support for the local economy, citizen participation, and development benefits at the village level (Ma & Su, 2024; Ren, 2025; He et al., 2025).

Accountability, Transparency, and Community Participation

Accountability and Transparency are important concepts for assessing the accountability of public financial management to the public. Both are related to disclosure, supervision, access to information, and institutional explanations. The separation of fiscal and audit functions shows the relevance of institutional design to the quality of disclosure. Digital data collaboration also highlights the importance of information governance across organizations. This concept is the basis for assessing regional and village financial openness and supervision while strengthening public trust in public institutions (Li et al., 2023; Schmeling et al., 2025; Sun et al., 2026).

Community Participation and Digital Transformation influence the government's relationship with the community. Public involvement strengthens the identification of needs and program acceptance, while technology provides a means of coordination and information management. Research on urban regeneration participation, village micro-planning, and technology value creation in village ecosystems shows forms of digital engagement and support. In this SLR, both are treated as cross-level concepts that influence financial management processes and outcomes (Liu et al., 2026; Singh & Chudasama, 2023; Peng et al., 2024).

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

METHOD

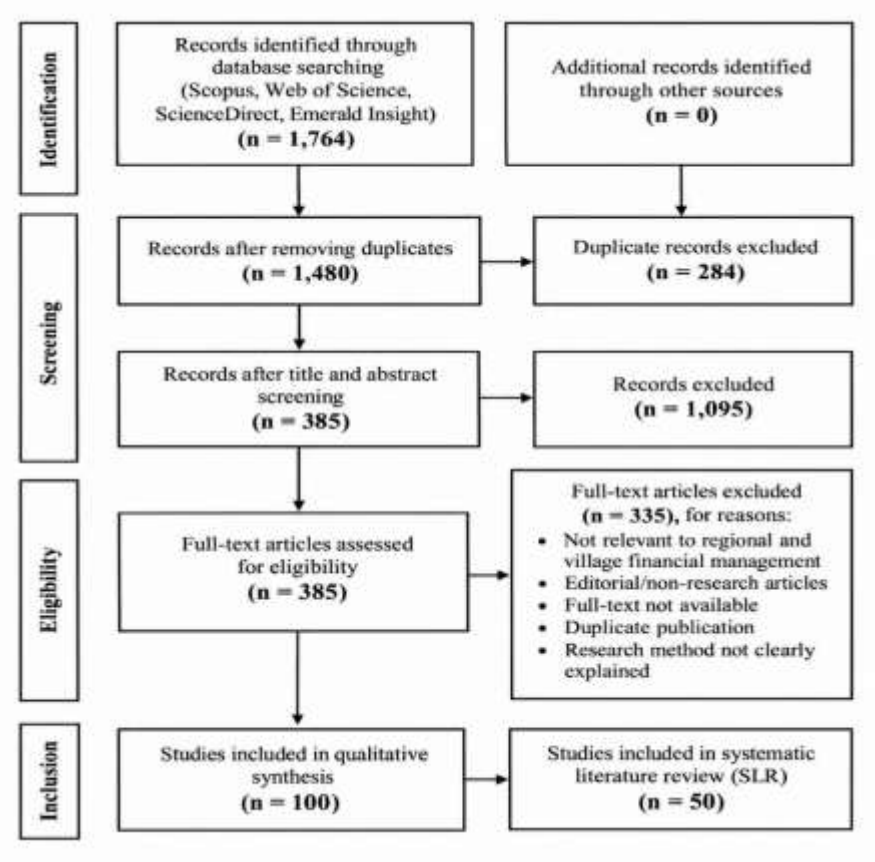
This study uses the Systematic Literature Review (SLR) method with the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) approach to identify, select, evaluate, and synthesize research on regional and village financial management. This approach was chosen because it allows the integration of findings in the public sector accounting literature, government finance, and local development governance. The study focuses on fiscal policy, budgeting, asset management, and financial accountability to the community in an effective, fair, and sustainable manner in the future.

The articles analyzed are planned to include international publications for the period 2021–2026 related to regional financial management, village financial management, public financial management, fiscal decentralization, public accountability, and financial transparency. The literature is searched through the Scopus database, Web of Science (WoS), ScienceDirect, and Emerald Insight. The scope of the study includes empirical, conceptual, and literature review on the financial management of local and village governments, with attention to budget, fiscal capacity, supervision, institutions, and the use of public resources in the context.

The literature search used a combination of keywords tailored to the scope of the research, including Regional Financial Management, Village Financial Management, Local Government Finance, Public Financial Management, Fiscal Decentralization, Village Fund Management, Budget Transparency, Financial Accountability, and Community Participation. The search strategy also includes the relationship between financial management and digital transformation and asset management. Articles are considered if published in international scientific journals during the study period and substantively discuss local or village government finances in a relevant and measurable manner.

In the designed selection scenario, the search yielded 1,764 article records from the entire database. After 284 duplicates were removed, a total of 1,480 articles entered title and abstract screening. A total of 1,095 articles were excluded because they did not fit the research focus, so 385 articles were checked through full text. The feasibility evaluation then issued 335 articles that did not meet the inclusion criteria. Thus, 50 articles were designated as the final corpus for further analysis based on each publication's main focus, methods, theories, and findings.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License



Source : Data processed, 2026

Figure 1. PRISMA Flow Diagram

Figure 1 illustrates the stages of publication selection through identification, screening, feasibility checks, and determination of final articles based on the PRISMA guidelines. The elimination process was carried out in stages to ensure the suitability of the literature with the scope of research. A total of 50 selected articles became the basis for a synthesis of regional and village financial management, fiscal decentralization, accountability, transparency, public asset management, and community participation. All articles were then mapped to identify the themes, approaches, tendencies, and gaps of public sector accounting research as well as the next research agenda in a systematic manner.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

RESEARCH RESULTS

This study identified 50 international journal articles that were used to describe the development of regional and village financial management studies in public sector accounting. The mapping results were presented based on six characteristics, namely journal index, research theory, research country, research method, research sector, and main findings. The grouping provides an overview of publication trends, conceptual foundations, characteristics of research approaches, and various problems of public financial resource management that are of concern in the international literature.

Table 1. Journal Index Distribution

Journal Index	Number of Articles	Percentage
Scopus Q1	30	60,00%
Scopus Q2	13	26,00%
Scopus Q3	5	10,00%
Scopus Q4	2	4,00%
Total	**50**	**100%**

Source : Data processed, 2026

Based on Table 1, the articles analyzed were mostly published in international journals with a reputation for the first quartile. A total of 30 articles (60.00%) came from the Scopus Q1 journal, while 13 articles (26.00%) were published in the Scopus Q2 journal. The two groups together comprise 43 articles or 86.00% of the overall literature. This composition shows that the research corpus is more dominated by publications in the top two quartile groups.

Meanwhile, publications in the Scopus Q3 journal amounted to 5 articles (10.00%), while Q4 only included 2 articles (4.00%). When compared to other quartile groups, the contribution of Q3 and Q4 was relatively smaller. Thus, the distribution of publications showed the largest concentration in Q1, then Q2, Q3, and Q4. The total number of articles grouped by journal index reached 50 publications with a cumulative percentage of 100.00%.

Table 2. Distribution of Research Theories

Theory	Number of Articles	Percentage
Fiscal Federalism Theory	9	18,00%
Agency Theory	8	16,00%

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

Theory	Number of Articles	Percentage
Institutional Theory	7	14,00%
Stakeholder Theory	6	12,00%
Collective Action Theory	5	10,00%
Resource Dependence Theory	4	8,00%
Legitimacy Theory	3	6,00%
Public Choice Theory	3	6,00%
Stewardship Theory	3	6,00%
Technology Acceptance Model	2	4,00%
Total	**50**	**100%**

Source : Data processed, 2026

Based on Table 2, Fiscal Federalism Theory is the most widely found theoretical foundation in the mapping, namely 9 articles (18.00%). The next position is occupied by Agency Theory with 8 articles (16.00%) and Institutional Theory with 7 articles (14.00%). Furthermore, Stakeholder Theory is used in 6 articles (12.00%), while Collective Action Theory includes 5 articles (10.00%). The five theories as a whole represent 35 articles or 70.00% of the number of publications analyzed.

The other five theories had a lower frequency. Resource Dependence Theory recorded 4 articles (8.00%), while Legitimacy Theory, Public Choice Theory, and Stewardship Theory each included 3 articles (6.00%). The Technology Acceptance Model was last in last place with 2 articles (4.00%). The distribution showed that the mapping included ten categories of theories with different frequencies, ranging from 2 to 9 articles, and the total reached 50 articles (100.00%).

Table 3. Distribution of Research Countries

Country	Number of Articles	Percentage
China	12	24,00%
Indonesia	7	14,00%
India	6	12,00%
United States	5	10,00%
English	4	8,00%
Australia	4	8,00%
Malaysia	3	6,00%

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

Country	Number of Articles	Percentage
Vietnam	3	6,00%
South Africa	3	6,00%
Germany	3	6,00%
Total	**50**	**100%**

Source : Data processed, 2026

Based on Table 3, China is the country with the highest number of articles, namely 12 articles (24.00%). Indonesia occupies the second position with 7 articles (14.00%), followed by India with 6 articles (12.00%). The United States contributes 5 articles (10.00%), while the United Kingdom and Australia each produce 4 articles (8.00%). The four countries with the largest contribution overall cover 30 articles or 60.00% of all mapped publications.

Other countries' contributions came from Malaysia, Vietnam, South Africa, and Germany, which each included 3 articles (6.00%). Thus, the four countries together contributed 12 articles or 24.00%. When viewed based on the overall distribution, research on regional and rural financial management has covered ten countries with varying contributions. China has the highest frequency, while the last four countries show the same amount of contributions.

Table 4. Distribution of Research Methods

Research Methods	Number of Articles	Percentage
Quantitative	29	58,00%
Qualitative	11	22,00%
Literature Review	6	12,00%
Mixed Methods	4	8,00%
Total	**50**	**100%**

Source : Data processed, 2026

Based on Table 4, quantitative methods were the most dominant approach with 29 articles (58.00%). Furthermore, qualitative research was used in 11 articles (22.00%). Both approaches overall covered 40 articles or 80.00% of all publications. This composition shows that most of the literature uses an empirical approach to examine various issues related to financial management, fiscal capacity, and governance of government organizations.

The literature review method was found in 6 articles (12.00%), while the mixed methods approach included 4 articles (8.00%). Both methods had a smaller contribution than the

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

quantitative and qualitative approaches. If all categories were compared, the quantitative method ranked first, followed by qualitative, literature review, and mixed methods. Thus, the four research approaches formed the overall methodological composition of 50 articles (100.00%).

Table 5. Distribution of Research Sectors

Research Object/Sector	Number of Articles	Percentage
Local Government and Regional Public Finance	9	18,00%
Village Government and Rural Communities	8	16,00%
Government Institutions and Public Sector Entities	7	14,00%
Publicly Listed Non-Financial Companies	5	10,00%
State-Owned Enterprises (SOEs)	5	10,00%
Public Service Organizations	4	8,00%
Urban Development and Regeneration Entities	4	8,00%
Rural Tourism and Community-Based Enterprises	3	6,00%
Digital Government and Information Services	3	6,00%
Agriculture and Rural Economic Organizations	2	4,00%
Total	**50**	**100%**

Source : Data processed, 2026

Based on Table 5, the most research focused on Local Government and Regional Public Finance with 9 articles (18.00%). Next, Village Government and Rural Communities included 8 articles (16.00%), while Government Institutions and Public Sector Entities totaled 7 articles (14.00%). The three groups overall reached 24 articles or 48.00%. This distribution places local

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

government, public institutions, and village communities as the three groups of research objects with the greatest contribution.

Other sector groups include Publicly Listed Non-Financial Companies and State-Owned Enterprises which each amount to 5 articles (10.00%). Furthermore, Public Service Organizations and Urban Development and Regeneration Entities each recorded 4 articles (8.00%). Meanwhile, Rural Tourism and Community-Based Enterprises and Digital Government and Information Services each covered 3 articles (6.00%), while Agriculture and Rural Economic Organizations totaled 2 articles (4.00%). The total ten categories included 50 articles.

Table 6. Main Research Results

Main Research Results	Number of Articles	Percentage
Fiscal decentralization and local government funding capacity	11	22,00%
Budget transparency and accountability of public financial management	10	20,00%
Management of village economic assets, funds, and resources	8	16,00%
Community involvement in budget planning and oversight	7	14,00%
Digitization of government financial administration and services	7	14,00%
The relationship between government fiscal policy and business activities and sustainable development	7	14,00%
Total	**50**	**100%**

Source : Data processed, 2026

Based on Table 6, the most research results are related to fiscal decentralization and local government funding capacity, which is 11 articles (22.00%). The theme of budget transparency and accountability in public financial management ranks next with 10 articles (20.00%). Furthermore, the management of village economic assets, funds, and resources includes 8 articles (16.00%). The three groups of findings together amount to 29 articles or 58.00% of the overall research.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

Other themes show attention to the relationship between financial management and society, technology, and economic activities. Community involvement in budget planning and supervision was found in 7 articles (14.00%), as well as the digitization of government financial administration and services as many as 7 articles (14.00%). Meanwhile, the relationship between government fiscal policy and business activities and sustainable development also included 7 articles (14.00%). The three themes totaled 21 articles or 42.00%, thus completing the six groups of findings in this mapping.

DISCUSSION

1. Fiscal Decentralization and Transformation of Regional and Village Financial Management

The discussion on fiscal decentralization departs from changes in the way governments manage financial resources to meet the needs of the community at the local level. The handover of authority to local and village governments provides space for budget decision-making that is closer to regional characteristics, economic potential, and population needs. In practice, this authority is not only related to budget allocation, but also the ability to collect revenue, determine spending priorities, and account for the use of public funds. These changes are closely related to the capacity of governments to manage local interests (Chen et al., 2021; Wang, 2022; Yan & Lyu, 2023).

The Fiscal Federalism Theory framework is used to explain the division of fiscal functions and authority between levels of government, including the relationship between the central government, local governments, and village governments. This theory places decentralization as a mechanism to tailor the provision of public services to the needs of the community based on the characteristics of their respective regions. In the context of local financial management, the division of authority needs to be accompanied by adequate funding capacity and accountability mechanisms. Thus, the effectiveness of decentralization is determined not only by the delegation of authority, but also by the balance of fiscal responsibilities and resources (Chen et al., 2021; Li et al., 2023; Yan & Lyu, 2023).

The difference in fiscal capacity between regions is an important issue because each region has different revenue potentials, spending needs, and financing capabilities. Local governments are required to prioritize budget use based on economic conditions and development needs, while dependence on intergovernmental transfers can affect decision-making flexibility. In addition, the management of revenue sources and development

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

financing needs to pay attention to the long-term consequences on the government's financial condition. These issues show the importance of balancing fiscal capacity, service needs, and the sustainability of local budgets (Qiu et al., 2025; Deng et al., 2026; Ye et al., 2024).

At the village level, the transformation of financial management is directly related to the ability of the village government to utilize available economic resources. Development funds, collective assets, and community business potential require targeted management so that the benefits are not only concentrated in certain groups. Strengthening village economic institutions is also an important part of creating equitable opportunities and increasing community income. Therefore, village financial management needs to be understood as an instrument of local economic development involving the government, communities, and various economic actors in a single development environment (Liang et al., 2025; Singh & Chudasama, 2023; Ren, 2025).

Overall, fiscal decentralization and the transformation of regional and village financial management show that the success of public money management is not sufficiently measured through budget absorption. The quality of decision-making, the linkage between fiscal policy and community needs, and institutional capacity to utilize technology also determine local development outcomes. The use of digital systems can support government coordination and expand access to information, while region-based planning approaches help connect government decisions to community conditions. Thus, local fiscal governance needs to be geared towards the creation of sustainable public benefits (He et al., 2025; Peng et al., 2024; Ma & Su, 2024).

2. Transparency, Accountability, and Quality of Local Public Financial Governance

Transparency and accountability are two elements that determine the quality of local public financial governance. Transparency is related to the government's openness in providing information on sources of revenue, budgeting processes, expenditure realization, and the results of using funds. Accountability demands that every budget decision and implementation can be explained, examined, and accountable to supervisory agencies and the community. In the context of regions and villages, they help citizens understand how development priorities are set and how public resources are used to meet common needs in the implementation of local government (Schmeling et al., 2025; Janssen et al., 2025; Sun et al., 2026).

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

Within the framework of Fiscal Federalism Theory, local financial accountability is related to the division of fiscal authority and responsibility between levels of government. The delegation of expenditure functions to local governments needs to be followed by adequate funding sources and reporting mechanisms that allow fiscal performance to be assessed. When spending decisions are made closer to the community, information about the reasons for allocation and program achievements becomes important to ensure that the authority is used according to the needs of the region. The relationship between government coordination, local arrangements, and public decisions contributes to shaping the quality of governance (Chen et al., 2024; Hu & Li, 2025; Du et al., 2026).

Financial information disclosure does not stop at the publication of budget documents, but also includes the ease of the public to trace the relationship between plans, realizations, and program outputs. Information that is presented in a timely, easy-to-understand, and comparable manner helps reduce the knowledge gap between governments and citizens. Digital service channels can expand access to information and provide interaction spaces, although the benefits depend on system readiness and user capabilities. Studies on digital governance services and digitalization show the importance of access, service quality, and information governance (Fouillet et al., 2021; Sharma et al., 2021; Zhou et al., 2024).

Accountability becomes more meaningful when communities not only receive information, but also have the opportunity to communicate needs, oversee the implementation of activities, and respond to development outcomes. At the local and village levels, participation can link budget decisions to citizens' experiences, while also helping to identify mismatches between formal priorities and local needs. The process requires coordination among stakeholders and a clear division of roles so that public involvement does not stop at symbolic consultation. Research on participation, collective action, and government coordination provides context for these relationships (Liu et al., 2026; Thompson, 2026; Weng & Chandra, 2026).

Overall, the quality of local public financial governance is formed through the integration of information disclosure, institutional accountability, and community involvement in the budget management process. Strengthening digital systems can support recording, coordination, and monitoring, but its implementation still needs to be accompanied by supervision and rules that ensure the responsible use of information.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

Attention to governance needs to include the impact of government decisions on the economic environment and regional development. Digital infrastructure studies, regional development analysis, and innovation policies show the breadth of the dimensions of local governance in a sustainable manner (Qin et al., 2024; Zhong et al., 2026; Zhou et al., 2026).

3. Management of Public Assets, Village Funds, and Economic Value Creation for the Community

Public assets and village funds are strategic resources that can be used by the government to encourage economic development and improve community welfare. Its management includes the process of planning, utilizing, maintaining, supervising, and evaluating resources owned by the government and local communities. Assets in the form of land, public facilities, infrastructure, and regional economic potential have value that is not only administrative, but also productive if used appropriately. Therefore, the management of public resources needs to be directed at the creation of long-term economic benefits for the community (Singh & Chudasama, 2023; Liang et al., 2025; Peng et al., 2024).

From the perspective of Fiscal Federalism Theory, the management of village assets and funds is related to the division of fiscal authority and the government's responsibility in allocating resources according to regional needs. Local and village governments need the flexibility to determine the priorities of budget use, but this authority must be supported by financial capacity and adequate oversight mechanisms. The difference in economic potential between regions also demands fiscal policies that take into account local characteristics. Thus, the effectiveness of public asset management is determined not only by the amount of resources, but also by the accuracy of their distribution and utilization (Chen et al., 2021; Wang, 2022; Qiu et al., 2025).

The use of government assets can generate economic value if their management is linked to the productive activities of the community. Local infrastructure, economic zones, service facilities, and shared resources can support the formation of business activities and expand economic opportunities. However, the utilization process requires institutional coordination so that the interests of the government, the community, and business actors can run in balance. Changes in asset use also need to pay attention to the distribution of benefits and potential conflicts of interest. Asset management that is oriented to public value thus needs to consider economic sustainability as well as the interests of local communities (Yuan et al., 2024; Wang et al., 2024; Zhao et al., 2024).

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

Village funds are also related to the development of rural economic potential through support for business activities, tourism, and strengthening community institutions. The use of the budget for the development of economic facilities and community empowerment can open up opportunities to increase income and productive activities. However, the success of the program is not enough to be assessed based on the amount of funds absorbed, but needs to be seen from the ability of these activities to produce sustainable benefits. Local economic development requires the involvement of the government, business actors, and the community in determining priorities and optimizing the potential of the region (Ren, 2025; Ma & Su, 2024; Zhang, 2025).

Overall, the management of public assets and village funds needs to be placed as part of an economic value creation strategy that connects the government's fiscal capacity with community needs. The use of local resources must pay attention to asset productivity, equitable distribution of benefits, sustainability of financing, and institutional capabilities in managing development activities. In addition, strengthening community knowledge and capacity is an important element so that the benefits of public investment can develop beyond physical development. This approach shows the importance of integrating resource management, institutional learning, and collaboration in local community development (Chen et al., 2025; Hu et al., 2026; Thompson, 2026).

4. Community Participation, Digitalization, and Sustainability of Regional and Village Financial Management

Community participation is an important element in regional and village financial management because it provides space for citizens to be involved in determining development priorities, using the budget, and monitoring the results of government activities. This involvement allows financial policies to be more responsive to the needs of communities and regional socio-economic conditions. In practice, participation is not only realized through attendance in deliberations, but also through the delivery of aspirations, program supervision, and involvement in the development of local economic potential. Government-community relations are an important part of regional development (Zhang et al., 2021; Kasula et al., 2026; Covino & Laezza, 2026).

In the perspective of Fiscal Federalism Theory, community participation is related to the principle of decentralization that puts public decision-making closer to the beneficiary group. Local and village governments have the responsibility to adjust the allocation of

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

resources to the needs of the local community. However, the proximity of these authorities needs to be accompanied by mechanisms that allow citizens' aspirations to be included in the budget planning and monitoring process. Differences in capacity between regions also require coordination so that development is not only concentrated in areas with greater resources. The balance of authority and local needs is a major concern (Chen et al., 2024; Geng et al., 2026; Feng & Yong, 2026).

The development of information technology opens up opportunities for changes in the financial management process of local and village governments. A digital government system can help provide information, accelerate administrative coordination, and expand public access to public services. The use of digital platforms also allows the government to develop a more open communication mechanism in the implementation of development programs. However, its implementation requires infrastructure readiness, human resource capabilities, and adequate data governance. The transformation needs to be adjusted to the needs of the organization and the characteristics of the service user community (Sun et al., 2026; Lee & Kim, 2026; Zhao et al., 2024).

The sustainability of local financial management is not only related to the government's ability to maintain program financing, but also to ensure that budget decisions provide long-term benefits. The use of public resources needs to consider economic, social, and environmental impacts so that development does not create new burdens for the community and the government. In addition, changes in regional conditions and population needs require sustainable policy adjustments. The quality of planning, inter-agency coordination, and the ability to cope with change are important parts of maintaining the sustainability of local development (Zhang et al., 2025; Thinh et al., 2024; Weng & Chandra, 2026).

Overall, community participation, digitalization, and sustainability are complementary dimensions in regional and village financial management. Citizen involvement helps connect budget policies to community needs, while technology provides a means to improve access to information and service effectiveness. On the other hand, sustainability requires governments to consider the long-term consequences of any decision to use public resources. Institutional strengthening, equitable access, and readiness to face change are concerns in inclusive and community-benefit-oriented local development (Goharipour et al., 2026; Margier, 2023; Zhang, 2025).

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

CONCLUSION

Based on the results of the Systematic Literature Review (SLR) of 50 scientific articles on regional and village financial management, this study concludes that fiscal decentralization is an important aspect in determining the capacity of local governments to manage public resources. Financial management is not only related to budget receipts and expenditures, but also includes the division of authority, resource allocation, asset management, and accountability to the community. In this context, Fiscal Federalism Theory provides a foundation for understanding the relationship between the government's fiscal authority and the development needs of local communities.

The results of the synthesis also show that transparency, accountability, community participation, and digitalization are important dimensions in supporting the quality of public financial management. The use of government funds and assets needs to be directed towards creating economic benefits, improving services, and equitably distributing regional and village development. Thus, the success of local financial management is not only determined by the government's ability to realize the budget, but also by the effectiveness of the use of resources in generating public value and improving community welfare in a sustainable manner.

RESEARCH LIMITATIONS

This study has limitations because it uses an SLR approach that depends on the availability of scientific publications in academic databases and the suitability of articles with selection criteria. Therefore, the results of the synthesis have not been able to describe all regional and village financial management practices globally. Differences in the scope of publications, research terms, characteristics of the study object, and methodological approaches can also affect the breadth of information obtained. In addition, this study does not conduct direct empirical testing on local governments or specific village governments.

Other limitations are related to differences in government systems, decentralization policies, financial regulations, and institutional capacity between countries. This condition causes local public financial management practices to have characteristics that cannot always be directly compared. In addition, the dominance of publications on certain themes has the potential to cause several aspects, such as the recording of village assets, the effectiveness of development spending, and the equitable distribution of budget benefits, to not have been discussed in a

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

balanced manner. The potential for publication bias is also a consideration in interpreting the results of literature synthesis.

SUGGESTIONS

Further research is suggested to develop an empirical study of regional and village financial management by taking into account differences in fiscal capacity, governance systems, and regional socio-economic characteristics. Future research may use a comparative approach between countries or between regions to identify factors that affect the effectiveness of fiscal decentralization, the quality of financial reporting, and the utilization of public assets. In addition, testing the relationship between budget management, transparency, community participation, and local welfare can broaden the understanding of the contribution of public sector accounting to development.

For local and village governments, it is necessary to strengthen the financial management system through improving the quality of planning, budgeting, asset recording, reporting, and supervision. The government also needs to expand community involvement in determining development priorities and evaluating the use of public resources. The application of information technology should be directed to increase data disclosure and financial administration efficiency. These efforts need to be supported by improving the competence of the apparatus and coordination between levels of government so that financial management produces equitable and sustainable benefits.

PRACTICAL AND THEORETICAL IMPLICATIONS

Practically, this study implies that local and village governments need to develop financial governance that integrates the accuracy of budget allocation, transparency, accountability, and productivity of public assets. The management of development funds needs to consider the needs of the community and the economic potential of the region so that the use of the budget produces measurable benefits. In addition, the use of information technology, strengthening supervision, and increasing citizen participation can support the quality of public services while strengthening public trust in the implementation of local government.

Theoretically, this study contributes to the development of the public sector accounting literature through the use of Fiscal Federalism Theory to explain the relationship between the division of fiscal authority, funding capacity, and responsibilities of local and village governments.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

The results of the synthesis also show that local public financial management is related to transparency, accountability, asset management, community participation, and development sustainability. Thus, this study expands the understanding of how fiscal decentralization can be linked to public value creation and the well-being of local communities.

REFERENCES

Chen, Q., Cai, L. A., & Chen, J. (2025). Collaborative governance for rural tourism in a centralized state: A tale of two villages in China. *Journal of Hospitality and Tourism Management*, 63, 329–339. https://doi.org/10.1016/j.jhtm.202 5.05.007

Chen, S., Gao, Q., Peng, Q., & Yang, H. (2021). Government-decentralized power: Measurement and effects. Emerging Markets Review, 48, Article 100769. https://doi.org/10.1016/ j.ememar.2020.100769

Chen, W., Zhang, H., & Hu, Y. (2024). How local governments balance multiple agendas in small-scale outbreaks responses: A multi-case comparative study from four major cities in China. Cities, 148, Article 104900. https://doi.org/10.1016/j.cities.2024.104900

Chen, X., Cao, Z., & Duan, J. (2024). The disintegration and reproduction of communities: A social capital perspective of urban village's urbanisation in China. Cities, 153, Article 105254. https://doi.org/10.1016/j.cities.2024.10 5254

Covino, R., & Laezza, V. (2026). Decentralized communities: Exploring blockchain imaginaries in pop-up villages. Futures, 184, Article 103936. https://doi.org/10.1016/j.futures.2026. 103936

Deng, L., Fu, Y., Chen, Y., & Wang, M. (2026). The impact of Chinese local government hidden debt on corporate ESG greenwashing. Research in International Business and Finance, 87, Article 103427. https://doi.org/10.1016/j.ribaf.2026.103427

Du, J., Yu, Z., Cheng, S., Li, L., & Miao, C. (2026). Exploring the role of government-driven culture-led micro-regeneration in shaping the sense of place within urban historic districts in China. Cities, 169, Article 106575. https://doi.org/10.1016/j.cities.2025.106575

Feng, Z., & Yong, M. (2026). Impact of the digital economy on college graduates' return-to-hometown employment: Evidence from China. Technology in Society, 84, Article 103056. https://doi.org/10.1016/j.techsoc.2025.103056

Ford, C. J., & Mason, K. (2026). Scaling net zero transitions through platform accounting infrastructure. The British Accounting Review. Advance online publication. https://doi.org/ 10.1016/j.bar.2026.101939

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

Fouillet, C., Guérin, I., & Servet, J.-M. (2021). Demonetization and digitalization: The Indian government's hidden agenda. Telecommunications Policy, 45, Article 102079. https://doi.org/10.1016/j.telpol.2020.102079

Geng, X., Xiao, Y., Bian, J., Liu, G., & Wang, H. (2026). Government agriculture schemes in the presence of social influence and technological advancement. Transportation Research Part E: Logistics and Transportation Review, 211, article 104873. https://doi.org/10. 1016/j.tre.2026.104873

Goharipour, H., Ebrahimi, H., Jafari, A., & Nasseh, I. (2026). Revisiting the legacy of Tehran's Olympic Village: Residents' perspectives 50 years after the 1974 Asian Games. Cities, 168, Article 106455. https://doi.org/10.1016/j.cities.20 25.106455

He, Z., Chen, M., & Gu, D. (2025). How digital village construction affects to the effectiveness of rural governance? — Research on the NCA and QCA methods. Cities, 156, Article 105514. https://doi.org/10.1016/j.cities.2024.10 5514

Hu, X., Chen, J., & Huang, S. (2026). Dynamic knowledge practices in tourism village development: An activity theory perspective. Tourism Management, 113, Article 105316. https://doi.org/10.1016/j.tourman.2025.105316

Hu, Z., & Li, Z. (2025). Deciphering the new governance experiment of dilapidated neighborhoods in China: A case of Xi'ma New Village, Wuhan. Cities, 156, Article 105569. https://doi.org/10.1016/j.cities.2024.105569

Janssen, M., Zhang, H., Ojo, A., Nikiforova, A., Loukis, E., Viale Pereira, G., Scholl, H. J., Liu, H. K., Durkiewicz, J., Hughes, L., Zheng, L., Anthopoulos, L., Panagiotopoulos, P., Janowski, T., & Dwivedi, Y. K. (2025). Reflections on the nature of digital government research: Marking the 50th anniversary of Government Information Quarterly. Government Information Quarterly, 42, Article 102086. https://doi.org/10.1016/j.giq.2025.102086

Kasula, P., Dedekorkut-Howes, A., Shearer, H., & Baum, S. (2026). Social inclusion of urban villages: A systematic review of global urban planning practices. Cities, 169, Article 106509. https://doi.org/10.1016/j.cities.20 25.106509

Lee, Y. K., & Kim, J.-S. (2026). Which megatrends are highly related to digital government? Priority analysis on STEEPV framework. Futures, 184, Article 103915. https://doi.org/ 10.1016/j.futures.2026.103915

Li, O. Z., Wu, W., Xia, L., & Zhang, Q. (2023). Fiscal-audit separation and government disclosure quality. Journal of Accounting and Public Policy, 42, Article 107100. https://doi.org/10.10 16/j.jaccpubpol.2023.107100

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

Liang, M., Wong, S. W., Tang, B., & Liu, J. (2025). Restructuring of village collectives and the increasing income disparities in peri-urban China. Cities, 166, Article 106266. https://doi.org/10.1016/j.cities.2025.106266

Liu, J., Liang, M., Yi, Y., Wei, B., Yu, X., Long, X., Wang, R., Cai, B., & Manzardo, A. (2026). Exploring the driving mechanism of public participation in urban regeneration projects: A system dynamics approach. Cities, 173, Article 107006. https://doi.org/10.1016/j. cities.2026.107006

Liu, M., & Liu, A. (2026). Homeownership and preferences for government redistribution in China: Mediating roles of employment sector and socioeconomic perceptions. Cities, 171, Article 106792. https://doi. org/10.1016/j.cities.2026.106792

Ma, X., & Su, W. (2024). Local government intervention in tourism-driven rural gentrification: Types and interpretative framework. Tourism Management, 100, Article 104828. https://doi.org/10.1016/j.tourman.2023.104828

Margier, A. (2023). The institutionalization of 'tiny home' villages in Portland: Innovative solution to address homelessness or preclusion of radical housing practices? Cities, 137, Article 104333. https://doi.org/10.1016/ J.Cities.2023.104333

Peng, L., Chen, Y.-C., Robinson, S., Li, Q., & Wu, J.-H. (2024). Exploring IT business value creation in a Taobao Village EC ecosystem: A systems theory perspective. Technological Forecasting and Social Change, 206, Article 123534. https://doi.org/10.1016/j.techfore.2024.123534

Qin, B., Yu, Y., Ge, L., Liu, Y., Zheng, Y., & Liu, Z. (2024). The role of digital infrastructure construction on green city transformation: Does government governance matters? Cities, 155, Article 105462. https://doi.org/10.1016/j.cities.2024.105462

Qiu, T., Tang, L., & Li, Y. (2025). The effect of fiscal anti-poverty funds on enterprises' non-tax burden in China. Cities, 158, Article 105679. https://doi.org/10.1016/j.cities.2024.105679

Ren, Y. (2025). Entrepreneurial local-state driven rural e-commerce development: Evidence from less-developed rural West China. Cities, 166, Article 106188. https://doi.org/10.1016/j.cities.2025.106188

Schmeling, J., al Dakruni, S., & Mergel, I. (2025). Data collaboration in digital government research: A literature review and research agenda. Government Information Quarterly, 42, Article 102063. https://doi.org/10.1016/j. giq.2025.102063

Sharma, R., Mishra, R., & Mishra, A. (2021). Determinants of satisfaction among social entrepreneurs in e-Government services. International Journal of Information Management, 60, Article 102386. https://doi.org/10.1 016/j.ijinfomgt.2021.102386

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

Singh, P. K., & Chudasama, H. (2023). Geo-information-enabled village level micro-planning for enhancing common good. Technological Forecasting and Social Change, 189, Article 122336. https://doi.org/10.1016/j.techfore.20 23.122336

Sun, K., Huang, Y., & Zhou, J. (2026). Governing digital government platforms for service innovation: A staged governance model based on boundary resources and coordination activities. Government Information Quarterly, 43, Article 102131. https://doi.org/10.10 16/j.giq.2026.102131

Thinh, N. K., Gao, Y., & Pitts, A. (2024). Villages-in-the-city in China and Vietnam: Comparative morphological transformation and incorporated process in Kunming and Hanoi. Cities, 150, Article 105051. https://doi.org/10.1016/j.cities.2024.105051

Thompson, B. S. (2026). Does effective tourism management require collective action? Evidence from industry, community, and government stakeholders on shark dive ecotourism. Tourism Management, 112, Article 105268. https://doi.org/10.1016/j. tourman.2025.105268

Wang, M., Zhang, J., Zou, H., Huang, Z., & Zhang, L. (2024). Constructing an ideal home: Affective atmosphere creation as a public participation strategy for urban village renovation. Cities, 146, Article 104777. https://doi.org/ 10.1016/j.cities.2023.104777

Wang, W. (2022). Rethinking local government perceptions of Land Value Capture in land marketization: The lens of dominant consideration(s) in interest-balancing acts. Cities, 122, Article 103528. https://doi.org/10.1016/j.cities.20 21.103528

Wang, Y., Ma, J., Chang, X., & Wang, T. (2025). The multifaceted government influence on CSR activities: CSR decoupling in an emerging market. Long Range Planning, 58, Article 102497. https://doi.org/10.1016/j.lrp.20 24.102497

Weng, Z., & Chandra, Y. (2026). Rumor management during natural disasters: A "whole of government" coordination perspective. Government Information Quarterly, 43, Article 102104. https://doi.org/10.1016/j.giq.2026.102104

Yan, Y.-C., & Lyu, S.-J. (2023). Can e-government reduce local governments' financial deficits? Analysis based on county-level data from China. Government Information Quarterly, 40, Article 101812. https://doi.org/10.1016/j.giq.2023.101812

Ye, Y., Gao, M., & Luo, R. (2024). Bright is the moon over my home village: Chinese local executives and environmental decoupling. Global Finance Journal, 62, Article 101027. https://doi.org/10.1016/j.gfj.2024.101027

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License

Yuan, D., Yau, Y., & Bao, H. (2024). Urban village redevelopment in China: Conflict formation and management from a neo-institutional economics perspective. Cities, 145, Article 104710. https://doi.org/10.1016/j.citi es.2023.104710

Zhang, F., Chung, C. K. L., Lu, T., & Wu, F. (2021). The role of the local government in China's urban sustainability transition: A case study of Wuxi's solar development. Cities, 117, Article 103294. https://doi.org/10.1016/j.citie S.2021.103294

Zhang, J., Wang, J., Yang, X., Ren, S., Ran, Q., & Hao, Y. (2021). Does local government competition aggravate haze pollution? A new perspective of factor market distortion. Socio-Economic Planning Sciences, 76, Article 100959. https://doi.org/10.1016/j.se ps.2020.100959

Zhang, S. (2025). Creating marginality, building resilience: Tourism and everyday life in a Chinese surfing village. Annals of Tourism Research, 114, Article 103994. https://doi.org/10.1016/j.annals.2025.103994

Zhang, Y., Chen, P., & Lei, P. (2025). Resources, capabilities, and actions: Exploring the dynamic formation process of organizational resilience in ethnic village homestays under a VUCA environment. Journal of Hospitality and Tourism Management, 65, Article 101329. https://doi.org/10.1016/j.jht M.2025.101329

Zhao, G., Ryan, C., Deng, Z., & Gong, J. (2024). Creating a softening cultural-landscape to enhance tourist experiencescapes: The case of Lu Village. Tourism Management Perspectives, 53, Article 101245. https://doi.org/10.1016/j.tmp.2024.101245

Zhao, R., Wu, J., & Sun, J. (2024). Does digital finance drive the green level of transportation companies? Coordination effects of governmental digital preference. Journal of Management Science and Engineering, 9, 376–389. https://doi.org/10.1016/j.jmse.2024.05.004

Zhong, C., Sun, Q., Hu, Z., Chen, J., Wang, Z., & Li, H. (2026). Geospatial analysis of urban village redevelopment in major Chinese cities using a deep learning approach. Cities, 174, Article 107075. https://doi.org/10.1016/j.citie s.2026.107075

Zhou, Q., Xu, K., & Acur, N. (2026). How do governments frame responsible innovation: A topic modelling analysis of national policy portfolios. Technology in Society, 86, Article 103257. https://doi.org/10.1016/j.t echsoc.2026.103257

Zhou, Z., Pan, T., Zhao, Q., Cheng, X., & Wang, D. (2024). Factors influencing seniors' switch to m-government services: A mixed-methods study through the lens of push-pull-mooring framework. Information & Management, 61, Article 103928. https://doi.org/10.1016/j.im.2024.103928

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License