

Institutional governance and financial management for rural welfare: The dual moderating role of Tri Hita Karana in Bali's independent villages

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Abstract: This study examines how village governance and financial management influence the welfare of independent village communities in Bangli, Bali, with *Tri Hita Karana* as a moderating variable. Using a quantitative method and SEM-PLS analysis, data were collected from 68 villages through questionnaires distributed to village leaders and officials. Results show that both governance and financial management significantly improve community welfare. Although *Tri Hita Karana* does not directly affect welfare, it plays a dual moderating role: weakening the impact of governance but strengthening financial management's effect on welfare, highlighting the complex interaction between cultural values and formal institutions. Furthermore, Importance-Performance Map Analysis (IPMA) identifies education, training, and financial accountability as key areas to improve welfare outcomes. The study emphasizes the need for integrating effective governance practices with local cultural wisdom to support sustainable rural development and offers policy recommendations for culturally responsive village planning.

Keywords: Community welfare, Financial management, Local wisdom, Tri Hita Karana, Village governance.

1. Introduction

National economic development aims to enhance community welfare by improving quality of life, creating more employment opportunities, and promoting equitable income distribution across all segments of society. The local government implements various programs and policies to achieve these goals [1]. As part of Indonesia's territory, Bali Province consists of several government units led by a governor, including districts/cities, sub-districts, urban villages, and villages. Each level of government has the authority to regulate and carry out the activities of its people. As the most minor government units, villages have a strategic role in development. Currently, the Bali Provincial Government prioritizes improving the welfare of village communities as part of the regional development agenda. Improving the welfare of rural communities is the primary focus in implementing development at the local level. Rising living standards in rural communities reflect the success of development programs. In the context of regional development, the Human Development Index (HDI) is closely related to the Gross Regional Domestic Product (GRDP) because both reflect the level of productivity and economic welfare of the community.

Bangli Regency is second from the bottom in HDI achievement compared to other regencies/cities in Bali. In 2022, Bangli's HDI was recorded at 70.26 points and increased to 70.79 points in 2023. Although this increase shows a growth of 0.75 percent, it is not significant enough to lift Bangli's position from the bottom ranking at the provincial level. The HDI value, which continues to be below the provincial average, indicates that Bangli still faces significant challenges in improving the community's welfare, especially in rural areas. As a combined indicator, the HDI reflects the success of human development through three main aspects: education, health, and a decent standard of living.

Therefore, the low HDI value of Bangli Regency indicates that these three aspects have not experienced optimal and comprehensive development.

Regarding Village SDGs Index achievement, Bangli Regency is ranked third lowest compared to other regencies/cities in Bali, which indicates a significant challenge in achieving the primary targets of Village SDGs, such as reducing poverty and hunger, eliminating inequality, improving the quality of education, and strengthening village development partnerships. The low achievement of Village SDGs is in line with the Human Development Index and GRDP per capita values of Bangli Regency, which continue to be below the provincial average. This condition illustrates the existence of development disparities between regions, especially regarding the quality of human resources and the economic capacity of village communities. Bangli offers outstanding potential for nature- and culture-based tourism, yet stakeholders have not fully harnessed it to drive sustainable and inclusive local economic growth.

Bangli Regency has shown progress in village development, as seen from the success of all villages (68 villages) in achieving independent village status based on the Village Development Index (IDM) in 2023, with an achievement rate of 100 percent. This achievement reflects an increase in three main aspects of the IDM: social, economic, and ecological. However, the status of an independent village has not fully become an indicator of success in improving community welfare in real terms, especially in terms of income, access to education and health services, availability of basic infrastructure, and community purchasing power.

Objectively, community welfare refers to conditions that can be measured quantitatively, such as per capita income, accessibility to basic services, educational participation, and environmental quality. In the context of Bangli Regency, although there has been an increase in the number of independent villages, there is still inequality between regions, indicating that development is not evenly distributed and has not significantly impacted the quality of life of village communities. Village development is important in realizing inclusive, sustainable, and local potential-based national development. Since the enactment of Law Number 6 of 2014 concerning Villages, villages have gained greater authority in regulating government and development affairs by prioritizing local wisdom. However, implementation in the field still faces various structural obstacles, including the weak institutional capacity at the village level.

Village institutional capability refers to the ability of village institutions to carry out government functions, public services, and development effectively, accountably, responsively, and participatively. This capacity is the primary foundation for managing local resources, formulating village policies, and implementing development programs based on community needs. Furthermore, the formal institutional structure shapes this capability by influencing the quality of local human resources, socio-political strength, and the presence of systems that promote open and inclusive decision-making [2, 3]. This situation highlights that without systematically and sustainably strengthening the capabilities of village institutions, villages will continue to struggle to optimize their potential and achieve true independence despite being formally classified as developing or independent. Therefore, it is essential to reorient the village development process by adopting an approach beyond merely providing resources. Instead, it builds strong and adaptable local institutions rooted in active participation, transparency, and community empowerment.

Limited competence among village apparatuses often leads them to draft planning documents by following standard patterns or technocratic templates the district sets without engaging in meaningful and reflective community deliberation. Weak village governance—marked by low community participation, dominance of local elites, and weak public accountability mechanisms—further allows a small group of actors to control strategic decision-making and access to power in the village planning process. In addition, village financial management practices that are not yet transparent and less participatory also reduce the effectiveness of program implementation, so the use of village funds, which ideally should be a tool for community empowerment, has not been fully able to encourage improvements in welfare and the quality of village development planning.

Strengthening the capacity of village government is crucial in creating an independent and competitive village. Village governments that implement the principles of effectiveness, transparency, and accountability can manage village funds and other resources optimally and on target. Active community involvement in the development planning and implementation process also plays a significant role in supporting the success of village development programs [4]. With a strong village government institution, positive synergy can be created between the village government and the community, ultimately strengthening the effectiveness and sustainability of development at the local level. Systematic and planned village financial management is a vital component in improving the standard of living of village communities. Efficiency in using village funds will encourage the realization of infrastructure development projects, improving public services, and direct community economic empowerment initiatives. Therefore, strengthening village capacity in managing financing, including village funds and other alternative financial sources, is very necessary so that development can take place sustainably and provide tangible benefits to the community [5]. When village authorities manage financing effectively and strategically, they can implement priority programs such as developing basic infrastructure, enhancing social services, and promoting local economic growth.

Villages in Bali Province, especially in Bangli Regency, have unique characteristics that distinguish them from other regions in Indonesia, including the existence of traditional villages and their active role. Although the administrative village government (village administration) continues to operate, traditional villages play an important role in general religious and cultural aspects, social life, and village development [6]. In this context, local values such as the Tri Hita Karana philosophy are important to strengthening the quality of human resources, village governance, and village financing management. The Tri Hita Karana teachings that emphasize the harmony of the relationship between humans and God (*Parahyangan*), between fellow humans (*Pawongan*), and with nature (*Palemahan*) are the primary foundation for encouraging sustainable development and improving community welfare holistically.

2. Literature Review

2.1. Compliance Theory in Village Government

Government has three main functions: allocation, distribution, and stabilization [7]. The allocation function aims to ensure that the distribution of economic resources is carried out efficiently, especially in the context of market limitations in meeting all community needs. The distribution function is related to efforts to balance efficiency and equity through instruments such as taxation, social security, and public services to organize the distribution of wealth and income more fairly. Meanwhile, the government performs the stabilization function to maintain national economic stability. In addition to these three core functions, the government also plays a stimulant role by intervening to accelerate economic growth.

In the context of village governance, applying compliance theory is important because all implementation of village policies, including village financial management, must refer to the provisions of applicable laws and regulations. Village officials must carry out their duties with professionalism, integrity, and accountability, as their roles come with specific responsibilities, authority, and official status. Compliance Theory explains how individual behavior is influenced by internalizing legal values through socialization. Individuals tend to obey the law if the rules are according to their norms and the collective goals they believe in. Normative commitment takes two forms: individuals may follow the law out of personal morality, view obedience as a moral duty, or comply because they believe those in authority possess the legitimate right to regulate behavior. Ariesta and Wijaya [8] stated that community participation includes active involvement, voluntary contributions, and participation in development programs. Development efforts will not achieve welfare targets without community involvement because only the community understands the needs, problems, and solutions appropriate to the local context.

2.2. Institutional Economic Theory

Institutional Economic Theory offers an important conceptual framework for analyzing rural development, especially in understanding the role of local institutions in economic behavior and community welfare. North [9] defines institutions as a set of constraints created by humans to shape social and economic interactions, which include formal rules such as laws and policies and informal institutions in the form of norms, cultural values, and traditions. In village development, institutions have a strategic function in reducing transaction costs, ensuring certainty of ownership rights, and encouraging a flexible governance system to social and economic changes [10, 11]. According to Veblen [12] individuals engage in economic activities through lenses shaped by their cultural experiences, social norms, and habitual ways of thinking—demonstrating that economic behavior arises from these underlying forces. According to him, economic activity results from an institutional process that is accumulative and is not solely driven by rational logic but also by deep-rooted collective habits.

In the context of Bangli Regency, the cultural values of Tri Hita Karana are an example of a strong informal institution. This philosophy emphasizes the harmony of the relationship between humans and God (Parahyangan), fellow humans (Pawongan), and nature (Palemahan). This principle has formed the collective ethics of village communities and become a social guideline in sustainable development practices. This concept aligns with the idea of social capital put forward by Putnam [13] where social networks, norms of trust, and active community participation are important pillars in strengthening village development governance. However, the effectiveness of informal institutions in promoting community welfare is highly dependent on harmonization with formal institutions, such as the capacity of village officials, the quality of regulations, and the support of inclusive and sustainable public policies.

2.3. Public Welfare

Individuals experience welfare based on the satisfaction they gain from using their income. However, this level of welfare remains relative, as it depends on how well the income meets their needs and fulfills their sense of satisfaction. Suartha, et al. [14] defines welfare as a condition of life that includes social, material, and spiritual aspects based on a sense of security, morality, and physical and mental peace. This condition allows each individual to optimally meet physical, spiritual, and social needs, both for themselves, their families, and the wider community. Although there is no uniform and definite definition regarding the concept of welfare, welfare indicators generally include the fulfillment of basic needs such as food, education, and health. In addition, aspects of social protection such as the availability of employment, old age security, and poverty alleviation efforts are also often included in the scope of welfare. To measure the level of welfare, several indicators are used, including age, number of family dependents, income level, household consumption or expenditure patterns, housing conditions, and facilities, the health status of family members, access to health services, ease of access to education for children, and availability of public facilities.

According to the United Nations Development Program (UNDP), welfare is an individual's ability to expand their life choices, including active participation in public decision-making. Scholars and policymakers have developed three main models for implementing social welfare. First is the residual welfare state, a model that limits the state's role in social intervention and provides ample space for the private sector. Second is the institutional/universalist welfare state, which emphasizes the state's responsibility to provide comprehensive and equitable public services for the entire community. Third, the social insurance welfare model positions state intervention as an instrument to increase the productivity of groups of people receiving welfare benefits in the long term. The implementation of this model requires the integration of roles between the government, business actors, and workers synergistically.

2.4. Village Financing Management

Based on the provisions of the Village Law, village finances include all village rights and obligations that have economic value and all forms of wealth, both in the form of money and goods, related to the

implementation of village authority. These rights and obligations generate income, expenditure, and financing components, which responsible parties must manage systematically and accountable. Referring to the Regulation of the Minister of Home Affairs Number 113 of 2014 concerning Village Financial Management, the Village Revenue and Expenditure Budget (APBDes) is an annual village financial planning document that is the primary reference in village financial management.

Village income comes from various sources, including allocations from the State Budget (APBN), village-based budget reallocations from the central government, and transfer funds to regions that gradually reach a proportion of ten percent. Implementing village authority within the decentralization framework is financed through the APBDes, reflecting the village's fiscal independence in its government functions. Village finances capture all monetarily measurable aspects directly related to the village's rights and obligations in managing governance, development initiatives, and community empowerment efforts.

Referring to Law Number 6 of 2014, sources of village income include Village Funds originating from the State Budget, part of the results of regional taxes and district/city levies, allocation of village funds from the district/city APBD, financial assistance from the provincial and district/city governments, original village income, and other legitimate income. Each of these components is important in supporting sustainable, inclusive, and responsive village development planning to the needs of local communities.

3. Research Methods

This study uses a quantitative approach with SEM-PLS to systematically test the relationship between variables. The research location is 68 villages in Bangli Regency that represent the characteristics of independent villages and the application of Tri Hita Karana values in the welfare of village communities. The research variables are strengthening village governance, village financing management, and the welfare of independent village communities as dependent variables, and Tri Hita Karana values as moderating variables. The research team collected data using questionnaires designed around variable indicators and measured on a 1–5 Likert scale, complemented by in-depth interviews with experts. Data analysis uses PLS to test the causal relationship between variables and moderation analysis to test the role of Tri Hita Karana values in strengthening or weakening the relationship between independent variables and village community welfare. This study offers theoretical contributions to developing a sustainable village development model grounded in *Tri Hita Karana's* local wisdom. It also seeks to deliver practical contributions by formulating policy recommendations for the government and village communities in Bangli Regency to enhance community welfare comprehensively and sustainably.

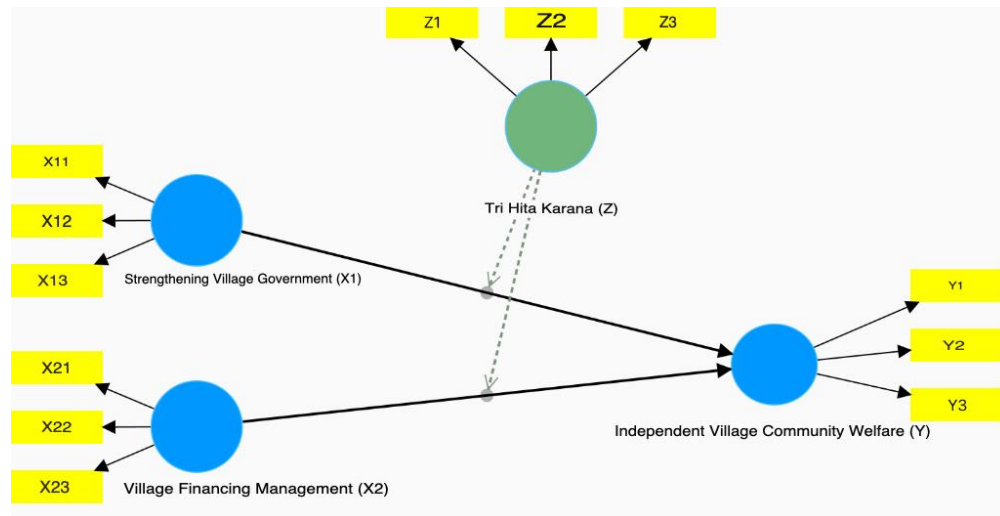


Figure 1.
Research Concept Framework.

Importance-Performance Map Analysis (IPMA) or Performance Importance Map Analysis is an advanced analytical approach in Partial Least Squares-Structural Equation Modeling (PLS-SEM) modeling that aims to provide strategic insights related to managerial action priorities based on a combination of the level of importance and performance of each latent construct in the model. In the context of this study, IPMA is used to identify dimensions or indicators of independent variables (for example, strengthening village governance and village financing management) and moderating variables (*Tri Hita Karana*) that have a strong influence on the welfare of independent village communities, but show relatively low levels of performance, thus requiring further attention and policy intervention.

4. Results and Discussion

The outer model analysis in this study shows that all indicators in each construct have high factor loading values (outer loading), which are above the minimum threshold of 0.70 [4]. This result shows that these indicators have adequate convergent validity and can substantially represent the construct. Convergent validity ensures that the research instrument measures the intended dimensions.

Outer loadings-List	
	Outer loadings
X11 <- Strengthening Village Government (X1)	0.797
X12 <- Strengthening Village Government (X1)	0.907
X13 <- Strengthening Village Government (X1)	0.847
X21 <- Village Financing Management (X2)	0.793
X22 <- Village Financing Management (X2)	0.843
X23 <- Village Financing Management (X2)	0.903
Y1 <- Independent Village Community Welfare (Y)	0.781
Y2 <- Independent Village Community Welfare (Y)	0.908
Y3 <- Independent Village Community Welfare (Y)	0.857
Z1 <- Tri Hita Karana (Z)	0.738
Z2 <- Tri Hita Karana (Z)	0.867
Z3 <- Tri Hita Karana (Z)	0.759
Tri Hita Karana (Z) X village financing management (X2) -> Tri Hita Karana (Z) x village financing management(X2)	1.000
Tri Hita Karana (Z) X strengthening of village government (X1) -> Tri Hita Karana (Z) x strengthening of village government (X1)	1.000

Figure 2.
Outer Loadings.

In the Village Government Strengthening construct (X1), all indicators have strong loading values: transparency (X11) of 0.797, participation (X12) of 0.907, and public service (X13) of 0.847. The highest value in the participation indicator indicates that active community involvement in the village government process is a central element in strengthening village governance. It strengthens the participatory governance theory, emphasizing the importance of collaboration between the government and the community in creating an effective, accountable, and inclusive government system (UNDP, 1997).

Meanwhile, the Village Financing Management construct (X2) also showed promising results. The planning indicator (X21) has a loading value of 0.793, budget use (X22) of 0.843, and accountability (X23) of 0.903. Accountability emerged as the strongest indicator in this construct, reflecting the importance of openness and responsibility in village financial management. These results align with the findings of Haris [4] who stated that accountability is one of the main factors in determining the success of effective and efficient village fund management.

The three indicators used in the Independent Village Community Welfare (Y) construct also provide significant contributions. The infrastructure indicator (Y1) has a loading of 0.903, positive affect (Y2) of 0.781, and social harmony (Y3) of 0.908. The high score in the social harmony indicator reinforces the idea that village community welfare depends not only on material aspects such as infrastructure but also on the quality of harmonious and supportive social relationships. It supports Amartya Sen's concept of multidimensional welfare, which emphasizes that a person's quality of life is shaped not merely by income but by social capabilities and an enabling environment.

Furthermore, the Tri Hita Karana (Z) construct also shows adequate outer loading values, although variations between indicators exist. The scores for *Parahyangan* (Z1), *Parwongan* (Z2), and *Palemahan* (Z3) reached 0.738, 0.867, and 0.759 respectively. Among them, the *Parwongan* dimension—which reflects human-to-human relationships—emerges as the strongest indicator, highlighting the central role of social harmony in Balinese life. The social values embedded in *Tri Hita Karana* actively contribute to achieving balance in village development, which aligns with the findings of Rai, et al. [15] who demonstrated that local values such as *Tri Hita Karana* offer a strong cultural foundation for advancing sustainable development at the local level.

Finally, in the moderation interaction between Tri Hita Karana and two main variables—village financing management and village government strengthening—the outer loading value was recorded at 1,000. This value indicates that the moderation process has been standardized using the product indicator approach in PLS-SEM, and technically, the model has met the analytical requirements. Put differently, researchers have successfully modeled the interaction between local cultural values and structural elements of village governance using statistically reliable methods. Overall, the outer model analysis results reinforce the empirical foundation by showing that all constructs in the study have been measured appropriately. These findings demonstrate the quality of the research instrument and justify that aspects such as community participation, financial accountability, and social harmonization are the most representative indicators of their respective constructs. Therefore, designing effective village development strategies requires leveraging participatory strength, ensuring accountable governance, and integrating local cultural values deeply rooted in the community.

This study uses inner model analysis to examine the relationships among latent constructs outlined in the conceptual framework. The results show that village financing management positively and significantly influences the welfare of independent village communities in Bangli Regency, with a coefficient of 0.360, a t-statistic of 3.060, and a p-value of 0.001. This finding shows that the more effective and accountable a village is in managing its financing, the higher the level of community welfare achieved, and it is in line with the study of Williamson [10] which states that accountability in the use of village funds has a direct impact on improving community welfare, both through strengthening infrastructure and socio-economic empowerment.

Table 1.
Inner Model.

Path Relationship	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Village Financing Management (X2) -> Welfare of Independent Village Community (Y)	0.360	0.356	0.118	3,060	0.001
Village Government Empowerment (X1) -> Welfare of Independent Village Community (Y)	0.296	0.306	0.123	2,397	0.008
Tri Hita Karana (Z) -> Welfare of Independent Village Community (Y)	0.145	0.153	0.105	1.375	0.085
Tri Hita Karana (Z) x Village Government Empowerment (X1) -> Welfare of Independent Village Community (Y)	-0.486	-0.471	0.124	3.930	0.000
Tri Hita Karana (Z) x Village Financing Management (X2) -> Welfare of Independent Village Community (Y)	0.255	0.249	0.097	2,639	0.004

Furthermore, strengthening village governance has also been shown to have a positive and significant effect on the welfare of village communities, with a coefficient of 0.296, a t-statistic of 2.397, and a p-value of 0.008, which indicates that villages with good governance—transparency, community participation, and public services—can create more just and inclusive social conditions. This finding reinforces the governance theory developed by UNDP [16] which emphasizes the importance of citizen participation, accountability, and efficiency as the foundation of governance that supports sustainable development at the local level.

In contrast, the *Tri Hita Karana* variable—hypothesized to affect rural community welfare directly—yields statistically insignificant results, with a coefficient of 0.145, a t-statistic of 1.375, and a p-value of 0.085. This finding indicates that the cultural values contained in Tri Hita Karana—namely Parahyangan, Pawongan, and Palemahan—do not directly influence rural communities' welfare levels. As proposed by Musgrave and Peggy [7] institutional theory helps explain this finding by emphasizing that informal institutions—such as cultural values—exert their influence indirectly by shaping the behavior and functioning of formal institutions, including governance and financial management. In

other words, Tri Hita Karana's role is more dominant as a moderator in the structural relationship pathway than as a direct predictor of welfare.

Interestingly, testing *Tri Hita Karana* as a moderating variable revealed two significant results, each demonstrating a different direction of influence. First, the moderation of Tri Hita Karana on the relationship between strengthening village governance and community welfare showed a significant and negative influence, with a coefficient of -0.486, a t-statistic of 3.930, and a p-value of 0.000. This negative value suggests that an overly dominant presence of *Tri Hita Karana* cultural values may create tension or value conflict with modern governance systems that prioritize bureaucratic efficiency and rationality. Cultural embeddedness approach helps explain this phenomenon by arguing that social and cultural institutions can either enhance or constrain the effectiveness of formal institutions, depending on the alignment between cultural norms and organizational structures [17].

On the other hand, the moderation of Tri Hita Karana on the relationship between village financial management and community welfare has a positive and significant effect, with a coefficient of 0.255, t-statistic 2.639, and p-value 0.004. This finding shows that integrating local cultural values in the village financial management process, such as cooperation, the sanctity of the use of public funds, and harmony with the surrounding environment, strengthens financial management's positive impact on welfare, which supports the research results of Rai, et al. [15] who found that villages that apply the Tri Hita Karana principles in village budget planning and implementation tend to have a higher level of development program success because they gain social legitimacy from residents.

Thus, the results of this inner model test confirm the importance of synergy between structural and cultural approaches in village development. The integrative model developed in this study demonstrates that village governance and financial management are the core foundations of development. However, their effectiveness largely depends on aligning and supporting local cultural values embedded within the community. Therefore, village-based development cannot only rely on formal and administrative instruments but also needs to appreciate and integrate local wisdom values strategically and contextually.

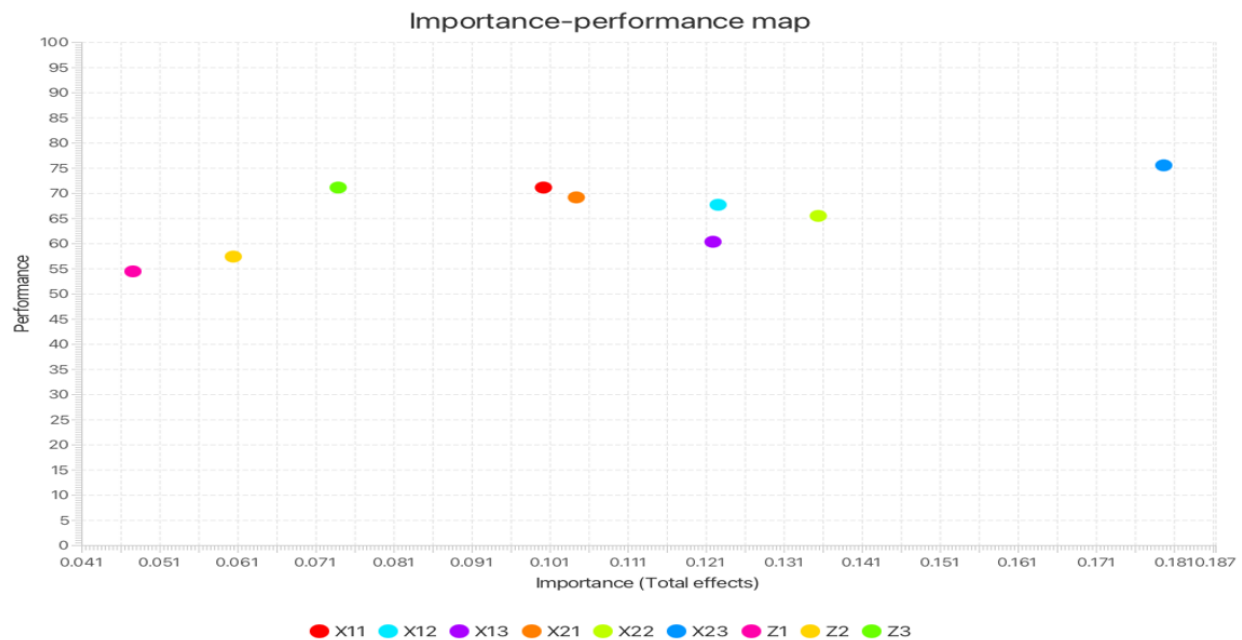


Figure 3.
Importance Performance Map.

The Importance-Performance Map Analysis (IPMA) method is an advanced approach in Partial Least Squares Structural Equation Modeling (PLS-SEM) modeling, which aims to evaluate not only how much influence a construct has on endogenous variables (importance) but also the extent of the actual performance of the construct (performance) [18]. In this study, IPMA was used to identify the leading indicators that influence the welfare of independent village communities and assess the extent of the actual performance of each indicator in order to formulate village development policy priorities.

Based on the IPMA results shown in Figure 3, indicator X12 (Human Resources Education and Training) occupies the most strategic position because it has the highest importance value (± 0.18) and the highest performance (± 76), which indicates that education and training are the main drivers of improving the welfare of village communities and must be a top priority to be maintained and improved. Furthermore, indicators X11 (Human Resources Knowledge) and X22 (Accountability of Village Financing Management) also show high performance with a significant influence on endogenous variables, thus supporting the stability of village development.

However, several indicators raise particular concerns due to their high importance but suboptimal performance. Specifically, Indicator X13 (Human Resources Capability) and Indicator X23 (Village Financing Management Transparency) hold relatively high importance scores, yet their performance remains moderate (approximately 59–60). As a result, stakeholders need to prioritize these indicators when implementing targeted improvement efforts. Meanwhile, in the local cultural aspect based on Tri Hita Karana, the Z3 (Palemahan) value is important because its high performance and influence are significant on community welfare. In contrast, Z1 (*Parahyangan*) and Z2 (*Pawongan*) exhibit both low performance and low influence, suggesting that spiritual values and social relationships have not been effectively integrated into village development practices [14].

These findings reinforce the importance of integrating structural and cultural approaches in sustainable village development. Therefore, IPMA not only provides a mapping of key levers but also assists in formulating evidence-based policies to improve the effectiveness of the independent village program. Through this mapping, strengthening human resource capacity (primarily through education and training) and accountable and transparent village financial governance must be made a development priority. At the same time, strengthening the Tri Hita Karana values more substantially needs to be encouraged to support village development that is materially prosperous and socially and spiritually harmonious.

5. Conclusion

This study shows that all indicators in the constructs of Village Government Strengthening, Village Financing Management, Independent Village Community Welfare, and Tri Hita Karana have outer loading values above the threshold of 0.70, thus indicating adequate convergent validity and the ability of the instrument to represent each construct. Outer model analysis confirms that indicators such as participation in Village Government Strengthening, accountability in Village Financing Management, and social harmonization in Independent Village Community Welfare are the most representative variables and contribute significantly to measuring the relevant dimensions. The results of the inner model analysis reveal that village financing management and village government strengthening have a positive and significant effect on the welfare of independent village communities. While *Tri Hita Karana* does not directly influence the outcome significantly, its moderating function is crucial in shaping the overall relationship. Specifically, Tri Hita Karana's moderation of the relationship between village financing management and welfare has a positive impact. In contrast, its moderation negatively affects the relationship between village government strengthening and welfare. These findings suggest that integration between local cultural values and structural aspects of village governance is a key factor in supporting the achievement of holistic and sustainable welfare [14, 16, 18].

6. Suggestion

Based on the research findings, policymakers should focus village development strategies on enhancing human resource capacity through education and training and reinforcing transparent and accountable village financial governance. Village governments should strengthen participatory mechanisms by actively involving communities in every development program planning and implementation stage. In addition, although the Tri Hita Karana values do not directly affect welfare, integrating local cultural values remains an important asset. Therefore, stakeholders must make more concerted efforts to internalize and integrate *Tri Hita Karana* values into village governance policies to enhance the effectiveness of development programs. Furthermore, this research suggests that future research can explore more deeply the mechanisms of interaction between cultural elements and government structures and refine existing moderation models by using broader data and additional variables to gain a more comprehensive understanding of the dynamics of sustainable village development.

Transparency:

The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.

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