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The Role of Knowledge Sharing in Financial Conflict Resolution in Megonten Village, Kebonagung District, Demak Regency

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Abstract. *This study aims to explore the role of knowledge sharing in reducing conflicts related to village financial management in Megonten Village, Kebonagung District, Demak Regency. Village financial conflicts primarily arise from differences in community understanding of the planning, implementation, and reporting of the village budget (APBDes), as well as limited information distribution and financial literacy among residents. This study employs a qualitative case study approach, involving village officials and community members as key informants. Data were collected through in-depth interviews, participatory observation, and document analysis, and analyzed thematically based on the SECI model (Nonaka & Takeuchi) and conflict resolution theory (Fisher & Burton). The results indicate that knowledge sharing, both through formal forums and informal interactions, plays a crucial role in enhancing community understanding of village financial management. Conflict reduction strategies formulated through SWOT analysis emphasize leveraging human resource strengths and good governance, strengthening communication, encouraging active community participation, and mitigating risks of miscommunication and negative perceptions. This study contributes theoretically to the application of the SECI model in the context of village governance and provides practical implications for more transparent and participatory village financial management.*
Keywords: *Conflict; Financial; Management; Resolution; Village.*

1. Introduction

Village financial management in Indonesia is carried out based on the principles of transparency, accountability, participation, and orderly and disciplined budgeting as stipulated in Law Number 6 of 2014 concerning Villages, Regulation of the Minister of Home Affairs Number 20 of 2018 concerning Village Financial Management, and the regent's regulations governing the technical aspects of village financial management. These regulations require village governments to prepare, implement, and report the Village Revenue and Expenditure Budget (APBDes) openly to the public. In Megonten Village, these administrative obligations have been implemented through the preparation of APBDes documents and Budget Realization Reports (LRA), publication of village information boards, and financial reporting under the supervision and guidance of the District Inspectorate. This data was obtained through a documentary study of the APBDes, LRA of Megonten Village, and policy documents and guidance on village financial governance.

However, field research indicates that administrative transparency of village financial information does not necessarily translate into public understanding of the substance of the information. Interviews with residents of Megonten Village revealed that some residents expressed difficulty understanding financial terms, budgeting mechanisms, and priorities for village fund use, even though the information had been formally published. This finding is reinforced by participant observation, which showed that community interaction with village financial information tended to be passive, limited to receiving information without ongoing explanation or dialogue. Therefore, administrative transparency does not automatically guarantee public understanding of village financial information.

This situation has led to differing perceptions regarding village financial management. Interviews with residents, the Village Consultative Body (BPD), and village officials revealed allegations of budget transparency, differing perspectives on determining village budget (APBDes) priorities, and perceived discrepancies between budget plans and actual activities. However, a comparison of the APBDes and LRA documents, as well as the results of Inspectorate oversight, revealed no indication of administrative violations in village financial management. This suggests that the conflict that emerged was more a matter of perception and understanding, rather than a conflict caused by irregularities in village financial governance.

The results of data triangulation through interviews, observations, and documentation indicate that this condition is related to low financial literacy among village communities, which is reinforced by communication patterns among village officials that are still formal, normative, and not conducted regularly. The delivery of village financial information tends to focus on formal reporting, while the dialogic knowledge sharing process between village officials and the community has not been optimal. Clarification of financial information is generally carried out after questions or conflicts arise within the community, rather than as an ongoing, preventative communication process. These findings were obtained from interviews with village officials, community leaders, and observations of village communication forums.

Several previous studies have emphasized the importance of transparency and accountability in village financial management as prerequisites for good governance. However, most studies still position transparency only as a means of fulfilling administrative obligations and have not yet thoroughly examined the public's understanding of village financial information. Furthermore, studies linking the role of knowledge sharing to efforts to reduce conflict in village financial perceptions are still relatively limited. Therefore, this study focuses on exploring the role of knowledge sharing in improving public understanding and reducing conflict in village financial perceptions in Megonten Village. Research on village financial

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conflicts generally emphasizes governance aspects, while studies linking knowledge sharing as a conflict resolution mechanism are still limited. Therefore, using qualitative research and exploratory studies, the author took the title "Exploring the Role of Knowledge Sharing in Conflict Resolution (Case Study in Megonten Village, Kebonagung District, Demak Regency)".

2. Research Methods

This research uses a qualitative, analytical descriptive approach, namely research that describes real phenomena and conditions related to the dynamics of existing conflicts along with chronology, subjects, events analyzed using theory or interpretation and logical explanation. This approach allows researchers to explore social practices such as village deliberations, informal discussions of residents, and village financial decision-making processes that are often overlooked in quantitative-based research. The main objective is to explore the role of knowledge sharing as a non-formal strategy in reducing village financial conflicts, and to understand how this process is influenced by local culture and social relations between stakeholders. With this approach, the research is expected to provide a conceptual contribution to the development of knowledge sharing theory in the context of village governance, as well as provide relevant empirical findings to support more participatory village financial governance.

3. Results and Discussion

3.1. Location and Time of Research

1) Overview of Megonten Village

Megonten Village, Kebonagung District, Demak Regency, is one of the villages with a comprehensive government structure and active community participation in social life, but its transparency and financial governance are suboptimal. This finding is supported by research by Yuwono and Haryanto (2022), which states that many villages in Indonesia experience a gap in access to information between the village government and the community, particularly in the context of village budget (APBDes) management.

Socially and culturally, Megonten Village has residents with very diverse social characters, have a strong sense of mutual cooperation and good openness which is seen from various formal and informal activities and forums that run regularly. The governance in Megonten Village, Kebonagung District, Demak Regency consists of hamlets and community associations (RW) with a government structure of the Village Head, Village apparatus BPD, RT, RW and all their staff. The Village Government demonstrates its commitment to the principles of transparency and accountability, especially in village financial management so that it achieves the Anti-Corruption Village development at the Demak Regency level.

An interesting finding was made at the outset of the research. Although Megonten Village successfully received this training, the potential for community-level conflict did not necessarily disappear. A gap in understanding persists between the village government and

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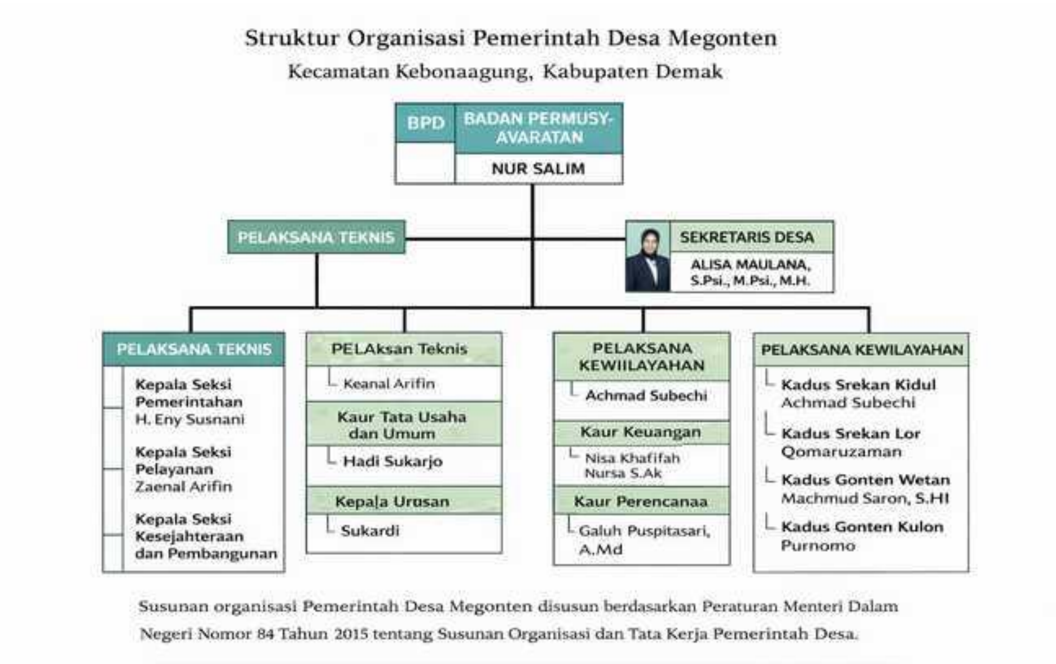
local residents regarding village financial management. Several factors contributing to this gap include differences in financial literacy, digital literacy, and access to information, which ultimately lead to negative perceptions among residents and suspicions of budget non-transparency.

The above conditions make Megonten Village a suitable research location to examine the dynamics of financial conflicts that persist even in villages that have received anti-corruption training. Megonten Village represents an interesting empirical context for analyzing the role of knowledge sharing in bridging gaps in villagers' understanding and mitigating financial conflicts at the village level.

2) Research Time

This research was conducted for seven months starting from June 2025 to January 2026, in seven months an in-depth analysis was carried out regarding Village Fund budgeting, Implementation of Village Fund Allocation and the 2025 Village Fund Accountability Report (LRA).

Figure Village Government Organizational Structure



In the organizational structure of the Megonten Village Government, the position of Village Treasurer is structurally held by Nisa Khafifah Nurma, S.Ak. However, in the practice of village financial management, especially in the aspects of implementing financial administration and preparing reports, the Village Head gives operational trust and authority to Machmud Saroni, SH. This authority is given through a Village Head Decree which appoints Machmud Saroni, SH as a village official with additional duties as Village Treasurer. The granting of this additional duty is done to ensure the smooth management of village finances, considering the complexity of administration and financial reporting which requires the involvement of officials with adequate experience and technical understanding. Thus, although structurally the position of treasurer is held by Nisa Khafifah Nurma, S.Ak., functionally the implementation of village financial management and reporting is carried out by Machmud Saroni, SH based on the official authority granted by the Village Head.

3) Social Conditions and Financial Governance of Megonten Village

Megonten Village is a small community in Kebonagung District with strong social ties among its residents. Villagers are accustomed to interacting intensely through daily activities.-Daily activities such as religious study groups, night patrols, and neighborhood association (RT/RW) meetings. This pattern reflects the high values of mutual cooperation and openness in social life. From a governmental perspective, the village organizational structure consists of the Village Head, village officials, the Village Consultative Body (BPD), and neighborhood association (RT/RW) institutions, all of which play a role in social and administrative processes, including financial management. Although governance is implemented based on formal provisions, social dynamics continue to influence how residents understand and respond to village budget management practices.

Management of government and finance in Megonten Village follows statutory provisions.-The village budget complies with applicable regulations, from planning, budgeting, implementation, and accountability. Village officials carry out planning and budgeting functions together with the Village Consultative Body (BPD) and community leaders through deliberation forums. This governance is also shaped by the village administrative structure, where each element of the village government has a role and authority according to its duties, including internal oversight and financial reporting.

4) Administrative Transparency and Limited Public Understanding

Administratively, Megonten Village has implemented a transparency mechanism by compiling financial reports that are uploaded to the village information board, deliberation forums, and the village website. The data includes budget realization per activity, remaining budget, and implementation progress. However, even though the report is publicly available, some citizens have difficulty understanding its content and technical language, especially those with low education or unfamiliarity with digital technology. This limited financial and digital literacy means that information that should open up opportunities for participation is not properly absorbed by some citizen groups.

5) Communication and Knowledge Sharing Patterns at the Village Level

In the context of Megonten Village, communication patterns among residents and between residents and the village government do not solely occur through formal channels. Informal interactions such as discussions between residents, family communication, neighborhood association (RT/RW) meetings, or casual conversations during social activities serve as the primary channels for sharing knowledge and clarifying information. Community leaders, village officials, and neighborhood association (RT/RW) officials act as mediators, helping explain administrative information, especially for residents who have difficulty accessing or understanding official reports. This informal communication pattern reflects contextual and pragmatic knowledge sharing practices, which help bridge the gap between formal information and residents' knowledge.

6) Existing Village Financial Governance Model

Financial governance in Megonten Village is implemented using a standardized information system, SISKEUDES, an application used to digitally record, organize, and report village finances. This system has a multilevel access mechanism, a digital audit trail, and is integrated with the guidance and supervision systems at the sub-district and district levels. Through this mechanism, steps...-The planning and budget accountability stages can be monitored by various parties, thereby minimizing the potential for manipulative practices or budget misappropriation. In practice, villages also publish periodic financial reports through available media, both digitally and physically at the village hall.

7) Implications of Social Context on the Emergence of Financial Conflicts

The strong social conditions and informal communication patterns in Megonten Village directly impact how village financial information is perceived by residents. The discrepancy between formally available administrative information and residents' level of understanding gives rise to misunderstandings, prejudices, and negative assumptions about village financial practices. The perception that information is not transparent is not simply due to its lack of availability, but rather due to its lack of public understanding. This often triggers perceptual conflicts, particularly when residents do not understand the technical rationale behind budgeting or budget absorption. Thus, the social context and community communication patterns are crucial factors influencing village financial conflicts, not merely administrative or technical aspects.

Based on ongoing research, financial conflicts in Megonten Village can be grouped into several main, interconnected forms. These findings address the first research question regarding the forms of financial conflict in Megonten Village, Kebonagung District, Demak Regency, including:

8) Allegations of Lack of Budget Transparency

Residents complained about the lack of information they received regarding the details of village budget usage. Village information boards only displayed the global budget without detailed realization reporting. This reflects weak fiscal transparency, as explained by Wahyudi

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et al. (2020) who stated that accountability and transparency are key factors in preventing horizontal conflict within village communities.

"We only know the numbers from the information board, but it's unclear how they'll be implemented." (Mr. Muhammad Saroni, Head of RT 1 RW 2, July 30, 2025)

According to Fisher and Ury (2000), conflicts caused by miscommunication and unmet basic information needs can trigger distrust between parties (interest-based conflict).

However, based on documentation and interviews with village officials, it is known that Megonten Village has been using the Village Financial System (SISKEUDES) application since 2022. This application records and compiles village financial reports digitally and accountably. Budget utilization reports have also been communicated to residents through village information boards, deliberation forums, and published on the official village government website, making them accessible to the public at any time.

"We upload the report to the village website and also post it physically in the village hall. But perhaps not all residents can access or understand it." (Alisa Maulana, Megonten Village Secretary, interview, August 12, 2025)

Available financial reports include the actual funds for each activity, the remaining budget, and the progress of physical implementation in stages. Unfortunately, not all residents have optimal access to this information, especially those with low education, the elderly, or those unfamiliar with digital media.

This leads to misunderstandings and suspicions, which don't stem from secrecy, but rather from limited financial and digital literacy. Consistent with research by Lee & Kim (2020), this gap in understanding digital information can create "pseudo-transparency," where openness exists but isn't fully embraced by the public.

"Actually, as the hamlet head, I participate in every process of making the Village Budget and agree to every decision, but my ability to explain to the residents is also limited. I thought the explanation in the plenary meeting represented by the RT head was enough, but it turns out there are still people who don't understand" (Qomaruzzaman, Hamlet Head, Interview, August 12, 2025)

As a solution, the village then implemented a tacit knowledge-sharing approach, conveying financial information through oral explanations, collective storytelling, informal discussions, and direct interactions between residents, especially for vulnerable or less educated groups. This approach was effective in reducing negative assumptions and gradually building understanding within the local cultural context (Nonaka & Takeuchi, 1995).

"We explain things slowly. Sometimes through the neighborhood association (RT), sometimes during patrols, so they gradually understand and aren't prejudiced. Although it's not a regular

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part of our agenda to explain things to residents through the RT or patrols." (Machmud Saroni, Village Treasurer, interview, August 3, 2025).

Despite initial perceptions that the village budget was non-transparent, official data and documents indicate that Megonten Village's financial management has been carried out accountably and with minimal fraud. This is demonstrated by the implementation of the Village Financial System (SISKEUDES) since 2022, in accordance with Minister of Home Affairs Regulation Number 20 of 2018 concerning Village Financial Management. This application records all financial transactions digitally and in an integrated manner, with a tiered access system that reduces the opportunity for data manipulation. Furthermore, an audit by the Demak Regency Inspectorate in 2024 stated that village financial governance has been running well and in accordance with applicable regulations, with no significant irregularities found.

The village government has also actively published regular budget reports through the official village website, on bulletin boards, and in community forums. However, observations and interviews have found that some villagers—particularly those with older or lower levels of education—have difficulty understanding digital report formats and the technical terms used in financial reports. This lack of financial and digital literacy contributes to misunderstandings and negative assumptions about the village government.

To address this issue, village officials adopted a tacit knowledge-sharing approach by conveying budget information verbally and contextually in informal forums, such as during night patrols, neighborhood association meetings, or through community leaders. This approach aligns with the socialization phase of the SECI Model (Nonaka & Takeuchi, 1995), where knowledge is conveyed narratively and contextually to community groups unfamiliar with explicit, system-based information. This effort has been shown to help reduce tensions and improve community understanding of village budget allocation and use, thus preventing conflict early on.

These findings reflect a suboptimal knowledge-sharing socialization process, where tacit knowledge regarding village budget management and use has not been fully and openly shared with all stakeholders. This situation has led to gaps in understanding, which in turn have triggered financial conflicts at the village level.

9) Conflict in Determining the Village Budget

Some residents felt that their voices were not fairly represented in the budget deliberations. This was reinforced by a statement from a BPD member who revealed the dominance of village elites in decision-making:

"We've proposed it many times, but my vote always loses to the majority. It's as if it was set up from the start without our voices being heard." (BPD member, Mr. Sultoni, interview, December 8, 2025)

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This statement demonstrates that conflicts in determining the Village Budget (APBDes) are not solely driven by formal mechanisms, but also by unequal participation and informal power dynamics. When the deliberation process is dominated by certain parties, minority voices tend to be unheard, even though the forum is considered administratively legitimate.

Furthermore, conflicts also arise from differing interests among citizens. Each individual or group has different development preferences and needs. Self-centered attitudes often emerge, with some parties pushing for funding allocations that favor their own group. This creates friction and tension in decision-making forums.

"The drainage embankment of RT 5 RW 1 is considered more important, even though RT 8 RW 2 has also started to need attention" (Community Leader, Mr. H. Nasichin, interview, December 8, 2025)

"Incidentally, RT 8, RT 5, and RT 6 needed to have their retaining walls built immediately because they were frequently flooded. The construction was approved. A larger budget was allocated to RT 5 because the approved project was for RT 5-6, which is why it was allocated more than RT 8/RW 2." (Fauzi Amirullah, BPD Member, Interview, December 8, 2025)

The Megonten Village Government is taking a wise approach by holding an open village meeting involving all community leaders, representatives of the neighborhood associations (RT/RW), the Village Consultative Body (BPD), and other community elements. This forum serves as a deliberative space for setting budget priorities based on the principle of common interest, rather than pressure from specific groups. This process aligns with the interest-based negotiation approach proposed by Fisher et al. (2000), which emphasizes the importance of considering the needs of all parties, rather than simply defending one's position.

Although the initial deliberations were often marked by debate and friction, a win-win solution was ultimately achieved, where budget allocations were adjusted fairly and proportionally based on priority scales without diminishing the rights of other groups. The allocation of funds sourced from Village Funds (DD), Village Fund Allocations (ADD), and Village Original Income (PAD) was carried out based on participatory and transparent principles as stipulated in Demak Regent Regulations No. 54 of 2022, No. 32 of 2023, and No. 62 of 2024, which outline the mechanisms for participatory and accountable village development planning and budgeting (JDIH Demak, 2024; BPK RI, 2022).

However, conflicts aren't always emotionally resolved even after procedural resolution. Some parties who feel "outvoted" still express dissatisfaction and harbor disappointment because their proposals weren't fully accommodated. This situation demonstrates that in societies with diverse social, educational, and informational contexts, agreements reached through formal democracy don't always equate to collective satisfaction.

In the context of knowledge sharing, this situation illustrates a failure at the externalization stage in the SECI Model (Nonaka & Takeuchi, 1995), where the experiences, ideas, and needs

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of specific groups fail to be converted into explicit knowledge that is incorporated into village policies. This may be due to an insufficiently inclusive forum structure or a lack of mechanisms that allow minorities to voice their arguments equally.

Therefore, in addition to formal deliberation processes, adaptive communication approaches and personal and dialogical social development are needed to ensure that unaccommodated groups can still feel part of the village development process. This also emphasizes that inclusive, participatory development is not simply a matter of procedures; it must also consider the psychological and sociocultural dimensions of residents.

The differences in perceptions that emerged during the village budget (APBDes) determination process demonstrate a weak externalization stage, where individual knowledge and understanding have not been fully communicated and clearly expressed in open discussions or mutually understandable documents. Consequently, conflict arises due to the lack of shared understanding among village stakeholders.

10) Budget Absorption that Does Not Match Priorities

In village financial management practices, the budget absorption rate is a crucial indicator for assessing financial governance performance. Village governments are required to achieve a minimum percentage of Village Fund absorption at each stage to receive subsequent budget disbursements. Based on Minister of Finance Regulation No. 146/PMK.07/2023, the second phase of Village Fund disbursement can only be conducted if the first phase has reached at least 50% absorption and complete reporting of its use has been submitted. This provision is further reinforced in Demak Regent Regulation No. 62 of 2024, which stipulates that absorption evaluation serves as the basis for verification before subsequent disbursements are made (JDIH Demak, 2024).

In the context of Megonten Village, activities such as road construction budgeted in the Village Budget (APBDes) sometimes experience technical delays, resulting in unused funds in certain quarters, potentially creating a temporary budget surplus (SiLPA). This has led to negative perceptions among residents, as expressed by one resident:

"They said the road would be built this year, but there's still no change. I thought the budget had been released, but it wasn't used." (Head of RT 6 RW 1, Mr. Sukarno, interview, June 13, 2025)

However, administratively, these activities cannot be implemented until the village meets the minimum absorption percentage and completes the previous phase's realization report. This means that the discrepancy in absorption is not due to budget diversion, but rather to the gradual nature of the financial process, which must first comply with technical regulations.

"The agreed-upon budget will be implemented, but there will be gradual disbursement during construction." (Village Treasurer, Mr. Machmud Saroni, interview, June 14, 2025)

"In the plenary meeting, we involved all community representatives in determining priorities. However, budget constraints prevented all proposals from being implemented. We focused on priorities and continued to explain the urgency of reaching agreement in the Village Budget (APBDes) setting forum. Many said that even the agreed-upon items haven't been implemented, let alone those that aren't prioritized. However, we are ready to be accountable for the budget implementation." (Village Head, Mr. Salim, interview, June 15, 2025)

Lack of understanding of this mechanism has fueled perceptual conflicts, particularly among residents who lack access to or adequate financial literacy. Therefore, the village government is working to bridge this information gap through an informal and adaptive knowledge-sharing approach. Explanations are provided directly by community leaders, neighborhood association officials, or during community forums, ensuring that technical information is readily understood by all.

This approach mirrors the socialization and internalization practices in the SECI Model (Nonaka & Takeuchi, 1995), where explicit knowledge such as financial reports and activity schedules is converted into social understanding that is absorbed by citizens. This strategy is effective in building shared understanding, thus minimizing conflict resulting from delays in budget absorption without compromising public trust.

Table SWOT Analysis Table

Strengths (S)	**Weaknesses (W)**
• **Village Apparatus Has Good Human Resources** • **Village Financial Governance is running well according to regulations** • **Bookkeeping and budget realization reporting (LRA) are well-organized and fair.**	• Distribution of knowledge related to village finance is not yet even • The language of technocrats in reporting is difficult for the public to understand. • Coordination between village officials and knowledge sharing between village officials and the community is not yet optimal. • The exchange of financial information is focused only on formal reporting and informally is sporadic.
Opportunities (O)	Threats (T)
• **The high expectations of village communities for transparency and accountability in reporting** • **Opportunity to increase financial literacy in the Megonten Village community** • **Two-way dialogue in opening up opportunities for citizen participation in deliberations**	• Low Financial Literacy in Village Communities • High expectations of village communities are not matched by an understanding of the budget. • The influence of certain figures triggers conflict tension • Financial information still does not reach all levels of society

Table SWOT Strategy Matrix Table

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SO (Strength-Opportunity) Strategy	WO (Weakness-Opportunity) Strategy
• Maximizing the Village Deliberation Forum in budget socialization • Developing participatory and adaptive public communication methods	• Simplifying the language of financial information so that it is easy for village residents to understand • Holding regular dialogues both formal and informal to improve the financial literacy of village communities.
ST (Strength-Threat) Strategy	WT Strategy (Weakness-Threat)
• Strengthening harmonious communication to reduce the influence of community leaders who have negative tendencies • Involving community leaders to explain to the general public about budget limitations	• Reorganizing the SOP for communication and distribution of financial information to village communities. • Equal distribution of financial information to reach all levels of village society.

Based on the identification of internal and external factors in Megonten Village, a SWOT analysis was used as a conceptual framework to formulate a strategy to reduce village financial conflict. This SWOT matrix is not intended as a technocratic planning tool, but rather as a conceptual approach to charting strategic directions based on the village's real-world conditions, particularly in the context of financial communication and knowledge sharing.

1) SO Strategy (Strength-Opportunities)

The SO strategy was designed to leverage the village's internal strengths to respond to external opportunities. Megonten Village boasts a relatively strong human resource base, with highly educated personnel, and well-established financial governance and administration that comply with regulations. These strengths serve as a key resource for addressing the community's lack of understanding of the village budget (APBDes) mechanisms and village financial management.

Through the SO strategy, village officials are directed to optimize their capacity not only in technical-administrative aspects, but also in their educational role for the community. This can be realized through simplifying the language of financial reports, explaining budgets narratively, and utilizing deliberation forums and community meetings as spaces for financial literacy. In this way, the village's internal strengths are leveraged to transform limited community understanding into opportunities for social learning, thereby reducing the potential for conflict based on miscommunication.

2) WO Strategy (Weakness–Opportunities)

The WO strategy focuses on addressing internal village weaknesses by leveraging available external opportunities. One of the main weaknesses identified was suboptimal knowledge sharing between village officials and the community, as well as information distribution patterns that were still sporadic and predominantly formal.

The opportunity presented by the community's high demand for financial and village development information can be leveraged as momentum to improve communication patterns. The WO strategy encourages strengthening informal communication through the role of neighborhood associations (RT/RW), community leaders, and village social forums as knowledge brokers. With this approach, technical financial information can be contextualized according to the community's social conditions. This strategy aims to bridge the gap in understanding without requiring changes to the existing financial system.

3) ST Strategy (Strength–Threats)

The ST strategy aims to leverage the village's internal strengths to address external threats that could potentially trigger conflict. Identified threats include differing interests between community groups, high expectations for village development, and the influence of certain figures who could exacerbate conflict situations.

In this context, the strength of transparent and accountable financial governance is leveraged as a basis for village government legitimacy. The ST strategy emphasizes strengthening substantive transparency, not just administrative transparency, through regular clarification of budget limitations, disbursement stages, and development priorities. By strengthening information consistency and coordination between officials, villages can prevent information distortions that are often exploited by certain parties to construct negative narratives and escalate conflict.

4) WT Strategy (Weakness–Threats)

The WT strategy is a defensive strategy aimed at minimizing internal weaknesses while avoiding external threats. In this case, weaknesses such as unstructured communication and low public literacy are combined with the threat of conflicts of interest and a lack of ongoing dialogue.

The WT strategy is realized through a restructuring of the Standard Operating Procedures (SOPs) for communication and distribution of village financial information. This restructuring does not target technical financial management SOPs, but rather communication SOPs, which include information delivery schedules, issue clarification mechanisms, and the division of roles between officials and community leaders as information mediators. With clear and adaptive communication SOPs, villages have a preventative mechanism to mitigate misunderstandings early on and prevent conflicts from escalating into open conflict.

3.2. Conflict Resolution Approach: From Miscommunication to Mutual Understanding

Based on the conceptual strategy formulated through the SWOT analysis in the previous subchapter, this section discusses how financial conflict in Megonten Village was mitigated through a conflict resolution approach that emphasized communication, dialogue, and meeting the community's basic information needs. The conflict that emerged was not

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destructive, but rather latent, stemming from differences in perceptions, expectations, and residents' limited understanding of village financial mechanisms.

The interest-based negotiation approach (Fisher et al., 2000) is relevant for explaining the conflict resolution process. In the context of Megonten Village, village deliberations serve as a space for negotiating interests, where various parties with differing needs strive to reach a common agreement. Although not all aspirations can be fully accommodated, the open dialogue process prevents conflicts from escalating into open conflict that undermines social cohesion.

Furthermore, Burton's (1990) Human Needs Theory helps explain why some residents remain dissatisfied even after conflicts have been procedurally resolved. The need for recognition, justice, and understanding is often not fully met. Therefore, conflict resolution in Megonten Village does not stop with formal decisions, but continues through personal communication and social development approaches by local actors.

Knowledge sharing plays a key role in this conflict resolution approach. Through oral explanations, informal discussions, and the involvement of community leaders as mediators, village financial information is delivered contextually and easily understood. This approach has proven effective in reducing prejudice, reducing misunderstandings, and strengthening trust between residents and the village government. Thus, the conflict resolution in Megonten Village demonstrates that financial disputes can be managed peacefully through adaptive communication and knowledge-sharing strategies, without relying on coercive mechanisms or legal approaches.

1) Theoretical and Practical Implications

The integration of the SECI model and conflict resolution approaches demonstrates that knowledge sharing serves not only as a technical tool for disseminating information but also as a social mechanism that enables citizens to learn, negotiate, and transform collectively. This research reinforces the importance of local wisdom-based social communication strategies in village governance, especially in areas with limited digital literacy. Furthermore, this study proposes that the success of knowledge sharing in reducing conflict is strongly influenced by the level of openness of the village government, the presence of social mediators (community leaders, RT/RW), and the readiness of residents to actively participate in deliberations. Strengthened knowledge sharing practices can be a peaceful solution in resolving budget conflicts, as suggested by a study by Sutrisno & Amin (2022) that knowledge-based citizen participation increases trust and accountability in village governance.

2) Theoretical Implications

The results of this study contribute to the development of knowledge sharing and conflict resolution studies in the context of village governance. Several key points that can serve as theoretical references are:

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a. Implementation of the SECI Model in a Village Context

This research shows that the SECI Model (Nonaka & Takeuchi, 1995) can be applied in village government. However, the socialization and internalization stages are more dominant than the externalization and combination stages, given the limited literacy levels of the community and the dominance of certain deliberation forums.

b. Perceptual Conflict as the Focus of Conflict Resolution

Village financial conflicts often arise from differences in perception, limited understanding, and information gaps, not simply administrative errors. This broadens the study of conflict resolution by emphasizing the importance of communication, dialogue, and knowledge sharing as preventative mechanisms.

c. Integration of Knowledge Sharing and Conflict Resolution

This research reinforces the concept that knowledge sharing is not just data exchange, but also a tool for social and collective transformation, where citizens can understand, negotiate, and participate in decision-making more consciously.

d. Dominance of Local Culture

These findings confirm that local culture, power structures, and apparatus capacity influence the effectiveness of knowledge transfer. A theoretical approach to rural communities must consider these sociocultural factors for the successful implementation of the knowledge model.

3) Practical Implications

Based on the SWOT analysis and conceptual conflict reduction strategies, practical implications for village governments and stakeholders include:

a. Strengthening Knowledge Sharing Strategy

Financial transparency cannot be achieved solely through formal documents or digital systems (e.g., SISKEUDES), but must be accompanied by adaptive communication strategies, such as verbal explanations, informal discussions, and forums that are close to the social life of residents.

b. The Role of Social Mediation Actors

Neighborhood associations (RT/RW), community leaders, and religious leaders need to be strengthened as mediators for knowledge sharing. They have close social ties with residents and can bridge the gap between technical information and facilitate its understanding.

c. Inclusive Participatory Forum

Village governments need to develop more inclusive deliberation forums, not only administratively but also substantively. Mechanisms for conveying aspirations must accommodate minority groups and citizens with limited literacy.

d. Increasing Citizen Literacy

Villagers' financial and digital literacy needs to be improved through simple, contextual, and sustainable educational programs. This will help them understand the mechanisms of rational village financial management and prevent future conflicts of perception.

e. Utilization of SWOT Strategy in Practice

The SO, WO, ST, and WT strategies outlined in Subchapter 4.7.5 can serve as a practical guide:

SO: Maximize competent human resources to expand knowledge sharing.

WO: Overcome the limitations of public understanding with contextual education and communication programs.

ST: Maintain good financial governance while anticipating negative perceptions from citizens.

WT: Strengthen apparatus coordination and consistent knowledge sharing to prevent latent conflicts.

Thus, knowledge sharing becomes a social strategy that not only conveys information but also builds understanding, trust, and community participation, thereby making village financial governance more transparent, participatory, and harmonious. This strategy ensures that village financial conflicts can be mitigated preventively without relying on coercive or legal mechanisms.

4. Conclusion

Based on the results of research on the role of knowledge sharing in reducing financial conflicts in Megonten Village, Kebonagung District, Demak Regency, the following conclusions can be drawn: Social Conditions and Village Financial Governance. Megonten Village has a comprehensive government structure and qualified human resources (HR) in the form of village officials, including a majority of village officials who are university graduates and well-educated. Village financial governance has been carried out formally and accountably through the implementation of the Village Financial System (SISKEUDES), with planning, budgeting, implementation, and accountability procedures in accordance with regulations. Forms and Sources of Financial Conflict. Village financial conflicts arise primarily due to differences in understanding and perceptions of residents regarding the APBDes management mechanism, not due to any irregularities or manipulative practices. Forms of conflict include: Allegations of budget non-transparency, due to low financial and digital literacy of residents, Resident dissatisfaction with the determination of the APBDes due to the dominance of village elites and differences in group interests and Mismatch of budget absorption with priorities due to residents' limited understanding of the phased process of budget management. The Role of Knowledge Sharing in Conflict Resolution. The dominant knowledge-sharing process in Megonten Village is informal and contextual, through social interactions such as neighborhood association (RT/RW) meetings, religious study groups, or direct discussions with community leaders. The SECI model (Nonaka & Takeuchi, 1995) shows that the socialization and internalization stages are effective, while externalization and combination still face obstacles due to limited community literacy and elite dominance in deliberations. Conflict Reduction Strategy through SWOT Analysis. The Megonten village financial conflict reduction strategy was formulated based on the results of a SWOT analysis. The SO and WO strategies focused on optimizing human resources and enhancing knowledge sharing to improve community understanding. The ST and WT strategies aimed to strengthen transparency, coordination, and information delivery to minimize potential conflict and miscommunication. Thus, the SWOT serves as a conceptual framework that systematically guides strategic conflict reduction steps.

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