
The Role of Village Funds to Improve Community Welfare: A Study in West Bandung Regency

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Abstract

Purpose: This study aims to determine the role of village funds in improving community welfare. Village funds are funds sourced from the APBN (State Budget and Expenditure) allocated to villages which are transferred through the district/city regional budget. According to applicable regulations, these funds must be used properly, such as to finance government administration, conduct development, community development, and empowerment.

Design/methodology/approach: The research uses a quantitative descriptive research methods. Data collection was carried out by distributing questionnaires to several villages in West Bandung Regency and conducting interviews with related parties at the local Community Empowerment Service.

Findings: The results of this study indicate that the management of village funds has an effect on improving community welfare. In general, the management of village funds in the West Bandung Regency has been managed in a transparent and accountable manner and involves community participation.

Paper type: Research paper

Keyword: Village Fund, Community Welfare, Bandung Regency.

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I. INTRODUCTION

As a state, Indonesia has a development strategy to increase equitable distribution of development and its results through sectoral development policies and community performance, especially in rural areas. As we know, the majority of Indonesian people live in rural areas, and now villages have been considered as the subject of development and become the spearhead of development and improvement of community welfare. This was stated in Law Number 6 of 2014 which later became a milestone for changing the paradigm of village regulation.

According to Law No. 6 of 2014, a village is a legal community unit that has territorial boundaries that are authorized to regulate and manage government affairs, the interests of the local community based on community initiatives, origin rights, and/or customs that are recognized and respected in the system of government of the Unitary State of the Republic of Indonesia. Similar to what is stated in Law No. 23 of 2014 concerning Regional Government, it was stated that local governments have the authority to carry out government affairs according to the principle of autonomy and assistance tasks with the principle of autonomy as widely as possible according to the system of the Unitary State of the Republic of Indonesia. These two regulations show that villages can become independent government administrators and have stronger authority in governance, implementation of development, community development, and empowerment. In its arrangement, they can be guided by 13 principles, namely: Recognition, Togetherness, Subsidiarity, Diversity, Mutual Cooperation, Family, Deliberation, Democracy, Independence, Participation, Equality, Empowerment, and Sustainability.

Since 2015, during the Jokowi administration, village funds have been implemented. Villages are administered with adequate sources of income to manage their potential to improve the economy and community welfare. According to the Minister of Home Affairs Regulation Number 113 of 2014 concerning Village Financial Management, village funds can be interpreted as funds sourced from the State Revenue and

Expenditure Budget for transferred villages through the Regency/City Regional Revenue and Expenditure Budget (APBD) and used to finance government administration, implementation development, community development, and community empowerment. These funds need to be managed properly by the village, starting from the planning, implementation, administration, reporting, and accountability processes for village finances. In addition to village funds, other sources of village income include village generated income, part of regional taxes and levies, allocation of village funds, financial assistance from provincial and district/city APBD, third party grants and contributions, and other sources. (Shuha, 2018).

The purpose of providing village funds is to improve community services in the village, alleviate poverty, advance the village economy, overcome development gaps between villages, and strengthen rural communities as subjects of development (Rahayu, 2018). The Village Fund is allocated based on population, poverty rate, area, and level of geographical difficulty. In addition, village funds have important implications in their use and allocation for developing village institutionally (Muslihah et al., 2019), and the most important benefits to be realized with the allocation of village funds are poverty alleviation, welfare improvement, and empowerment of village communities (Ashar & Agustang, 2020; Jamaluddin et al., 2018; Lalira et al., 2018; Rahayu, 2018). Although the goals and benefits to be obtained are ideal, in practice, the use or allocation of village funds is becoming a problem that must be solved. Villages and especially their government need to equip themselves with village financial management skills that lead to good governance to prevent conflicts of interest and even potential acts of corruption (Kadir & Moonti, 2018; Karmani et al., 2019). This, of course, should ideally be reviewed separately regardless of the existence of village-owned enterprises or Bumdes in the village. Although in its development, Bumdes often become the spearhead in efforts to manage village funds more optimally. Even so, the concept of sustainability in Bumdes needs to be emphasized so that its management is more effective (Pradesa & Agustina, 2020), and lead to the avoidance of potential conflicts of interest that result in corrupt customers in the village (Adnan, 2020; Kadir & Moonti, 2018).

Village development activities must involve the role of the village community starting from planning, organizing, implementing, and supervising. To support this, it is necessary to establish good cooperation between village officials and the community at every stage. This can encourage the community to further develop themselves so that a more empowered society can be realized. The principles of Village Financial Management according to The regulation of the ministry of home affairs number 113 of 2014 concerning Village Financial Management are transparent, accountable, participatory, and carried out in an orderly and budgetary discipline. (1) Transparent brings the principle of openness that allows the community to know and have access to the widest possible information regarding village finances. (2) Accountability is related to the realization of the obligation to account for the management and control of resources and the implementation of entrusted policies in the context of achieving the goals that have been set. (3) Participatory is related to the implementation of village government that includes village institutions and elements of the village community, and (4) Orderly and budgetary discipline mean that village financial management must refer to the rules or guidelines that underlie it.

With the existence of village funds, the village government as the administrator of government in the village must be able to manage it well so that the benefits of village funds are optimal to be able to contribute to improving community welfare and village development (Hulu et al., 2018; Muslihah et al., 2019). The implementation of village development aims to realize the life of village communities that are independent, advanced, prosperous, and just (Adisasmita, 2006). There are several inhibiting factors in managing village funds, namely human resources, reporting delay, Village Budget change, the internet, and public understanding (Martini et al., 2019; Saputra et al., 2019; Triani & Handayani, 2018). These problems can be overcome by developing a selection system, improving the education and training of village officials. The importance of managing village funds has been understood by all parties with an interest in it, especially related to the impact if there is an abuse of authority or corruption related to the allocation of village funds (Adnan, 2020; Widiyani et al., 2021).

One of the benchmarks for the success of the development is the level of community welfare. Welfare is a condition in which a person can fulfill basic needs, such as the need for food, clothing, shelter, clean drinking water, and the opportunity to continue education and have an adequate job that can support the quality of his life so that he becomes free from poverty, ignorance, fear, or worry so that his life is safe, peaceful, both physically and mentally (Fahrudin, 2012). Community welfare is a condition that shows the state of people's lives which can be seen from the standard of living of the community (Badrudin, 2012).

The concept of community welfare (Maybery et al., 2009; Mccrea et al., 2014) in its development showed more measures for the results of community development in achieving a better life which include: capacity building and distribution of basic needs such as food, housing, health, and protection; improvement of living standards, income levels, better education, and increased attention to culture and human values as well as expansion of economic scale and availability of social choices for individuals and nations.

The concept of welfare, according to Nasikun (1993), could be formulated as the equivalent of the meaning of the human concept which is seen from four indicators, namely security, welfare, freedom, and identity. Meanwhile, according to Soetomo, welfare indicators contain 3 components, namely (1) Social justice, such as education, health, access to electricity and water, the poor; (2) Economic justice, such as income, homeownership, level of expenditure; and (3) Democratic justice, such as security and access to information (Soetomo, 2014). Welfare indicator is a measure of society that can be used as the basis whether this society is prosperous or not.

The relationship between village fund allocation and community welfare has been widely recognized and empirically tested in previous studies (Ashar & Agustang, 2020; Muslihah et al., 2019; Rahayu, 2018; Sumarni, 2020). The empirical results showed diversity in the understanding of those two concepts. Previous research has interpreted those two concepts and studied them in different ways. Therefore, This study seeks to re-confirm the effect of village fund management on community welfare.

Village funds must be managed properly and according to the regulation so that the goals of development and empowerment of village communities can be achieved. This study will figure out whether village funds have been managed properly or not so that they can play a role in improving the community welfare, especially in West Bandung Regency. Based on 2019 Central Statistics Agency data, West Bandung Regency is the district with the 6th highest percentage of poor people in districts/cities in West Java. By using West Bandung Regency as the research location, it is hoped that they can more deeply explore their ability to manage village funds so that they can improve their position. The formulation of the problem of this research is to determine the effect of village funds on the community welfare in the West Bandung Regency. The conceptual framework used in this study is shown in the chart below.

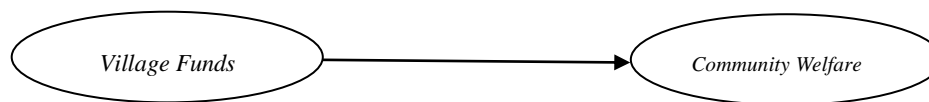


Figure 1. Conceptual Framework

II. METHODOLOGY

This study employed a quantitative approach with deductive reasoning which aims to describe a situation or phenomenon that is currently happening by using scientific procedures to answer and obtain information about the implementation of village fund management to improve community welfare in West Bandung Regency. Data collection was obtained from distributing questionnaires using a Likert scale with a scale of 1 (strongly disagree) to 5 (strongly agree) to 30 representatives from villages in West Bandung Regency. This research was conducted for one month, during November 2020. The Likert scale was used to measure attitudes, opinions, and perceptions of a person or group of people about social phenomena. The research instrument was developed by referring to the previous literature related to the concept of village funds and community welfare. The data analysis method used in this research was simple linear regression analysis. Yet, in its process, factor analysis was also employed to see the weight factor value of each dimension on the variables observed in this study.

III. RESULT AND DISCUSSION

Before analyzing the research data, the questionnaire was tested by testing the validity and reliability of the two variables. The results of the validity test of the village funds and community welfare variables can be seen in the table below.

Table 1. Validity Test of Village Fund Management Variables

<i>Question Items</i>	<i>r-count</i>	<i>mean</i>
<i>Transparency</i>		
<i>Access to clear information on planning, implementation procedures, and accountability for village fund management</i>	0.641	4.23
<i>Easy access to obtain village fund management documents</i>	0.652	4.13
<i>Discussion involving the community in managing village funds</i>	0.775	4.50
<i>Disclosure of information related to the management of village funds</i>	0.650	4.30
<i>Accountable</i>		
<i>Village funds have been managed in accordance with the objectives to be achieved</i>	0.829	4.37
<i>Supervision of village fund management by the supervisor team</i>	0.727	4.23
<i>Village fund management accountability report</i>	0.653	4.53
<i>The involvement of the village government in managing village funds</i>	0.727	4.57
<i>Participative</i>		
<i>Community involvement in planning and implementing village fund management</i>	0.625	4.43
<i>Community involvement in the utilization of village funds</i>	0.625	4.40

Source: The primary data processed (2021)

Table 1 shows the results of the validity of the village fund management variable using the indicator correlation value parameter with its total in each dimension (transparency, accountability, and participatory). The results for each indicator in the variable of allocation of funds ranged from 0.625 to 0.775. Meanwhile, the average value of each indicator shows a good value ranging from 4.13 to 4.57. The most important thing according to respondents is the active involvement of the village government in managing village funds as a manifestation of accountability in managing village funds. Meanwhile, respondents' lowest assessment of village fund management indicators lies in the transparency dimension which is indicated by the ease of access to obtain village fund management documents.

Table 2. Validity Test of Community Welfare Variables

<i>Question Items</i>	<i>rhitung</i>	<i>Mean</i>
<i>Social justice</i>		
<i>Community education increases with village funds</i>	<i>0,834</i>	<i>4,13</i>
<i>Access to health becomes easier with village funds</i>	<i>0,753</i>	<i>4,27</i>
<i>Access to electricity is easier with village funds</i>	<i>0,574</i>	<i>3,93</i>
<i>Access to water is easier with village funds</i>	<i>0,419</i>	<i>4,33</i>
<i>Economic Justice</i>		
<i>The existence of village funds increases community income</i>	<i>0,314</i>	<i>4,17</i>
<i>Home ownership for the community is easier with village funds</i>	<i>0,559</i>	<i>3,70</i>
<i>Household spending on health is lower with village funds</i>	<i>0,889</i>	<i>3,50</i>
<i>The level of community spending on education is lower with the village fund</i>	<i>0,803</i>	<i>3,67</i>
<i>Democratic Justice</i>		
<i>Utilization of Village Funds has provided a sense of security for the community</i>	<i>0,707</i>	<i>4,07</i>
<i>Utilization of the Village Fund has provided easy access to information for the community</i>	<i>0,707</i>	<i>4,30</i>

Source: The primary data processed (2021)

Table 2 shows the results of the validity of the village fund management variable using the indicator correlation value parameter with its total in each dimension (social justice, economic justice, democratic justice) on community welfare. The results for each indicator in the community welfare variable ranged from 0.314 to 0.889. Meanwhile, the average value of each indicator shows a number that tends to be good ranging from 3.50 to 4.33. The most important thing according to respondents is that access to water becomes easier with the existence of village funds as a manifestation of community welfare, especially in the perceived dimension of social justice. Meanwhile, respondents' lowest assessment of the village fund management indicator lies in the dimension of economic justice which is indicated by the level of household spending on health being lower with the existence of village funds.

Based on the two tables above, it can be concluded that the questions asked in the questionnaire of those two variables were declared valid. Validity in research is explained as a degree of accuracy of research measuring instruments about the content or the actual meaning measured. The standard value of validity is 0.3. If the correlation number obtained is greater than the standard value, then the question is valid. From the table above, it can be seen that all r-count values above 0.3 so that it can be said to be valid. Meanwhile, the value of the reliability coefficient can be seen in the following table.

Table 3. Test Result of Reliability and Construct Mean Value

<i>Variable</i>	<i>Cronbach's Alpha</i>	<i>N of Items</i>
<i>The utilization of village funds</i>		
<i>Transparent</i>	<i>0.843</i>	<i>4</i>
<i>Accountable</i>	<i>0.876</i>	<i>4</i>
<i>Participative</i>	<i>0.769</i>	<i>2</i>
<i>Community Welfare</i>		
<i>Social</i>	<i>0.800</i>	<i>4</i>
<i>Economic</i>	<i>0.812</i>	<i>4</i>
<i>Democratic</i>	<i>0.827</i>	<i>2</i>

Source: The primary data processed (2021)

A reliable instrument will produce reliable data, so statistical testing using the Cronbach Alpha statistical technique is said to be reliable for measuring a variable if it has a Cronbach Alpha value of more than 0.60. Based on table 3 above, The Cronbach Alpha value of all indicators on both variables is greater than 0.6. Therefore, it can be concluded that all questions on the questionnaire used are reliable and can be used as a data collection tool.

Table 4. Test Result of Factor Analysis and Construct Mean Value

<i>Variable</i>	<i>Loading Factor</i>	<i>Mean</i>
<i>The use of village funds</i>		
<i>Transparent</i>	<i>0,613</i>	<i>4,292</i>
<i>Accountable</i>	<i>0,746</i>	<i>4,425</i>
<i>Participative</i>	<i>0,671</i>	<i>4,417</i>
<i>Community Welfare</i>		
<i>Social</i>	<i>0,581</i>	<i>4,167</i>
<i>Economic</i>	<i>0,757</i>	<i>3,758</i>
<i>Democratic</i>	<i>0,489</i>	<i>4,183</i>

Source: The primary data processed (2021)

Table 4. showed findings from factor analysis for each variable in this study. The results show that the utilization of village funds is indicated more by the principle of accountability with the highest mean value rated by the respondents. Meanwhile, the welfare of the community is most reflected by economic indicators with the highest loading factor compared to others. However, the results of the mean value indicate otherwise that the economic indicators are the lowest indicators of community welfare assessed by the respondents. Furthermore, linear regression statistical tests were used to determine the effect between the variables of the utilization of Village Fund and the Community Welfare.

Table 5. Results of Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	2.335E-16	0.146		0.000	1.000
	Pengelolaan Dana Desa	0.616	0.149	0.616	4.135	0.000

a. Dependent Variable: Kesejahteraan Masyarakat

Based on table 5 above, the path coefficient value between village fund management and community welfare is 0.616. The path coefficient is the standard regression coefficient (z standard) which shows the strong effect of the independent variable on the dependent ones in the path diagram. The path coefficient value is expressed as a standardized coefficient or known as the beta value. Thus, it can be concluded that the correlation between the Village Fund Management and the Community Welfare variable is at a fairly strong level of relationship.

Table 6. Coefficient of Determination Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.616 ^a	0.379	0.357	0.80189408

After the path coefficient value, another value that needs to be found is the coefficient of determination. The value of the coefficient of determination can see the magnitude of the effect of the Village Fund Management on Community Welfare. Based on the table above, the coefficient of determination is 0.379, which means that the management of village funds has an effect of 37.9% on the community welfare. While the other 62.1% are affected by other variables or factors that are not seen in this study.

Furthermore, hypothesis testing was carried out using the t-test. The hypothesis tested is H0 = Village Fund Management Variable has no effect on Community Welfare, and H1 = Village Fund Management Variable has an effect on Community Welfare. Based on the previous path coefficient table, it can be seen that the t-count is 4.135 and the t-table value = 1.70 (where df = N-k, 30-2 = 28), meaning that the t-count value is greater than the t-table value. While the p-value (Sig.) = 0.000 is smaller than the value = 0.05. These results indicate that H0 is rejected, meaning that the Village Fund Management variable affects Community Welfare.

The results of this study indicate that the management of village funds provides a greater opportunity for the village to realize an improvement in community welfare. In general, the existence of village funds can be used by village communities to carry out empowerment activities to encourage productivity, increase economic capacity which leads to social justice, economy, and democracy from village communities. The findings of this study support the results of previous studies such as Muslihah et al., (2019) and Jamaluddin et al., (2018) as well as emphasize the importance of effective allocation of village funds to improve the welfare of rural communities.

IV. CONCLUSION

Based on the results of the study, it can be concluded that the management of village funds has an important impact on the achievement of community welfare. Well-managed Village funds by adhering to the principles of transparency, accountability, and participation will improve the community welfare. Community welfare as one of the benchmarks for the success of development can be reflected in several indicators such as social justice by improving education, health, access to electricity and water; economic justice including increased income and homeownership; and democratic justice such as access to information.

To summarize, this study explained the important and positive role of village fund management in improving community welfare in the West Bandung Regency. However, several problems that may be related to the management of village funds in the field are deemed necessary to be considered in more detail by stakeholders including the Government. It is important to oversee the management of this village fund so that the accountability of this village fund management can be further increased.

Finally, the principles of good governance of village funds must be achieved so that larger goals can be realized (increasing welfare, empowerment, and resilience of village communities). This research was conducted in a limited area in West Bandung Regency, so caution is needed in generalizing the results of the study. Therefore, it is hoped that further research will use a wider coverage of the village area or use a comparison of results in two or more different areas to increase the ability to generalize the results.

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