# Effects of Utilization of Village Funds on Community Empowerment in Indonesia

**Fitri Sukmawati[a], Mohd Haizam Mohd Saudi[b],** [a,b]Faculty of Economics, Widyatama University, Indonesia   Email: Fitri.sukmawati@widyatama.ac.id, haizam@widyatama.ac.id,

This study aims to examine the effect of the use of village funds on community empowerment in Indonesia, based on Ministerial Regulation No.4 of 2017 concerning the priority of the use of village funds. The poor, especially in terms of the economy, and in particular in the rural areas, need to be given assistance to improve welfare and purchasing power by being given community empowerment by the government. The Indonesian government provides funds, namely village funds, intended to fund the implementation of rural development programs and activities and empower village communities. This research uses explanatory methods. The sampling technique in this study is saturated sampling. Data were obtained from 75 respondents. The data used in this study are primary data. Data collection techniques in this study were by distributed questionnaires. The analytical methods used are the classic assumption test, simple linear regression analysis, and hypothesis testing using t-statistics to test the regression coefficient, with a 0.05 level of significance using the SPSS 24.0 program. The results of this study indicate that the use of village funds affects community empowerment.

**Key words:** *Villages, Utilization of Village Funds, Community Empowerment.*

## Introduction

Empowerment is a series of activities to strengthen and or optimize empowerment (in terms of ability and / or competitive advantage) of disadvantaged groups in society, including individuals who experience poverty problems. (Mardikanto and Soebianto, 2013; 16)

Regulations of the Minister of Village, Development of Disadvantaged Regions, and Transmigration of the Republic of Indonesia Number 4 of 2017, concerning Amendments to

Village Minister Regulation, Underdeveloped Regional Development, and Transmigration Number 22 of 2016 Regarding Priority Determination of 2017. Village priority use of village funds to finance program implementation and activities in the field of Rural Development and Village Community Empowerment. The priority of the use of village funds is to finance the implementation of programs and activities that are cross-sectoral in nature, especially in the areas of BUMDesa or BUMDesa Bersama,embung, Village superior products or rural areas and Village sports facilities (Sinaga et al., 2019).

The fact is that in the field there are three Subdistricts in Bandung Regency displaced by public services, namely Cimenyan District, Cilengkrang and Cileunyi. In these districts there are crucial problems, namely economic inequality, underdevelopment of infrastructure, poor health services, low quality education, lack of encouragement to advance farm workers' economies, and skills not given to support more modern work (Tim Odesa, 2017). In Hanging Cadas Village in Mekarmanik Village, Cimenyan Subdistrict, Bandung Regency, there are 14 houses, the majority of them are huts of poor condition. The community said that they would be given housing assistance but it could not be implemented, instead the community only received enough assistance from the village office. The community of Cadas Gantung Village hopes for assistance from the Bandung Regency Government to do home surgery(Nurmatari, 2016).

Village funds are used in an effort to increase infrastructure development and community empowerment to reduce economic inequality and allow rural communities to prosper (Dydha, 2017).

According to results of research conducted by Agnesia (2017), Village Funds have a significant effect on community empowerment. Similarly, the results of the research conducted by Dydha (2017), showed village funds to have a positive and significant effect on village community empowerment. Consequently, the purpose of this study is to find out whether the utilization of village funds has an effect on community empowerment in Bandung Regency.

**Literature Review**

According to Law No. 6 of 2014, village funds are funds sourced from the state budget for income and expenditure allocated to villages that are transferred through the district / city regional income and expenditure budget, and are used to finance government administration, implementation, development, community development and community empowerment (Saudi et al., 2019).

Empowerment comes from the English language. Bryant and White (1987) state empowerment as an effort to foster greater power and authority to the poor. This is done by creating a built-in mechanism to align fair allocation decisions, namely by making the people a priority (Bastian, 2015; 107). Empowerment is a series of activities to strengthen and or optimize empowerment (in terms of ability and or competitive advantage) of disadvantaged groups in society, including individuals who experience poverty problems (Mardikanto and Soebiato, 2013; 16).

The hypothesis of this study is the utilization of village funds influences community empowerment.

**Object and Research Methods**

The population of this study was 75 respondents consisting of, 59 neighbourhood units, 13 village officials, and 3 BUMDES managers in Mekarmanik Village. Thus the use of the entire population without having to withdraw the research sample as an observation unit is referred to as the census technique. According to Sugiyono (2012: 126), determination of samples where all members of the population are used as samples is a saturated sampling technique. Another term for saturated samples is census.

**Table 3.1:** Operational Variable

| Variable | Dimension | Indicator |
|---|---|---|
| Village Fund (Soemantri, 2011; 125) | Transparent | Willingness and<br><br>document accessibility<br>Clarity and complete information<br>Openness of process<br>The regulatory framework guarantee transparency<br>Kristianten (2006: 73) |
| | Accountable | Level of accountability<br>Village fund planning<br>Level of accountability |

| | | Village fund activities program |
| | | Level of accountability |
| | | Village fund reporting |
| | | Istiqomah (2015) |
| | Participation | A forum to accommodate participation that is representative of the community Access for the community To allow opinions in the process of decision-making. (Krina, 2003: 21) |
| Empowerment Society (Wrihatnolo and Riant, 2007: 10) | Awareness | Provide information Giving knowledge Provide understanding Grow initiative / Initiative |
| | | Level of accountability Village fund planning Level of accountability Village fund activities program Level of accountability Village fund reporting Istiqomah (2015) |
| | Capacity | A forum to accommodate participation that is representative of the community. Access for the community To allow |

| | | opinions in the decision-making process. (Krina, 2003: 21) |
| | Enrichment | Increased knowledge Skill improvement Use resources power |

## Research Results and Discussion
### *Research Results*
1. Test Validity
   a. Test Results Validity of Village Fund Variables

   Nine statements that measure the variable Utilization of village funds has a r count value ≥ r table, with a validity level above 0.2272 so that all statements are valid.

   b. Test Results for Validity of Community Empowerment Variables

   Fifteen statements that measure the variable of Community Empowerment has a r count ≥ r table, with a validity level above 0.2272 so that all statements are valid.

   c.Village Fund Variable Reliability Test Results

   The Alpha Cronbach's value is obtained at 0.770, indicating that the statement regarding the Utilization of village funds has a high or reliable level of reliability.

   d. Variable Reliability Test Results for Community Empowerment

   The Alpha Cronbach's value obtained at 0.748, shows that the statement on Community Empowerment has a high level of reliability or reliability.

2. Testing Classic Assumptions
   a. Normality Test

   The significance value obtained by the residual value (Unstandardized Residual) of the three variables has a significance value of 0.200. The probability value

obtained from the results of the normality test is greater than 0.05 (0.200> 0.05), meaning that the data to be used are normally distributed. In other words, the assumption of data normality is fulfilled.

3. Simple Line Regression Analysis

| Coefficientsª | | | | | |
|---|---|---|---|---|---|
| | Unstandardized Coefficients | | Standardized Coefficients | | |
| Model | B | Std. Error | Beta | t | Sig. |
| 1    (Constant) | 19,893 | 2,914 | | 6,826 | ,000 |
| DANA_DESA | ,828 | ,118 | ,635 | 7,014 | ,000 |
| a. Dependent Variable: PM | | | | | |

**Y = 19,893 + 0,828 X**

1. From the results of the simple linear regression equation, each variable can be interpreted as follows:
2. a. The constant value of the simple linear regression equation is 19,893. This shows that the average value of Management of Village Fund Allocation (X) in Community Empowerment conditions (Y) does not change or is at a constant condition (worth 0), equal to 19,893.
3. b. Regression coefficient for Utilization of Village Funds (X) is 0, 0.868. This shows that if the Village Fund Utilization changes by 100 percent, Community Empowerment (Y) will change by 0.868. A positive sign on the regression coefficient value indicates a unidirectional relationship between X and Y, meaning that if the Utilization of Village Funds increases, Community Empowerment in Mekarmanik Village will increase.

4. TESTING OF HYPOTHESIS Partial Test (t Test)

| Coefficientsª | | | | | |
|---|---|---|---|---|---|
| | Unstandardized Coefficients | | Standardized Coefficients | | |
| Model | B | Std. Error | Beta | t | Sig. |
| 1    (Constant) | 19,893 | 2,914 | | 6,826 | ,000 |
| VILLAGE FUND | ,828 | ,118 | ,635 | 7,014 | ,000 |
| a. Dependent Variable: PM | | | | | |

Based on the table it can be seen that the t-count obtained by the Village Fund is 7.014. This value will be compared with the t-table value in the distribution table t. With $\alpha$ = 0.05, df = n-k, df = 75-2 = 73, the two-sided test t-table is obtained at 0.1914. From these values it can be seen that the t-count is greater than t-table, so that the hypothesis decision is Ho rejected and Ha accepted. The significance value can also be seen at Sig. = 0,000 <0,05. These results indicate that the Utilization of Village Funds has an impact on Community Empowerment.

## 5. Coefficient Determination

| Model Summary[b] | | | | |
|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | ,635[a] | ,403 | ,394 | 4,84482 |
| a. Predictors: (Constant), DANA_DESA | | | | |
| b. Dependent Variable: PM | | | | |

Based on the information contained in the table, the value of the coefficient of determination (R Square) is equal to 0.403. The results show that the Utilization of Village Funds contributes to the influence of Community Empowerment by 40.3% while the remaining amount of 59.7% is the contribution of the influence given by other factors not examined.

**Discussion**

The test results show that the Utilization of Village Funds has an influence on Community Empowerment. The results of the t-test were obtained at 7.014 with a significance value = 0,000. The test results can be concluded at the 95% confidence level that the Utilization of Village Funds has an effect on Community Empowerment.

This is due to indicators of the variable utilization of village funds including transparency, accountability and participation. Indicators of the variable community empowerment, among others, awareness, capacity building and empowerment are fulfilled well in Mekarmanik Village.

**Conclusions and Recommendations**
*Conclusion*

The utilization of Village Funds has a significant effect on community empowerment. This is because the Mekarmanik Village Government is transparent with regards to information relating to village funds, and the people of Mekarmanik Village get information about the

accountability reports from the Village Government regarding income and activities carried out. The Mekarmanik Village Government provides an opportunity for the community to participate in the process of utilizing village funds from the start of the meeting to its implementation, such as making waterways for the community, etc.

Regarding empowerment, the community feels that they have gained knowledge about empowerment programs and have been involved in the implementation of the program, especially farmers, but in terms of the public interest of the village government, including road improvements, they have not been fully realized.

Recommendation
1. For the Government
The Village Government is expected to prioritize the public interest, such as road repairs, uninhabitable homes that still exist in the village, community services such as health centers.
2. For future researchers
Future studies are expected to expand the research subject by researching several villages in one sub-district, plus the LPM in the village. Add other variables that influence Community Empowerment.

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