

# Analysis of the Effectiveness of Village Fund Allocation Management in Realizing Good Governance in Village Pahlawan Batubara District

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## Abstract

*This study aims to analyze, and assess how effective the management of village fund allocations is and to provide information about what factors can increase the effectiveness of village fund allocation management in realizing good governance in the Hero Village, Batubara Regency. The management of Village Fund Allocation is reviewed based on law number 6 of 2014. The research approach was developed using a qualitative descriptive method. This study uses primary data sources such as the Village Head, Village Secretary, and Village Treasurer and added several community leaders in the village environment. Then the data obtained and analyzed using descriptive research is done by comparison or connecting with other variables. Effectiveness of Village Fund Allocation Management which is reviewed based on law number 6 of 2014 At the Hero Village, Batubara Regency has been running Effectively because it has been able to reflect the Clarity of Goals to be achieved, Clarity of Strategy for Achievement of Goals, Process of Policy Analysis and Formulation, Appropriate Planning and Programming right. Furthermore, the Management of Village Fund Allocations in the Hero Village, Batubara Regency has been effective because it has implemented all indicators starting from Planning, Administration, Management, Reporting, and Accountability There are Factors that can Increase the Effectiveness of Village Fund Allocation Management in realizing good governance in the Hero Village Batubara Regency, namely the High Interest in Community Participation, Qualification of Village Apparatus Resources and Level of Understanding Related to Regulation and Management of Village Fund Allocation*

## Keywords

effectiveness; village fund allocation; good governance



## I. Introduction

The central government through regional autonomy gives authority to the regions to regulate and manage their government, but still with full support from the central government in its implementation. Regional autonomy is a way to realize regional independence that is based on local empowerment. The main purpose of implementing regional autonomy is to improve public services and improve the regional economy. The economic condition of the population is a condition that describes human life that has economic score (Shah et al, 2020).

The three main missions of implementing regional autonomy are to improve the quality and quantity of public services to the community, create efficiency and effectiveness in managing regional resources, and empower and create space for the community to participate. The existence of the village is legally recognized in Law Number 23 of 2014 concerning regional government and government regulation Number 6

of 2014 concerning villages where the village will receive a disbursement of 10% of the State Revenue and Expenditure Budget (APBN).

Based on the provisions, the village is defined as a legal community unit, which has territorial boundaries that are authorized to regulate and manage the interests of the local community, based on local origins and customs that are recognized and respected in the government system of the Unitary State of the Republic of Indonesia.

As a consequence of the authority of the implementation of the village, autonomy is the occurrence of sufficient funds. Sadu Wasistiono (200:610) states that financing or finance is an essential factor in supporting the implementation of village autonomy. In Article 1 number 11 of government regulation number 72 of 2005 concerning villages, it is stated that Village Fund Allocations are funds allocated by the government/city for villages originating from the part of the central and regional financial balance funds received by the Regency/City. The Village Fund Allocation (ADD) is carried out openly and the results are stated in a Village Regulation (Pardes). This provision shows the commitment to decision-making that ADD management must comply with good governance rules that must be implemented by village communities. The regulation regarding ADD is followed up through the Circular of the Minister of Home Affairs Number 140/640/SJ of 2005 concerning guidelines for the allocation of village funds from the Regency/City Government to the Village Government which essentially contains the procedures for implementing ADD. To follow up on PP No. 140/640/SJ regarding guidelines for village fund allocation, one of which regulates the use of ADD, namely that 30% of ADD received by the Regional Government is used for operational costs for village government administration.

The allocation of Village Funds is intended to finance village government programs in carrying out a community empowerment activity. The provision of ADD is a manifestation of the fulfillment of the village's right to carry out its autonomy so that it grows and develops following the growth of the village itself. According to Doller & Wallis (2001), Village Fund Allocation plays an important role and is the main key to the success of village autonomy. The effectiveness and efficiency of the distribution of the Village Fund Allocation (ADD) from the Regency/City Government to the Village Government and how the funds are used are very important because both are the simplest parameters for the success of decentralization (Ahmad Arany Yustika, 2008).

Effectiveness in general shows how far the achievement of a predetermined goal is. This is by the notion of effectiveness according to Moore D.Kenneth In Moh Syarif (2015:1) effectiveness is a measure that states how far the target (quantity, quality, and time) has been achieved, or the greater the percentage of the target achieved, the higher the effectiveness. Important aspects that need to be considered in measuring the effectiveness of the management of village fund allocations, namely (a) the achievement of goals, that the management of village fund allocations can be said to be effective if their use is by the priority needs so that the objectives are achieved; (b) timeliness, the process of disbursement and use of funds by the time of implementation of activities that have been planned until the end of activities; (c) according to the benefits, village funds can be felt by the village community as program recipients; and (d) the results are in line with community expectations. Locke (1968) in Kenis (1979) states that setting specific goals will be more productive. In addition, based on the many research results state that the main problems in managing the allocation of village funds are often caused by problems in human resource education, knowledge, and experience as well as facilities and infrastructure.

## II. Review of Literature

This study did not use a hypothesis because the researcher used a qualitative approach with primary data sources. but the research is built through a research framework that explains the relationship between variables. With the allocation that uses the principles of equality and fairness, it is hoped that each village will be able to carry out development by the plans set out in the village development planning meeting. In the ADD management mechanism, it is then handed over to each village by taking into account the applicable regulations. The appropriate allocation of ADD as seen above is a form of decentralization to promote good governance because it brings the state closer to the community and at the same time increases community participation, which in turn encourages accountability, transparency, and responsiveness of local government. Good governance is often interpreted as good governance, by following certain rules by the basic principles of good governance.

Good governance is an institutional framework to strengthen village autonomy because substantively decentralization and village autonomy are not only a matter of dividing authority between levels of government but as an effort to bring the state closer to the community. Local government will not be strong and autonomy will not be meaningful and beneficial for local communities if it is not supported by transparency, accountability, participation, and responsiveness. Based on the principles of Good Governance, the management of village fund allocations in West Sumba Regency always focuses on implementing the principles of transparency and accountability in addition to being participatory and responsive, so that the implementation of good governance at the village government level will be realized.

### 2.1 Effectiveness

The word effective comes from English, namely effective which means successful or something that is done successfully. Popular scientific dictionaries define effectiveness as the proper use, use, or support of goals. Effectiveness according to Kurniawan (2005: 109) is the ability to carry out tasks, and functions (operating program or mission activities) than an organization or the like in which there is no pressure or tension between its implementation. Sedarmayanti (2009: 59) defines the concept of effectiveness as a measure that gives an idea of how far the target can be achieved.

Makmur (2011: 5) reveals effectiveness related to the level of truth or success and error. He argues that to determine the level of effectiveness of the success of a person, group, the organization even the state, we must make a comparison between truth or accuracy with mistakes or what was done. The lower the level of errors or errors that occur, of course, the closer the accuracy in the implementation of each activity or work (task) that is charged to each person. Another understanding according to Susanto (2005:156), "effectiveness is the power of messages to influence or the level of ability of messages to influence". According to Susanto's understanding above, effectiveness can be interpreted as a measurement of the achievement of goals that have been carefully planned. Furthermore, Agung Kurniawan (2005:109) defines effectiveness, as follows: "Effectiveness is the ability to carry out tasks, functions (operations, program activities or missions) than an organization or the like without any pressure or tension between its implementation". Efforts to evaluate the course of an organization can be done through the concept of effectiveness.

This concept is one of the factors to determine whether it is necessary to make significant changes to the form and management of the organization or not. In this case, effectiveness is the achievement of organizational goals through the efficient use of available resources, in terms of inputs, processes, and outputs. In this case, what is meant by resources includes the availability of personnel, facilities, and infrastructure as well as the methods and models used? An activity is said to be efficient if it is carried out correctly and by procedures, while it is said to be effective if the activity is carried out correctly and provides useful results.

Based on Duncan's opinion, to be able to know the effectiveness can be done by assessing or measuring the following things (Steers, 1985 p.53):

- a. Integration, which is a measurement of the level of an organization's ability to conduct socialization, consensus development, and communication with various other organizations.
- b. Adaptation, is the organization's ability to adapt to its environment. For this reason, a benchmark for the procurement and filling process is used.
- c. Achieving goals is the overall effort to achieve goals that must be viewed as a process.

Lubis and Huseini (1987), mention 3 (three) main approaches to measuring organizational effectiveness, namely: (1) The resource approach, which measures the effectiveness of inputs, the approach prioritizes the success of the organization to obtain resources, both physical and non-physical by the needs of the organization; (2) The process approach is to see how far the effectiveness of program implementation from all internal process activities or organizational mechanisms; and (3) the goals approach where the focus is on the output measuring the success of the organization to achieve the results (outputs) by the plan.

## **2.2 Allocation of Village Funds**

Village Fund Allocation or ADD is a fund sourced from the Regency Budget, Revenue and Expenditure (APBD) which is allocated with the aim of equitable distribution of financial capacity between villages to fund village needs in the context of administering government and implementing development and community services. ADD the Village finance portion obtained from the Regional Tax Revenue Sharing and the portion of the Central and Regional Fiscal Balance Fund received by the district. According to the Regulation of the Minister of Home Affairs Number 37 of 2007 concerning Guidelines for Village Financial Management in Article 18 that the Allocation of Village Funds comes from the Regency/Municipal APBD sourced from the Central and Regional Fiscal Balance Funds received by the Regency/City for the Village at least 10% ( ten percent). According to Government Regulation Number 72 of 2005 Article 1 Paragraph 11, what is meant by Village Fund Allocation (ADD) are funds given by the village head originating from the central and regional government financial balance funds received by districts/cities.

In several districts/cities, the designation for ADD uses different terms. This is possible given the diversity of languages and customs in Indonesia. In the explanation of article 68 paragraph 1 letter c of Government Regulation Number 72 of 2005 it is stated that funds from districts/cities are given directly to villages to be managed by the village government, provided that 30% is used for operational costs for the village government and BPD and 70% is used for empowerment activities. Public. According to Soemantri (2011: 166) that the percentage of the use of the Village Fund Allocation is set at 70% for financing public services and community empowerment, including:

- a. Poverty alleviation includes the establishment of village barns.
- b. Improving public health, including the arrangement of posyandu.
- c. Improved basic education.
- d. Procurement of rural infrastructures such as government infrastructure, transportation infrastructure, production infrastructure, marketing infrastructure, and social infrastructure.
- e. Compilation and filing of village profiles, provision of data, village administration books, and other social institutions and others.

While another 30% is for village government operational costs, namely to finance village administration activities with the following priorities:

1. Improvement of Human Resources, Village Heads and Village Apparatuses includes education, training, debriefing, and comparative studies.
2. Operational costs of the implementing team in the field of government.
3. The cost of allowances for the Village Head, village apparatus, allowances and BPD operations, honorarium for the head of RT/RW, and strengthening of RT and RW institutions.
4. The cost of maintaining the office and the environment of the Village Head's Office.
5. The cost of providing data and making reports and accountability.

### **III. Research Method**

#### **3.1 Descriptive Research**

This research uses descriptive research. Descriptive research is research conducted to determine the value of independent variables, either one or more (independent) variables without making comparisons, or connecting with other variables (Sugiyono, 2012:13). While the qualitative research method is a research method based on the philosophy of postpositivism, used to examine the condition of natural objects, where the researcher is the key instrument and the results of qualitative research emphasize meaning.

#### **3.2 Research Procedure**

The procedure for this research starts from making initial observations/observations on problems regarding the effectiveness of the management of village fund allocations that have been running and then researchers assess the effectiveness of these activities whether they are appropriate or not by the standard for managing research fund allocations. Furthermore, the researchers conducted in-depth interviews to provide research results on how to improve the effectiveness of managing the allocation of village funds.

In this study, there are 2 (two) data analysis techniques, namely:

- a. Descriptive analysis technique  
The data analysis technique used in this study is to use a descriptive method, namely by determining the data to be used, collecting predetermined data, then grouping it, interpreting, and analyzing the data and comparing it with theory, then a conclusion is drawn and then provides suggestions. .
- b. Interview technique  
Conduct a survey to the village office to obtain the necessary facts and data in the form of documents and interviews.
- c. Analyzing the effectiveness of the use of village fund allocations in Pahwalan Village.  
In this stage the author analyzes how the effectiveness of the use of village fund allocations is obtained through interviews with employees in Pahwalan Village.



Analyzing the procedures for using village fund allocations in Pahwalan Village and data obtained from documentation and interviews with the Village Head, Village Secretary, Village Treasurer, and Village General Affairs Officer.

## IV. Results and Discussion

### 4.1 Results

#### a. Village Pahlawan Profile

Hero Village is one of the villages in the Tanjung Tiram District in Batubara Regency, North Sumatra with an area of 4.72 Km2 of Hero Village. Heroes Village in 2017 has 12 hamlets consisting of 1 (one) Village Head, 1 (one) Village Secretary, and other Village Apparatuses which have been structured into organizational structures and collaboration between fields and between lines. The following is a picture of the organizational structure of the Hero Village.



Figure 1. Structure Organization

Currently, the population of Tanjung Tiram Village in 2020 is 4,669 people, consisting of 2,344 male and 2,325 female residents with most of the main income of the Hero Village population being fishery.

#### b. Effectiveness of Village Fund Allocation Management

The formation of regional regulations and the implementation of regional autonomy is one way for each region to regulate its region and provide opportunities for regions to increase development and develop the potential of the region for the better. In implementing regulation, the government must understand the contents of the regulation. Related to the allocation of village funds which have been regulated in Law Number 32 of 2004 concerning Regional Government relating to village finances and sources of village income as well as Indonesian government regulations Number 72 of 2005 concerning villages which is also explained in Law No. 6 of 2014 concerning the village. Furthermore, effectiveness describes the village government's ability to realize the financial allocation of village funds in the implementation of planned village programs by comparing the targets that have been set based on real value potential (Abdul Halim, 2002).

### **c. Village Fund Allocation Management Planning**

In the planning stage of the Village Fund Allocation management carried out by the Hero Village Government, it is considered to have complied with the applicable provisions by seeing that it has begun by forming an implementing team and planning process using a participatory model approach through the Musrembang program.

This condition is to the activities in the village government which are participatory. The Village Fund Allocation implementation team referred to in the plan consists of the Village Head as the Person in Charge of Operational Activities (PJOK), the Village Secretary as the Person in Charge of Administration of Activities (PJAK), the Village Treasurer as the Head of Financial Affairs (KUK) and assisted by social institutions others in the Hero Village.

Furthermore, planning through the Musrembang involves all elements of society such as community institutions, community leaders, and representatives from the community. Musrembang activities begin between September - October before the close of the current fiscal year where the results of the Musrembang must be ensured to have fulfilled all the formats for the List of Proposed Activity Plans (DURK). DURK must reflect all programs that are in line with the needs of the Hero Village community. However, from the observations made by the researchers, the proposed DURK still uses the previous year's Village Work Program and there are some that DURK has not fully touched on the essence of the village program.

## **4.2 Discussion**

Based on the description of the results of the research above, it can be said that the effectiveness of the management of Village Fund Allocation in the Village of Heroes in realizing Good Governance has been said to have been running effectively where it can be seen from being able to reflect the Clarity of Goals to be achieved, Clarity of Strategy for Achievement of Goals, Process Analysis and Formulation Policies, proper planning and proper programming. In addition to this regarding the management of Village Fund Allocations, it has also been said to be Effective because every indicator of Planning, Administration, Management, Reporting, and Accountability of Village Fund allocations can be realized by Village Law Number 6 of 2014, but there are still some weaknesses in the implementation of each. -each indicator such as the minimal level of community participation in giving opinions, the repetition of the previous year's program without going through a significant needs analysis process, and understanding of changes and development regulations in village management so that these things can hinder the realization of Good Governance in the Hero Village, Batubara Regency.

It is necessary to pay more attention to the importance of the Hero Village Government in implementing Planning and Administration Indicators, this is due to the initial basis of determining the vision, mission, goals, and objectives of a Village which must be carried out carefully and on target in using every potential and resource that has been owned. by the Hero Village so that it can minimize the weaknesses and opportunities of the Village's injustice in realizing Good Governance.

At the beginning of planning, the community needs to be given an understanding of the importance of the success of a proposed program that will be carried out later so that input on program proposals during the Musrembang community must be really serious, and critical and careful in providing program proposals. In the Reporting and Accountability indicator, the Village apparatus should continue to improve the quality of individuals in terms of education and skills considering that there are still village officials who have not had tertiary education, this will be invaluable from a reflection that the

application of the principles of accountability and the principle of responsibility is not optimal in realizing Good Governance.

### Program Fitness To Learning Achievements

The suitability of the program for learning outcomes in this study is found in the Public Sector Accounting Analysis course, one of which is to assess the performance of the government or budget implementing agencies in this case the Village of Heroes, Batubara Regency. In the Public Sector Accounting Analysis Course, one of the learning achievements is how a government agency must be able to implement the Value For Money concept, namely Effective, Efficiency, and Economical. Village Based on Good Governance. So that the researcher has assessed that the research results have provided conformity to learning outcomes in the Public Sector Accounting Analysis course.

## V. Conclusion

The conclusions in the study are based on the results of the research described above as follows:

1. That the Effectiveness of Village Fund Allocation Management which is reviewed based on law number 6 of 2014 in the Hero Village of Batubara Regency has been running effectively because it has been able to reflect the Clarity of Goals to be achieved, Clarity of Strategy for Achievement of Goals, Process of Policy Analysis and Formulation, Appropriate Planning and Preparation of the right program.
2. The Management of Village Fund Allocation in the Hero Village, Batubara Regency has been effective because it has implemented all indicators starting from Planning, Administration, Management, Reporting, and Accountability
3. Whereas there are factors that can increase the effectiveness of Village Fund Allocation Management in realizing good governance at the Hero Village, Batubara Regency, namely, among others, the high interest in community participation, the qualification of village apparatus resources, and the level of understanding related to the regulation and management of village fund allocations.

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