

Effectiveness of Village Financial Management An approach to The Output Equation

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ABSTRACT: *Historically villages in Indonesia have autonomy in managing the governance and governance of the population, local institutions and economic resources. The village became the foundation and part of the governance system and spearheaded the empowerment of the community. Nevertheless, the village has constraints from the aspect of human resources. The research approach used is qualitative research with case study methods and research informants as a data source while data analysis techniques use stages of data collection, data reduction, data presentation and verification of conclusions conducted continuously until saturated. The results showed that the effectiveness of village budget management from the perspective of output equation was obtained for revenue realization of 97.72% and for the realization of expenditure of 94.08%. There is a reach on the realization of activities but not achieved in financial realization.*

KEYWORDS: *effectiveness, village finance, output equation*

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I. INTRODUCTION

Historically villages in Indonesia have autonomy in managing the governance and governance of the population, local institutions and economic resources. The village in its development into a unitary legal community based on customs and customary laws that reside in a certain area of its boundaries, has a very strong inner birth bond, both because of its descendants and similar political, economic, social, and security interests, has a jointly elected management structure, has a certain amount of wealth and is entitled to organize its own household (Wasistiono, 2006).

It has diversity, participation, genuine autonomy, democratization and community empowerment. The village is now the foundation and part of the governance system above it, and spearheads every administration, development and community empowerment (Widjaja, 2003).

The village as a strong and independent community entity is expected by the central government to realize social justice. This is in line with the development paradigm that is developing now in Indonesia, namely building Indonesia is starting from the periphery strengthening regions and villages. It is expected that the village can prepare itself in response to the growing process of modernization, globalization and democracy.

Then the presence of Law No. 6 of 2014 on Villages, strengthening the function of the village as a government organization, development and community empowerment at the lowest level. The law mandates the village to manage the village's finances independently. The overall village revenue and village expenditures are both governments, development and empowerment of village communities be documented through village development plans, village government financial plans and village budgets so that they can be accounted for accountably and transparently.

Village funding is a manifestation of the fulfillment of the right of the village to organize its autonomy in order to grow and develop following the growth of the village itself based on diversity, participation, native autonomy, democratization, community empowerment and increasing the role of the village government in providing services and improving the welfare of the community and spurring the acceleration of development and growth of strategic areas (Nurhayati, 2015).

One of the concrete strategy that has been done is to involve the community in village development and become the driver of village business investment. The effort is done by socializing village management activities so that the community itself will feel a responsibility to participate in improving community empowerment in the most transparent and accountable village financial management.

II. METHODOLOGY

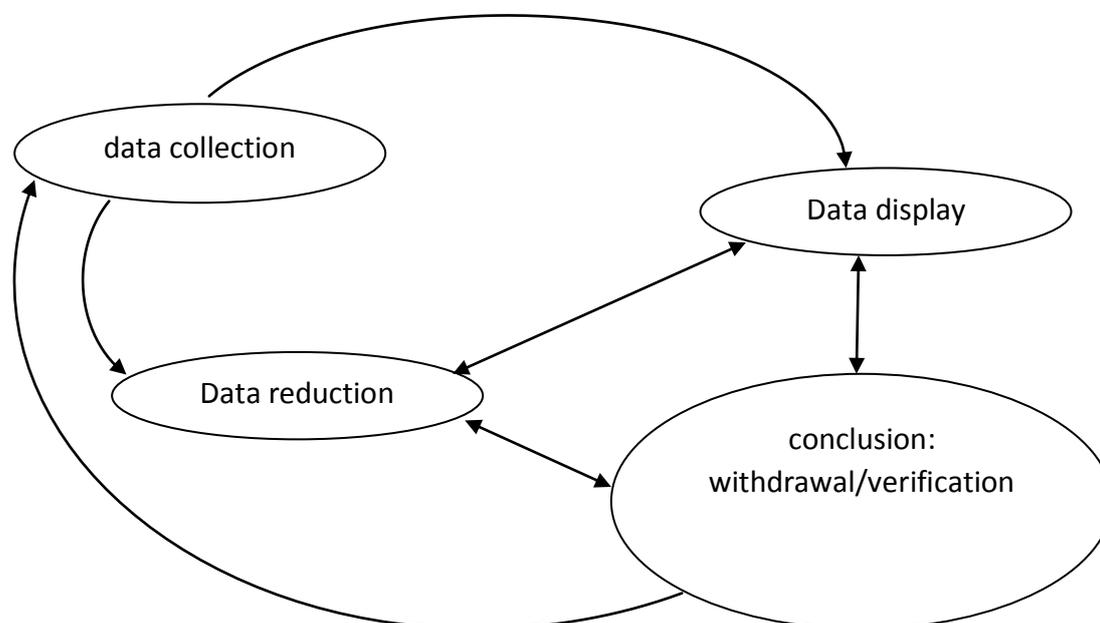
The approach to be used in researching the effectiveness of village financial management output perspective is a qualitative approach which is a process of research and understanding based on methodologies that investigate a social phenomenon and human problems.

A naturalistic approach to finding and finding understanding or understanding of phenomena in a background of special context. Researchers create complex images, examine words, detailed reports from the informant's view, and conduct studies on natural situations (Moleong, 2013) Qualitative methods are research procedures that produce descriptive data in the form of written and spoken words from people and observed behaviors (Bogdan and Taylor, 1975).

The data collection technique was conducted based on a complete observer, where researchers were not seen in the activities of the study subjects, but still made observations related to research objects using the five senses, especially the eyes and ears (Creswell, 2009). Close field observations, interviews are used to obtain primary data through unstructured interview techniques, and documentation studies in the form of document studies related to village financial management. The subject of this study becomes an informant who will provide a variety of necessary information during the research process through interviews.

Data analysis as a process of systematically finding and compiling data obtained from interviews, field records and documentation so that it is easy to understand and its findings can be informed to others. Data analysis using interactive analysis i.e. Data collection, data reduction, data presentation and conclusion drawing and verification (Miles and Huberman, 1994).

The data process that has been submitted is done continuously by studying the data, grouping the data, finding what is important, according to the research problem and studying and deciding what to report. Through this analysis is attempted to reveal what data still needs to be searched, what questions to answer, what ways to update. The matrix of interactive data analysis, as follows:



III. DISCUSSION

Effectiveness as the success rate of an organization in achieving its goals or objectives (Etzioni, 1964). Effectiveness demonstrates the ability to set adequate goals and do the right thing (Stoner, 1982). Effectiveness is not only related to the use of all resources and the use of work facilities and infrastructure, but also related to the deadline for achieving goals (Hersey & Blanchard, 1984).

A job is said to be effective if a job can produce a single output unit, however the effectiveness of the organization has a different meaning for each person, depending on the terms of reference it wears (Steers, 1985). Effectiveness is an assessment that shows how far the Target (quality, quality and time) has been achieved. The greater the percentage of targets that can be achieved, the higher the effectiveness of activities (Hidayat, 1986). The effectiveness of the organization is manifested if there is a combination of the effectiveness of individuals in the group and the effectiveness of the group itself (Gibson et.al, 1994).

Several organizational effectiveness models are integrated into the comprehensive framework from the point of view of the organization as an open system. Multidimensional effectiveness is seen as derived from conceptualizing the input-throughput-output of an organization and the typical domain of an organization's

activities. The relevance of certain dimensions of effectiveness is said to be contingent on the type of organization and/or domain of activities involved organizations (Chelladurai, 2016).

But when assessing activity at the organizational level, it is very important to choose the most suitable and accurate indicators for valid effectiveness evaluation, which differs from the routine activities of business companies based on the nature and value of the output as well as the specificity of the process itself (Laliene & Ojanen, 2016).

Effectiveness in village financial management is measured through the output equation, namely $E = Or / Ot$ (E = effectiveness, Or = realization output, Ot = target output). The assumption is that the greater the percentage of targets that can be achieved, the higher the effectiveness of activities. The output aspect is an organizational objective approach that is measured by the results/outputs that have been achieved compared to the target results/outputs that are to be achieved.

A new approach to output specifications is needed to better accommodate a variety of output relationships. Adjust the output specification by becoming clearer about the basic output framework, and more flexible about how the framework is applied, where the resulting action should be refined and used in conjunction with the output if feasible (Kibblewhite, 2000).

Research studies on the application of e-village budgeting system in Genteng Wetan Village from the aspect of output and relevance show quite can be seen from the results or outputs produced in accordance with applicable accounting standards (Wahyuni et al., 2019).

IV. FINDINGS

The realization of the village budget measures with a view to knowing the extent of the targets or objectives set out in the Bihara Hilir Village Budget and Expenditure document in fiscal year 2018 that have been or can be achieved. The achievement can be seen from the realization of finance and for the realization of spending. In terms of the realization of spending in addition to the financial realization is also seen from the physical realization.

The realization of Bihara Hilir Village Budget for fiscal year 2018 has been referred to Regulation of the Minister of Home Affairs No. 20 of 2018 concerning Village Financial Management and specifically reorganized by Balangan Regent Regulation No. 48 of 2018 concerning Village Financial Management Guidelines.

The revenue budget of Bihara Hilir Village in 2018 is targeted at RP. 1,142,368,886, - and from that target can be achieved RP. 1,116,303,338, - for more details of the realization of Bihara Hilir Village revenue in fiscal year 2018, as follows:

Table 1
Village Revenue Target and Realization in 2018

No	Description	Budget (Rp.)	Realization (Rp.)	Amount (Rp.)
1	Village Original Income	1.448.886	964.338	(484.548)
2	Transfer Revenue	1.140.920.000	1.115.339.000	(25.581.000)
Total		1.142.368.886	1.116.303.338	(26.065.548)

Source: data processed, 2019

To calculate the level of effectiveness with additions and equations is: $E = (Or/Ot) \times 100\%$, Description: E = Effectiveness; Or = Output / results achieved (realization); Ot = Output / results to be achieved (target).

Based on the document of budget and revenue accountability report of Bihara Hilir Village in 2018, the target revenue is RP. 1.142.368.886, - while the revenue achieved is RP. 1.116.303.338,-. It is seen in the data that Bihara Hilir Village has a revenue budget deviation of RP. 26.065.548, - (the figure is the difference between revenue realization and revenue target).

Based on the number if included in the equation obtained the following results:

$$E = (Or/Ot) \times 100\%$$

$$E = (1.116.303.338 / 1.142.368.886) \times 100\%$$

$$E = 97.72\%$$

Based on the calculation of the equation, Bihara Hilir Village experienced a revenue deviation of 2.28% and that is equivalent to RP. 26,065,548,-. The deficit comes from the transfer income of village funds allocation and the village's original income. Based on the report on the realization of the revenue budget of Bihara Hilir Village in 2018 are as follows:

1. Village Original Income. The village's original income is sourced at:

- a. Village Business Results with a target = RP. 1.000.000, - with realization = RP. 0.00. Not achieved at all;

- b. Other legitimate local revenues with a target of RP. 448.886, - with the realization of RP. 964.338,-. Exceeded by 214.83%, and that is equivalent to RP. 515.452,-
- 2. Transfer Revenue. Transfer revenue is sourced from:
 - a. Village Fund with a target of RP. 648.260, - with the realization of RP. 648.260, - reached 100%;
 - b. Allocation of village funds with a target=Rp.487.436.000, - with the realization of RP. 460.646.000, - only reached 94.5% and that the difference is equivalent to RP. 26.790.000,-;
 - c. Revenue sharing of local taxes and levies with a target of RP. 5.224.000, - with the realization of RP. 6.433.000, - exceeded by 123.14% and that is equivalent to RP. 1.209.000,-

Based on the realization report, there are 5 sources of revenue targeted. Of the 5 sources of revenue there are 2 revenue targets that are not achieved, then there are 3 targets achieved even 2 revenue targets exceeded. But overall the target and the realization of revenues were not achieved and gave rise to budget deviations derived from revenue.

The realization of village revenues in village owned enterprises whose capital investment by the village government at the end of 2018 has not been able to share the results, which is because the production process has not run optimally, while the distribution of village funds allocation is not in line with the target because the number of distributions has changed.

In the spending position, the Bihara Hilir Village Government allocates the budget exceeds the target ceiling of village revenue achievement of RP. 1.179.587.334, -, presented in the realization of its expenditure reached RP. 1.109.723.596. Clearly the realization of Bihara Hilir Village spending in fiscal year 2018 will be shown as follows:

Table 2
Target and Realization of Village Budget in 2018

No	Description	Budget (RP.)	Realization (RP.)	Amount (Rp.)
1	Sector of Village Governance	405.816.762	374.541.540	31.275.222
2	Sector of Village Development	598.053.979	566.634.482	31.419.497
3	Sector of Community Development	35.116.593	30.792.000	4.324.593
4	Sector of Community Empowerment	140.600.000	137.755.574	2.844.426
Total		1.179.587.334	1.109.723.596	69.863.738

Source: data processing, 2019.

Based on the report on the realization of village spending, there is a budget that is not absorbed worth RP. 69.863.738,- . the figure of the realization of the expenditure if included in the equation, then obtained the following results:

$$E = (Or/Ot) \times 100\%$$

$$E = (1.109.723.596 / 1.179.587.334) \times 100\%$$

$$E = 94.08\%$$

Based on the results of the equation, it can be seen that the realization of Bihara Hilir Village expenditure is 94.08% and there is a budget surplus of RP. 69.863.738,-. The researchers look again at the document of Accountability Report on Bihara Hilir Village Budget in 2018, it can be known that there are some activities that cannot be realized in full from the financial side, but in the target results of the activities achieved, in detail can be seen as follows:

- a. Sector of Village Governance. The budget target is RP. 405.816.762, -, the realized budget of RP. 374.541.540, or 7.11% of the unrealized budget and that is equivalent to RP. 31.275.222,-. There is an excess in capital expenditure worth RP. 24.489.667, - and worth RP. 6.785.555, - there is an over budget on the expenditure of goods and services. However, the budget surplus has no effect on the realization of its activities, because the activities have been achieved;
- b. Sector of Village Development. The budget target is RP. 598.053.979, -, the realized budget of RP. 566.634.482, -, or 5.25% of the unrealized budget and that is equivalent to RP. 31.419.497,-. There are advantages in capital expenditure, which consists of the procurement of environmental street

lighting, the construction of farm roads, the procurement of sports infrastructure and the maintenance of physical buildings owned by the village. The excess budget is due to the price tuning when the process of implementation of activities and the target of activities has been achieved;

- c. Sector Community Development. The budget target is RP. 35.116.593, -, the realized budget of RP. 30.792.000, -, or 12.31% of the unrealized budget and that is equivalent to RP. 4.324.593,-. There are advantages to spending on goods and services for the help of community institutions. The value is the assistance Taruna association activities;
- d. Sector Community Empowerment. The budget target is RP. 140.600.000, -, the realized budget of RP. 137.755.574, -, or 2.02% of the unrealized budget and that is equivalent to RP. 2.844.426,-. There is an excess of funds of RP. 2.844.426, -, in job training and skills activities for citizens amounting to RP. 1.380.000, -, then in the village deliberation activities as little as RP. 1.428.062, -, and the last in the watershed cleanup activities amounting to RP. 36.364,-. Of the three activities, the realization of activities has been achieved and carried out both on the financial realization side is not achieved.

V. CONCLUSION

The effectiveness of village budget management from the perspective of equation output was obtained for revenue realization of 97.72% and for the realization of expenditures of 94.08%. There is a reach on the realization of activities, but not achieved in financial realization.

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