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THE PRINCIPLES OF GOOD GOVERNANCE IN VILLAGE FUND ALLOCATION MANAGEMENT

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Abstract

The objective of this research was to prove empirically the effect of the transparency principle, the accountability principles, and the participation principle on the village fund allocation management. The population of this research was the villages in Abung Kunang District. The sample of this research was 35 respondents taken from the village administrators who managed the village fund allocation, the head of the administration, and the head of the section. The data used in this research was the primary data. The data collecting technique used in this research was questionnaires. The data analysis technique used in this research was the multiple regression. The analytical tool used in this research was SPSS V.20 program. The results of this research showed that the transparency principle, the accountability principles, and the participation principle affected the village fund allocation management.

Keywords: Transparency, Accountability, Participation, Village Fund Allocation Management

1. INTRODUCTION

The decentralization system and the regional autonomy system implemented by the Indonesian government demand that regional governments become increasingly independent in the development of their respective regions based on the potential empowerment and local communities. The decentralized system is applied up to village level governance (Manaan, 2017). With the Village Fund Allocation, villages have the certainty of funding so that development can continue without having to wait too long for funds to come from the central government. Therefore,

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the management of village fund allocation, starting from planning, implementation to accountability, is expected to be by the principles of Good Governance.

This research was conducted in 7 villages in Abung Kunang District, North Lampung. Based on the findings of the Independent Team for Monitoring the Use of Village Funds (TIP2DD) in each fiscal year, the village head does not hold a musrenbangdes, which must involve, BPD / LPMD / RK / RT / Community leaders, etc. The emergence of the APBDes programmed for the implementation of village funds and the allocation of village funds submitted to the North Lampung Regency DPMD Agency was not the result of joint deliberations. The success of the allocation of village funds in the period 3 three years 2015-2016-2017 has not been 50% Fifty percent has been realized. The government should be able to take firm action. The perpetrators, who are involved in looking for personal benefits, are proven from 232 villages, there are about 75% authoritatively, mysticism, village democracy, village structure which is not organized and functions as regulated in the legislation. invitation, so that it can cause losses to the state and the country's economy. (www.tabloidnetral.com accessed on November 20, 2017). This research is a replication of previous research conducted by Maria Fransisca Vina Febriani Manaan (2017). The variables used are the principle of transparency, the principle of accountability and research conducted by previous researchers using qualitative descriptive analysis techniques. What is different from previous research is the analysis technique used, the analysis technique used is the quantitative analysis technique and the researcher adds the participation variable. The next difference is the location of the study where Manaan (2017) was conducted in Wirorejo Village, Kab. Bantul, while this research was conducted in the villages in Abung Kunang District. North Lampung. Based on the above, the researcher aims to examine the Effect of Good Governance Principles on Management of Village Fund Allocation.

2. LITERATURE REVIEW

Agency Theory

Agency theory or agency theory is a theory that has the perspective that the principal, in this case, the owner or top management, is in charge of the agent to carry out effective, efficient, and economical tasks following the principle of value for money. The reality that occurs, principals and agents have their respective interests so that conflicts of interest often occur. The relationship between agency

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theory and this research is that the village government (agent) is obliged to provide accountability, present, and disclose its activities related to managing village fund allocation to the community (principal). Transparency provides open and honest information to the community based on the consideration that the community has the right to know openly and thoroughly the accountability of the village government in managing the allocation of village funds entrusted to it. Accountability provides an evaluation of the process of implementing organizational activities, and participation can provide input to the village government in managing the allocation of village funds.

Good Governance

Good Governance is a process of creating an environment or institutional atmosphere that allows interaction between the strata of government and between government and its people (community and private/business world) in a good value system and mutually agreed upon (Soepomo, 2007, in Judea, 2009). According to UNDP through LAN cited by Tangkilisan (2005), it states that there are synergistic and constructive relations between the State, the private sector and society, nine main characteristics of Good Governance are compiled, among others; Participation, Fairness, Transparency, Responsiveness, Consensus Orientation, Equity, Effectiveness, Accountability, Accountability, Strategic Vision.

Transparency Principle

In Article 4 paragraph 7 of the Regulation of the Minister of Home Affairs of the Republic of Indonesia No. 37 of 2007, concerning the Guidelines for Regional Financial Management, is said to be transparent is the principle of openness that allows the public to know and get access to the widest possible information about regional finance. With transparency, it guarantees access or freedom for everyone to obtain information about governance, namely information about policies, the process of making and implementing them, and the results achieved. Transparency in public financial management is a principle of Good Governance that must be met by public sector organizations. With transparency, the public will obtain actual and factual information, so they can use this information to (1) compare financial performance achieved with planned (realization vs. budget), (2) assess whether there is corruption or manipulation in planning, implementing, and budgetary accountability, (3) determine the level of compliance with relevant laws and regulations, (4) know the rights and obligations of each party, namely between the management of public sector organizations with the community and with other parties involved (Mahmudi, 2010).

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Principle of Accountability

Accountability can be interpreted as an obligation to convey accountability or to answer, explain the performance, and actions of a person / legal entity / collective leader or organization to those who have the right or authority to request information or accountability (Bastian, 2010). According to Solihin (2007) in Rahmawati (2014), the minimum indicators of accountability are:

1. There is a compatibility between the implementation of the standard implementation procedures.
2. Some sanctions are set for mistakes or omissions in the implementation of activities.
3. There are measurable outputs and outcomes.

Principle of Participation

Mardijono (2008: 19) states that participation is defined as an effort to involve the community in an activity, both in the form of statements and activities. Further explained participation is community participation in development programs

According to Theodorson in Totok Mardikanto and Poerwoko Soebiato (2012) stated that participation is the participation of a person in a social group to take part in the activities of their community, outside of their work or profession. This participation is carried out as a result of social interaction between the individual concerned and other members of the community. Purnamasari (2008), states that development planning without regard to community participation will be planning on paper. Based on his view, community participation or involvement in development can be seen from 2 things, namely: Participation in planning and participation in the implementation

The participatory approach in development planning makes the community not only considered as an object of development but also as a subject in development. Community-oriented development means that the results of development that will be achieved will be beneficial and useful for the community, besides that the risk will also be borne by the community.

Village Fund Allocation

According to Law No. 6 of 2014 Village funds are funds sourced from the state revenue and expenditure budget intended for villages that are transferred through the district/city regional income and expenditure budget and are used to finance

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governance, implementation, development, community development, and community empowerment. Village Fund Allocation is a balanced fund received by a district/city in the district/city Regional Revenue and Expenditure after deducting the Special Allocation Fund. ADD as referred to in paragraph (1) is at least 10% (ten percent) of the balance funds received by the district/city in the regional income and expenditure budget after deducting the special allocation fund. In detail, the allocation of ADD in the APBDes must pay attention to its allocation with a percentage of the budget: 1. At least 70% (seventy percent) of the total village budget is used to fund the implementation of the Village Government, implementation of village development, village community development, and empowerment of rural communities, 2. At most 30% (thirty percent) of the total village expenditure budget used for fixed income and allowances for the village head and village apparatus, Village Government operations, Village Consultative Board allowances and operations, and incentives for neighborhood associations (RT) and residents' units (RW).

4. RESEARCH METHOD

The data used in this study are primary data obtained from the questionnaire. This type of research uses survey methods in 7 villages in Abung Kunang sub-district, Lampung Utara. Research conducted included in quantitative research because the purpose of the research is to prove hypotheses, using research instruments. This research measuring instruments in the form of a questionnaire with a Likert measurement scale. With a Likert scale, the answers of each instrument item are rated from 1 to 5. With the following criteria:

- a. The answer strongly disagrees with getting a score of 1
- b. The answer does not agree to get a score of 2
- c. Neutral/hesitant answers get a score of 3
- d. The agreed answer gets a score of 4
- e. Answer strongly agrees to get a score of 5

The population of this research is 7 villages in Abung Kunang District, North Lampung Regency.

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Table 1. Villages list on Abung Kunang District

No	Nama Desa
1	Aji Kagungan
2	Beringin
3	Bindu
4	Sabuk Empat
5	Sabuk Indah
6	Talang Jembatan
7	Way Perancang

Samples taken in this study are village officials involved in managing village fund allocation, with the following criteria: 1. Village Head; 2. Village Secretary; 3. Head of Financial Affairs; 4. Head of Planning; 5. Chairman of the RT; 6. RW Chairperson; 7. Community. The independent variables in this study are the principle of transparency, the principle of accountability, and the principle of participation, each of which is measured Likert scale from 1 to 5 scale. The dependent variable is the Village Fund Allocation Management, each of which is measured using a Likert 1 to 5 scale. Hypothesis test to use T-Test and F-Test

5. FINDINGS AND DISCUSSION

Researchers obtained as many as 35 respondents consisting of 89% men and 11% women, with characteristics such as age, education level, and length of office carried by village administrators in Abung Kunang District, North Lampung Regency. If the respondent is seen from the characteristics of age, respondents aged 20-30 are 23%, aged 31-40 years 57%, aged 40-50 are 17%, and aged > 51 years are 35% respondents. Characteristics seen from the level of education, most respondents received a high school education by 91%, diploma 3 by 3% and strata 1 by 6%. Characteristics of respondents seen from the length of office, 100% of village officials have worked as village officials for 1 to 5 years.

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Validity tests used to test the validity of the questions in the questionnaire. The results showed that all question items on the independent variables consisting of transparency, accountability, participation and the dependent variable namely the allocation of village funds had fulfilled validity. The r count values for all question items are greater than the r table values. All items in the questions on the independent variables consisting of transparency, accountability, participation and the dependent variable, namely the allocation of village funds have a Cronbach Alpha value > 0.60 , which can be interpreted as question items declared reliable.

The researcher conducted a classic assumption test, the coefficient of determination test, the F test and a partial test. The results of the study have fulfilled the classical assumptions of normality, multicollinearity, autocorrelation or heteroskedasticity. The normality test has been fulfilled as evidenced by the KS test value showing the Sig value of $0.775 > \alpha 0.05$. Multicollinearity tests have also been fulfilled, as evidenced by VIF values for all independent variables less than 10 and tolerance values more than 0.1. The autocorrelation test shows a dU value smaller than DW ($1.652 < 1.834$), which means there is no autocorrelation problem. The heteroskedasticity test in the study did not show any problems as indicated by the overall significant value of variables greater than 0.05 (Sig > 0.05). The coefficient of determination test was obtained at 0.711 or 71.1%. This means that the allocation of village funds is influenced by the principle of transparency, the principle of accountability and the principle of participation. The research model used in the study has also been stated well, as indicated by the significance value of $F 0,000 < \alpha (\alpha = 5\%)$.

Based on the results of the third Hypothesis (H3) states that there is no significant effect between the Gray Profitability Index on Financial Reporting Disclosures. Profitability ratios are ratios that measure a company's ability to generate profits. The higher the profitability ratio means the higher the company's ability to generate profits and the broader the level of disclosure made by the company. The results of this study are in line with the research of Lisyanto (2011) finding that the Gray Profitability Index has no effect on financial statement disclosure. companies have high profits as a result of corporate activities, the greater the disclosure that must be done as a form of recognition so that people judge the company's performance well. The higher the company's profit with IFRS standard, the higher the profitability ratio and automatically increase the gray profitability index. In

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banking companies, the higher the gray profitability index, the greater the company's obligation to disclose every item related to helping increase profitability. Disclosure of every important item that affects profitability causes more transparency of information obtained by the public and increases the confidence of readers of financial statements, thus investors believe in investing their capital.

The first hypothesis (H1) states that the principle of transparency influences the management of village fund allocations. the test results have a significant value of 0,000 less than 0.05, then the first hypothesis is accepted meaning that the principle of transparency influences the management of village fund allocations. This is because the village government has tried to implement the principle of transparency in the management of the allocation of village funds, among which the principle is implemented with community access.

6. CONCLUSION

Good governance principles such as transparency, accountability and participation can influence the management of village fund allocations in the Abung Kunang District. Evidenced by the existence of information that can be accessed by the community regarding the results of the use of village fund allocations, there are reports made by the village government related to the use of village fund allocations, there is community involvement in the village development planning program regarding the use of village fund allocations. This study only uses the principle of transparency, the principle of accountability and the principle of participation, so for future research to discuss the principles of good governance more thoroughly on the allocation of village funds.

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