

# Causative Factors of Indonesia's Rural Areas' Low Funding

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**Abstract**—Village funds management that is mandated in Law No. 6 of 2014 of Villages aimed to the development and empowerment of village people is still not optimal. This research purpose is to identify and analyze several factors that cause not optimal management of village funds. The method used is Bartlett test analysis factor, Kaiser-Mayer-Olkin (KMO), Measures of Sampling Adequacy (MSA), factor extraction using Principal Component Analysis (PCA), factor selection using Eigen values and Plot Cree, and factor rotation using Orthogonal Rotation Varimax. The data was collected through two stages, the first stage is in-depth interviews with key persons, and the second stage is distributing questionnaires to 105 respondents. The results showed that from 20 factors obtained from stage 1 with the factorization of the results of questionnaires in stage 2, there were 4 new factors of reduction result that caused low management of village funds. These factors include coordination, management, resource, and policy.

**Keywords**—public policy; management; village funds; development

## I. INTRODUCTION

The inception of Law no 6 of 2014 about villages gives authority to villages in implementing governance and village development. Giving greater autonomy to the villages brought significant changes in governance at the village administration level [1].

The enactment of the law created the consequence that village government gets manageable fund in a large amount [2]. This law is motivated by the low of village government's capability and effectiveness.

As one of the smallest administrative unit in Indonesia, village has a unique function and place in Indonesian society [3]. In order to develop its uniqueness, Indonesian government issued a policy called Village Fund Allocation (ADD). ADD is funds allocated by the Regency or City Government for the village, which are sourced from the central and regional financial balance funds received by the Regency or City. The Village Fund Allocation (ADD) aims to create a village government that can manage regional development based on their own budget priorities. This is in accordance with the third point of the National Development Agenda in Presidential Regulation No. 2 of 2015 concerning the 2015-2019 RPJMN, namely to realize Nawa Cita by building Indonesia from the

periphery by strengthening regions and villages within the framework of the Unitary State of the Republic of Indonesia.

Basically, Village Fund Allocation (ADD) is a fund allocated by the Regency or City Government for the village. It is sourced from the central and regional financial balance funds received by the Regency or City. Each village gets a Village Fund Allocation (ADD) according to each portion -one to fund development at the community level, can be used to provide financial support to the community [3]. The Village Fund Allocation Program is a form of trust in the village government in order to plan and implement programs and activities in their own village, according to their individual needs. However, this authority is also a major challenge for the village government to be able to manage the Village Fund Allocation and account for it correctly and adhere to the principles of accountability, transparency, participation and efficiency.

In its implementation, Village Fund Allocation Management (ADD) still has many obstacles, especially in preparing funding priorities. The unpreparedness of the village apparatus in financial accountability is caused by many things, one of them is because the village apparatus does not understand the management pattern applied by the central or regional government [1]. The purpose of this study is to identify and analyze the factors that make the Village Fund Management not optimal.

## II. LITERATURE REVIEW

### A. Management

Management is a process or activity carried out by people in an organization to achieve goals by carrying out management functions such as planning, organizing, actuating and controlling [4]. The initial step starts from planning by preparing all needs and formulating the implementation of the activity. The next step is organizing through staff placement by placing the right people in their main tasks and functions. Next, carried out the implementation to work after the predetermined objectives, and the last activity carried out was supervision to monitor all planned activities, organized and carried out [5].

### B. Previous Studies

A number of previous studies underlying this research are:

TABLE I. PREVIOUS STUDIES

No	Researcher	Variables Studied
1	Taufik Kurrohman	Accountability of planning on village fund allocation in osing community in Banyuwangi
2	Inten Meutia, Liliana Liliana	Pengelolaan Keuangan Dana Desa
3	Hardi Warsono dan Ruksamin	The Obstacles of Implementation of Village Allocation Fund Program in the North Konawe Southeast Sulawesi

III. METHODS

This research took place in Garut Regency. The data used in this study are primary data through collecting questionnaires. In this study, the authors used 105 respondents from several villages in Garut Regency. There are 18 variables used in this study which is hereinafter processed by using exploratory factor analysis [6].

TABLE II. VARIABLES USED IN THE STUDY

No	Variable	No	Variable
1	Horizontal Coordination	10	Creativity
2	Vertical Coordination	11	Innovation
3	Functional Coordination	12	Responsibility
4	Planning	13	Attitude
5	Organizing	14	Initiative
6	Actuating	15	Policy Socialization
7	Controlling	16	Policy Comprehension
8	Education	17	Policy Implementation
9	Skill	18	Socialization Media

IV. DISCUSSION

A. Assessing Appropriate variables

According to SPSS output result of 18 questions that is answered by 105 respondents through questionnaire, the following results were obtained:

1) *KMO and Bartlett's test*: The output result of KMO and Bartlett's test is 0,820. The 0,820 score is higher than 0,5 with the significance less than 0,05 or in the amount of 0,000. It means that the variable and sample are appropriate to be further analyzed. These are the KMO and Bartlett's test table:

TABLE III. KMO AND BARTLETT'S TEST

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.820
Bartlett's Test of Sphericity	Approx. Chi-Square	901.885
	df	153
	Sig.	.000

2) *Anti-image correlation*: Based on the 18 questions answered by 105 respondents, they were analyzed in the anti-image correlation, resulting in a value of Measure of Sampling Adequacy (MSA) above 0.5. Then the data can be further analyzed. Based on the results of testing, all variables have a fairly high correlation with other variables, so it is feasible to proceed by including all the variables that exist.

B. Factoring and Rotation

1) *Total variance explained*: In the Total Variance Explained table, 18 analysed variables can be classified into 4 factors. According to eigenvalues that showed the higher score than one, there are 4 formed factors.

2) *Rotated component matrix*: After the factors were formed by the 18 variables it is important to do a rotation to clarify which variables included to each factor. After experiencing rotation, many loading factors change to smaller or larger. The following results are rotated in the following table:

TABLE IV. ROTATED COMPONENT MATRIX

	Component			
	1	2	3	4
Horizontal Coordination	.328	.129	-.116	.784
Vertical Coordination	.083	.481	.177	.680
Functional Coordination	.002	.469	.180	.647
Planning	.070	.802	.190	.134
Organizing	.161	.815	.047	.168
Actuating	.232	.694	.019	.268
Controlling	.507	.654	.093	.047
Education	.585	.323	.206	.224
Skill	.652	.014	.137	.449
Creativity	.706	.019	.193	.410
Innovation	.642	.294	-.033	.218
Responsibility	.836	.077	.003	-.010
Attitude	.721	.223	.069	-.089
Initiative	.811	.048	.036	.067
Policy Socialization	.067	.029	.639	-.031
Policy Comprehension	.075	.190	.794	.090
Policy Implementation	.117	-.088	.818	.052
Socialization Media	-.002	.340	.541	.088

C. Determining Factors Labels

After forming factors, it is necessary to give a new label name that is representative for the variables that include to each factor. The variables that include each factor are not the same as what the previous researchers predicted. The factors that are given new names, namely factor 1: coordination. Factor 2 is named a management factor. Factor 3 is named a resource factor. Factor 4 is named a policy factor.

TABLE V. NEW FORMED FACTORS

No	Factor	Variable
1	Coordination	Horizontal Coordination Vertical Coordination Functional Coordination
2	Management	Planning Organizing Actuating Controlling
3	Human Resource	Education Skill Creativity Innovation Responsibility Attitude Initiative
4	Policy	Policy Socialization Policy Comprehension Policy Implementation Socialization Media

The 18 variables were analyzed by using confirmatory factor analysis, then 4 new factors were formed. They are coordination, management, resource, and policy.

#### V. CONCLUSION

From the data analysis result, the researchers conclude that:

- From the eighteen variables studied through the factoring process, it can be reduced into four new factors.
- The new formed factors are: (1) Coordination factor consists of horizontal coordination, vertical coordination, and functional coordination; (2) management factor consists of Planning, Organizing, Actuating, and Controlling; (3) Human resource factor consists of education, skill, creativity, innovation, responsibility, attitude, and initiative, and (4) Policy

factor consists of policy socialization, policy comprehension, policy implementation, and socialization media

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