

The Influence of Village Funds and Original Village Income on the Village Development Index in Balesari Village, Malang District



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ABSTRACT: The aim of this research is to identify the influence of village funds and village original income on the village development index in Balesari Village, Malang Regency. This research uses a quantitative approach with data on village funds, village original income, and village development index for Balesari Village from 2019 to 2022. Regression analysis was carried out using E-Views software. The results showed that village funds and village original income had no effect on village index building Balesari Village. This is because Balesari Village is in the process of pioneering BUMDes with the potential of its village's natural wealth, thus influencing the distribution of village funds which are more focused on BUMDes development which is expected to have a direct impact on Developing Village Index in the future.

KEYWORDS: Village Funds, Village Original Income, Village Development Index

I. INTRODUCTION

Development is an effort or series of growth and change efforts that are planned and carried out consciously by a nation, state, and government towards modernity in the context of developing the nation (Nandita et al., 2019). The development process requires full awareness by the perpetrators (Gulo et al., 2023). Therefore, society and government as actors in development need full awareness so that development goals can be realized properly. The measurement standard used to see the level of development of village development is the Village Development Index (Hasugian et al., 2020; Iftitah & Wibowo, 2022). DEVELOPING VILLAGE INDEX is used to see the success of government programs in developing villages (Halim & Taryani, 2023).

Carrying out village development by the Village Government certainly requires a certain amount of funds. According to (Law Number 6 of 2014) article 72 concerning Villages, the source of these funds can be obtained from Village Original Income (PADes), State Revenue and Expenditure Budget allocations, regional taxes and Regency/City levies, Village fund allocations which are part of the balancing funds received by the Regency/City, financial assistance from the Provincial Regional Revenue and Expenditure Budget and Regency/City Regional Revenue and Expenditure Budget, non-binding grants and donations from third parties, as well as other legitimate Village income.

Apart from the Village's Original Income, the Village also receives funds from the Village Fund. Village funds come from the APBN which are transferred through the APBD and are used by villages to finance government administration and empower village communities. Village Funds aim to encourage equitable development between villages, good public services, advance the village economy, empower village communities, and reduce poverty (Halim & Taryani, 2023). Based on Law Number 33 of 2004 concerning Financial Balance between the Central Government and Regional Governments, it is explained that development funding carried out by village governments adheres to the principle of money follows function, which can be interpreted as meaning that funding follows government functions based on the responsibilities of each level of government.

Village Funds and Village Original Income should be managed optimally by the Village Government so that they can increase village development. Research on the influence of Village Funds and Village Original Income has been carried out several times. However, there are still inconsistencies in research results. Previous research states that Village Funds have an influence on Developing Village Index in Southeast Minahasa Regency (Arina et al., 2021) and in Gowa Regency (Iftitah & Wibowo, 2022). Meanwhile, the results of other research show that village funds do not have a significant influence on Developing Village Index in NTT (Halim & Taryani, 2023) and in Central Java (Yulitasari & Tyas, 2020). Regarding the Village Original Income variable, the results of previous research show that Village Original Income has a significant effect on increasing Developing Village Index in Gowa Regency (Iftitah & Wibowo, 2022). These results contradict other research which states that Village Original Income does

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not have a significant effect on Developing Village Index in Southeast Minahasa Regency (Sandag et al., 2022) and in Kuantan Singingi Regency (Hermansyah et al., 2022). Based on the description previously mentioned, this research will focus more on the influence of Village Funds and Village Original Income on the Village Development Index in one of the villages in Malang Regency, namely Balesari Village.

II. LITERATURE REVIEW

A. *Developing Village Index*

The Developing Village Index is a tool to measure the progress of village development status through analysis and analysis of scoring indicators which are based on the concept of Development policy as well as the authority, duties, and functions of villages (Arina et al., 2021). Developing Village Index was developed simultaneously with village autonomy which made villages the subject of development. Developing Village Index has an important role in measuring the level of village development progress (Iftitah & Wibowo, 2022). There are three indices in measuring Developing Village Index, including the social resilience index (IKS); economic resilience index (IKE), and environmental resilience index (IKL).

Based on the Regulation of the Minister of Villages, Development of Disadvantaged Regions and Transmigration of the Republic of Indonesia Number 2 of 2016 concerning the Village Development Index, the Social Resilience Index measures aspects of facilities and infrastructure for health, education, housing, etc. The Economic Resilience Index measures various economic activities, market availability, distribution access, and access to financial institutions. The Environmental Resilience Index measures the conditions of water, land, air and actions against disasters. The Developing Village Index calculation formula is, namely.

$$\text{DEVELOPING VILLAGE INDEX} = \frac{(\text{IKS} + \text{IKE} + \text{IKL})}{3}$$

After the developing village index calculation is carried out, the villages are classified into five village statuses based on the level of development progress and village independence. The following is a classification of village status and its thresholds.

- Very underdeveloped villages: < 0.491
- Disadvantaged villages: > 0.491 and < 0.599
- Developing villages: > 0.599 and < 0.707
- Developed villages: > 0.707 and < 0.815
- Independent village: > 0.815

B. *Village Fund*

The fiscal decentralization system is considered much better compared to a centralized government system, this is because the village government better understands the needs of its community because the village government and the community are geographically close (Pasaribu, 2022). One manifestation of the implementation of fiscal decentralization is transfer funds. Transfer funds are a type of village income contained in the Minister of Home Affairs Regulation (Permendagri) Number 113 of 2014. The central government allocates a portion of income sourced from the APBN and then makes transfers between governments. The Central Government determines various types of transfer funds as written in Law number 1 of 2022. One of them is Village Funds.

Based on Government Regulation no. 60 of 2014, Village Funds are funds sourced from the State Revenue and Expenditure Budget which are intended for villages which are transferred through the district/city Regional Revenue and Expenditure Budget and are used to finance government administration, implementation of development, community development and community empowerment. With village funds provided by the regional government, the village head has the authority to manage village funds with the aim of maximizing development which must later be reported back to the funder.

C. *Village Original Income*

Village Original Income or Village Original Income is included in the village income component according to Minister of Home Affairs Regulation Number 113 of 2014. Village governments have the freedom to manage this type of income because it is not like Transfer Funds whose use has been determined by the central government. Village Original Income is a form of village independence in managing its finances, with Village Original Income the village government does not only depend on transfer income obtained from the central government or regional government (Saputra et al., 2019). The Village Original Income consists of several sources, including:

1. Village business results, such as BUMDes and village treasury land.
2. Village wealth, such as village markets, village buildings, village-managed tourism, etc.

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3. Results of self-help and community participation, such as village inheritance, carik fees, etc.
4. Other legitimate Village Original Income, such as compensation for printing costs for letters, legality of letters, etc.

III. METHOD

This research is research that uses a quantitative approach. A quantitative approach is a research method based on the philosophy of positivism, used to research certain populations or samples, collecting data using research instruments, quantitative or statistical data analysis, with the aim of testing predetermined hypotheses (Gulo et al., 2023).

This research utilizes time series data from Balesari Village during 2019-2022. The independent variables used in this research are Village Funds and Original Village Income in Balesari Village, meanwhile, the dependent variable in this research is the Village Development Index. In the data processing process, software such as Microsoft Excel is needed to compile the data and Eviews Software to process the data and test the data and research hypotheses. Then the results of the processing and testing can be interpreted in the research results.

This research uses time series data related to village fund data, village original income, and village development index for Balesari village from 2019 to 2022. The following is the regression equation in this research using the eviews 12 tool:

$$IDM_{it} = \alpha + \beta DDes_{it} + \beta PADes_{it} + e_{it}$$

IDM = Developing Village Index

DDes = Village Fund

PADes = Village Original Income

i = cross section

t = time series

α = constant

β = regression coefficient

e = regression error

IV. RESULTS AND DISCUSSION

Multiple Linear Regression Test Results

Table 1. Multiple Linear Regression Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-15.88924	1.766953	-8.992450	0.0705
X1	-2.78E-11	3.28E-11	-0.848320	0.5521
X2	2.68E-07	2.89E-08	9.285647	0.0683
R-squared	0.994436	Mean dependent var	0.743350	
Adjusted R-squared	0.983309	S.D. dependent var	0.057839	
S.E. of regression	0.007472	Akaike info criterion	-6.841490	
Sum squared resid	5.58E-05	Schwarz criterion	-7.301769	
Log likelihood	16.68298	Hannan-Quinn criter.	-7.851539	
F-statistic	89.36960	Durbin-Watson stat	2.072086	
Prob(F-statistic)	0.074590			

Based on the results of the multiple linear regression test in the table above, the regression equation can be seen as follows.

$$DEVELOPING\ VILLAGE\ INDEX_{it} = -15.89 - 2.78 * X1 + 2.68 * X2$$

Based on this equation, the constant value is -15.89, which means that without village funds and original village income, the Village Development Index would decrease by -15.89. Apart from that, the beta coefficient value of the village funds variable is -2.78, which means that when the values of other variables are constant and village funds increase by 1%, the Developing Village Index variable will experience a decrease of 2.78. Meanwhile, the coefficient value of the original village income variable is 2.68, which means that when the values of other variables are constant and the village's original income increases by 1%, the Developing Village Index variable will increase by 2.68.

Test Results

Based on the results of the t test in table 1, the village funds variable has a probability value of 0.55 (greater than 0.05), which means that the village funds variable partially has no effect on the Village Development Index. Meanwhile, the original village

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income variable has a probability value of 0.06 (greater than 0.06), which means that the original village income variable partially has no effect on the Village Development Index.

The Influence of Village Funds on the Village Development Index

Based on Law Number 6 of 2016 concerning villages, villages are given the authority to manage and regulate their own affairs in accordance with the needs of the village. One of them is related to village funds. Village funds are funds that come from the APBN and are transferred through the Regency/City APBD. The use of village funds is prioritized for development costs and community empowerment to improve community welfare, quality of life and poverty reduction (Arina et al., 2021).

The results of this research show that village funds have no effect on the Village Development Index. The increase in village funds channelled from the APBN through the Regency/City APBD has apparently not been able to have a significant impact on the Developing Village Index. The results of this research support the results of research (Halim & Taryani, 2023; Yulitasari & Tyas, 2020) which also showed that Village Funds had no effect on the Developing Village Index.

This is because currently Balesari Village is at the stage of building potential productive village assets such as BUMDes with its natural potential. The village funds currently received are still focused on distributing productive assets such as BUMDes. Allocation of village funds to productive assets will have a direct impact on increasing the Developing Village Index due to the absorption of local labor, increasing village income, and other positive impacts for villages (Iftitah & Wibowo, 2022).

The Influence of Village Original Income on the Village Development Index

Based on Minister of Home Affairs Regulation (Permendagri) Number 113 of 2014, Village Original Income is one component of village income. Village Original Income can be obtained from the results of village businesses, village self-help, village natural wealth, etc. The high Village Original Income shows the high fiscal independence of a village. If a village is unable to generate its own original village income, then the village will depend on the government above it (Iftitah & Wibowo, 2022). With the existence of PADes, villages have excess budget resources for government spending.

The results of this research indicate that Village Original Income has no effect on the Village Development Index. These results support research (Sandag et al., 2022) which states that Village Original Income in Southeast Minahasa Regency has no significant effect on the Developing Village Index. This is because Balesari Village's original income is still obtained from land rent and village treasury only. The absence of income from productive sectors such as agriculture, animal husbandry and natural tourism is one of the factors that Village Original Income has no influence on the Developing Village Index. The condition of Balesari Village which is currently starting to pioneer BUMDes and physical development is also one of the factors that can hamper the flow of Village Original Income which has not been widely used for costs related to increasing the Developing Village Index. This is also in line with research in Kuantan Singingi Regency which states that the village government is still focusing on physical and infrastructure development so that Village Original Income has not yet flowed much into the Developing Village Index allocation costs (Hermansyah et al., 2022). With the existence of BUMDes, it is hoped that Balesari Village's Original Income can increase so that it can increase the Developing Village Index of Balesari Village, both by channeling funds towards Developing Village Index allocation costs and other impacts such as increasing local workforce, transferring knowledge, and so on.

CONCLUSIONS

Based on the research that has been carried out, it can be concluded that village funds have no effect on the village development index. Likewise, the village's original income also has no effect on the village development index. One of the factors that makes village funds and Village Original Income Balesari have no influence on the Developing Village Index is the focus of the Balesari village government which is currently starting to pioneer the existence of BUMDes in Balesari Village. With the existence of BUMDes, it will be able to have an economic and social impact that can increase the independence and status of Balesari Village.

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