

Community Development and Economic Welfare through the Village Fund Policy

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Abstract

This study aims to investigate the implementation of village fund (VF) policy in Indonesia by addressing the following issues: (1) what is the VF policy; (2) factors that support and hinder policy implementation; (3) impact of policy implementation; and (4) model for implementing village fund policies that can improve community welfare. Through a descriptive qualitative-based approach, several indicators are measured, namely, the substance of implementing rules, the results of project implementation, supporting and inhibiting factors for policies, participation factors, and the impact generated by village fund policies, which include social and economic effects. The extraction of this information and indicators will lead this study to produce ideal models and propositions for quantitative confirmatory research as a future research agenda. This study was conducted in two villages (Mojomulyo and Tambakromo) in Pati District, Central Java, Indonesia. Data collection model using interviews and observations from all actors who play a role (e.g., village government, village supervisory agency, and community). The study results show that policies have been implemented by normative rules; there are several supporting and inhibiting factors both internal and external. The study results also confirm the relevance of the articulated theory and some comprehensive input to our study.

Keywords: Village Fund Policy, Community Development, Socio-Economics Welfare, Indonesia

JEL Classification Code: O12, O18, I31, I38

1. Introduction

The Indonesian government policy in Law Number 6/2014 concerning villages, strengthens the position of the village in the inclusive development of the state. The

law stipulates the duties, roles, and functions in village management, operation of the village administration, and provision of services to the community to achieve the common goal of realizing community welfare. The allocation of Village Funds (VF) is sourced from the State Revenue and Expenditure Budget (APBN) for villages by transferring the regency or city regional revenue and expenditure budget (APBD) for use by local governance activities, development and construction, community development, and empowerment of village communities. Implementing the Indonesian government policy regarding VF is basically to achieve inclusive economic growth through income distribution. The VF, which amounts to billions of rupiah, allows villages to carry out various village development programs and activities to realize community welfare. As a social policy, VF is a tangible form of government policy to develop villages by supporting physical and non-physical infrastructure improvements. With the policy's support, it is hoped that there would be an increase in the community's standard of living through a role in the development of their village. It has been disclosed by Scutariu and Scutariu (2015)

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that granting financial autonomy to local governments means the same as delegating authority to local governments to serve the needs of their people with development goals. Furthermore, Scutariu added that work efficiency would not materialize without local financial autonomy, thus worsening micro-scale development. Indeed, realizing inclusive growth is what the allocation of VF is also useful, for community empowerment. The ultimate goal is that, if there is a cycle of economic turnover at the lower level, it will increase the community's purchasing power (Faradiba & Zet, 2020).

The empowerment of rural communities is undoubtedly still a vital discourse because the village is the spearhead in nation-building (Abreu & Mesias, 2020; Li, Yang, Jia, Shen, & Liu, 2021; Laurens & Putra, 2020). Without a well-structured concept and program, various obstacles are likely to appear. Therefore, public policy plays a critical role in determining success. Of course, a procedure also has the risk of failure. For example, the program can crash because of lousy policy implementation, or the policy itself is wrong, or even the system has a terrible luck (André, Sokri, & Zaccour, 2011; Perni, Barreiro-Hurlé, & Martínez-Paz, 2020). The size of government budget allocation through state budget to local government budget and then to VF referred to the Indonesian government's provisions is ten percent of the regional transfer funds allocated in stages. For example, if the regional transfer expenditure in the state budget for 2017 is IDR800 trillion, the VF that must be provided by the central government in 2017 is IDR80 trillion. The Indonesia government policy regarding VF has started in 2015. Throughout 2015-2017, the Indonesia government has allocated a budget of IDR120 trillion for VF, consisting of IDR 20.76 trillion (2015), IDR 46.9 trillion (2016), and IDR 60 trillion (2017) (Arifin et al., 2020; Wahyudi & Wicaksono, 2020). However, in line with the laudable policy for village development, in Indonesia, the problem that occurs is that at least ten types of irregularities are found regarding the use of village funds (e.g., there is no development or construction in the village, construction or procurement of goods/ that are not under the specifications/budget plan, suspicion of mark-ups by village officials, lack of transparency in budget use, the community is not involved, misappropriation of VF for private/group interests, weak supervision of VF by the inspectorate, fraud in the purchase of building materials, fictitious projects, and embezzlement of village officials' wages) (Nurlinah, Haryanto, & Sunardi, 2020).

These deviations are some of the majority of problems that underlie the importance of evaluating village fund policies' implementation. Apart from these deviations, there are challenges in terms of managing village funds (e.g., the distribution of VF per capita among villages is still not balanced, slow absorption and implementation of VF, budget implemented outside priority areas, late budget reports, and

the supervision of the VF is still not optimal (Nurlinah et al., 2020). Challenges and irregularities regarding the mechanism and implementation of VF in Indonesia indicate there is no organizational readiness or human resources in the policy implementation process. Even though the policy regarding VF has been going on for a long time, ironically, some data show that the gap between rural and urban areas is still relatively high. It has not changed much, both before and after implementing the policy regarding the VF allocation. That is because the performance of VF policies is still concerned with budget disbursements and reporting.

Reflecting on caught-in-the-act conducts identified by the Corruption Eradication Commission in Indonesia (CEC / KPK) regarding the misappropriation of village funds (VF) in the Pamekasan area, East Java province, Indonesia in 2017, confusion over the VF management in some regions has been increasingly revealed. The caught-in-the-act instances are a strong warning for the government to increase supervision and guidance in VF management. Furthermore, in 2016, the Indonesian VF task-force received 932 complaints from the community. However, the probability of problems in VF management is considered to be much smaller compared to the number of VF budget recipients, which reached 74,910 villages throughout Indonesia. Referring to the results of a study conducted by the Indonesia Corruption Watch (ICW) in 2016 by Lewis and Hendrawan (2019), it was stated that the phenomenon of corruption in the regions had become more widespread after the central government implemented the VF allocations. For example, in 2016, the VF disbursed was around IDR47 trillion. However, in practice, there has been a phenomenon of local elites co-opting budgets for personal gain, especially local elites at the village level, it was proven that during 2016, the VF was included in the top five sectors prone to corruption. There are about 62 cases of corruption in the village administration involving 61 village heads with a total state loss of IDR10.4 billion. Even though the value of state losses caused by corruption tends to be small compared to the Indonesian government's budget, this is a signal that corruption has spread to the village level. In line with the misappropriation of VF, changing the stigma that has so far been implanted, which shows that corruption has now become part of the reality in villages has so far been seen as an elitist issue.

With a large budget, VF is prone to be manipulated by local elites. Ironically, the corrupt practices that occur take cover behind the concept of participation. Previously, the Corruption Eradication Commission (CEC) in Indonesia had conducted a study on village financial management and warned that there were four gaps regarding the use of village funds (i.e., regulations and institutions, governance, supervision, and the quality and integrity of HRM). Based on CEC's / KPK studies and criticisms, the CEC recommends

that village fund management involves integrated information technology. Considering that the VF is useful to carry out development and community empowerment activities, the researchers conducted a study on the performance of village fund management in Indonesia. Therefore, this study addresses several research focuses (See Table 1). In line with this research's focus, this study aims to enrich body of theoretical knowledge in the fields of economics, public policy and management. Furthermore, on a practical level, this study seeks to encourage the improvement of village financial management in the context of village development planning and budgeting through the involvement of stakeholders.

2. Literature Review

Community empowerment is an economic development concept that encapsulates social values. This concept reflects a new development paradigm, (i.e., people-centered, participatory, empowering, and sustainable) (Perkins & Zimmerman, 1995). The concept of community empowerment has a broader meaning and is not merely for meeting basic needs or providing a mechanism to prevent the poverty process (Chamidah, Guntoro, & Sulastri, 2020). Friedman (1992) calls the concept of community empowerment as alternative development, which requires inclusive democracy, appropriate economic growth, gender equality, and intergenerational equity. The idea of community empowerment is trying to escape the trap of zero-sum games and trade-offs. The conceptual view of community empowerment is based on the theory that with equal distribution of income, a more robust foundation is created for sustainable growth (Purnomo, Rahayu, Riani, Suminah, & Udin, 2020; Purwanti, Susilo, & Indrayani, 2020). The concept of community empowerment is the main foundation for creating prosperity (Almulhim, 2020). The concept of welfare is developed to be broader, not just measuring the nominal income aspect. Welfare, by definition, means standard-living, well-being, interest, and quality of life. Akob, Arianty, and Putra (2020) state that welfare is a quality-of-life satisfaction that aims to measure community members' position in building a balance of life through material well-being, social welfare, emotional well-being, and security (Nguyen, Nguyen, Nguyen, & Nguyen, 2020; Rustantono, Soetjipto, Wahjoedi, & Sunaryanto, 2020). Welfare is a reflection of the quality of human life. Although there are various definitions of welfare, welfare is considered subjective. Each person with different guidelines, goals, and ways of life will provide different values in defining well-being and measuring the factors determining the welfare level. For Menkhoff and Rungruxsirivorn (2011); Yusuf et al. (2019); Al Asaad (2008) the Village Fund (VF) has a measurable impact on expenditure and income,

which in its study results, provides empiric evidence that VF impact, increase the flow of community expenditures, and the payment of durable goods.

In Indonesian Government Regulation Number 8/2016 in article 16, it is stated that VF is channeled through the State General Treasury Account to local governments to the Regional General Treasury Account. Then, the district/city government will distribute it to the village through the village bank account. The VF will be transferred to local government if the provincial government has submitted administrative documents and reports on the realization of distribution and consolidation of the use of Village Funds. Village development includes the planning, implementation, and supervision stages; and village development prioritizes togetherness, kinship, and cooperation to realize the mainstreaming of peace and social justice. Vandernoot and Van Hove (2014) state that, with the basic pattern and operational movements of rural community development, village development is one form of community development effort starting from the lowest level. Vandernoot and Van Hove (2014) say that the development process would promote a planned series of growth and change, and actions taken consciously by a nation, state, and government toward modernity in the nation-building framework. The basic idea in the meaning of the term development, i.e., growth, means that every development effort must require implementation based on the principle of a priority scale and specific stages. Second, development is a conscious effort. It assumes the development effort must be based on primary motivations, clear and rational goals, and objectives. Third, development must be carried out regularly, which is oriented toward growth and change. Fourth, the planning and implementation stages of development must lead to modernity and produce results for the broader community in future prosperity.

3. Research Methods and Materials

Following the research objectives, a qualitative approach is taken, with a research focus described in Table 1. The research subjects were the Tambakromo area, Pati Regency, Central Java Province, Indonesia, with the research location Mojomulyo and Tambakromo villages. The reason for choosing a research location for the implementation of village funds at the level of community economic welfare was supporting data for both villages with excellent success rates and villages that were not successful in implementing of VF policies. Tambakromo Village, Pati Regency, Central Java Province, Indonesia, itself has 7,247 hectares with a population of 49,574 people. Meanwhile, Mojomulyo Village has an area of 300 hectares, with a total population of 4,386 people.

Table 1: Focus and Indicators of Research

Research Focus	Indicators
1. Village Fund Policy Implementation Process	- The substance of the rules that underlie the implementation of village fund policies that regulate the procedures for budget transfers, planning, implementation procedures, accountability, and monitoring of the use of village funds; - activities that have been carried out (physical or non-physical) in the two research villages, the source of which is from village funds;
2. Factors that support and hinder the process of implementing VF policies	- Policy factors; - Human resource factor; - Communication, coordination, and supervision factors; and - External environmental factors;
3. Impact of implementing VF policies	- Social and economic impact, - Impact on increased community participation in two villages; and the - Impact on expanding the knowledge of the community and village officials in VF management
4. formulating a model for implementing VF policies	- Existing model - Recommended model

Sources of data came from informants using interview techniques, observation, and field studies. The determination of informants as data sources was selected by purposive sampling. In this study, the informants who become the primary data sources are competent in implementing the VF (e.g., village head, village officials, village supervisory agency) as well as institutions or parties who are beneficiaries of the Village Fund, e.g., management of community and village service institutions, the mobilizing team for empowerment and family welfare, youth organizational administrator, and hamlet management. To support the validity of the data and the completeness of more detailed data, other informants were also from Tambakromo District and local government agencies in Pati Regency. The supporting data include official reports of the Pati Central Statistics Agency, village regulations concerning village revenue and expenditure budgets, village profiles, and VF implementation guidelines. The conditions observed included:

- The state of physical development in the village;
- The state of the village development plan deliberation;
- The state of meetings at the village office related to the management of the VF

Furthermore, testing the validity of the data in qualitative research includes: credibility (internal validity) obtained through in-depth observation and triangulation of data sources; transferability (external validity), dependability, and confirmability (objectivity). The data analysis technique used an interactive model by combining the observation data interactively and circularly. In this study, the results of interviews that are relevant to the research focus were selected to be presented by comparing variations with other data sources, meaning, not only from the actors who plan the village fund policies, but also from other actors who are related to the implementation process of VF policies. Likewise, researchers selected relevant secondary data obtained from documents,

reports of village meetings, reports of village development plan deliberations, and processed secondary data. The next stage of this study is to describe and verify the study results. Starting from data collection, qualitative researchers interpret things happening by noting patterns, explaining, looking for causes, and formulating propositions. The conclusion is reached after the entire data analysis process is declared valid, reliable, and worthy of interpretation and judgment.

4. Results and Discussion

4.1. Implementation of Policy and Process

4.1.1. Village Fund Distribution Mechanism According to Public Policy in Indonesia

The management of the village budget must be under the policy procedures in Indonesia, which are stated in the Minister of Home Affairs Regulation No. 113/2014. In village financial management, several parties play a role with their respective main tasks and functions (See Table 2). Meanwhile, VF allocation's objective is community empowerment activities to increase village communities (e.g., developing entrepreneurial potential, increasing income, and expanding individual village community groups). Underdeveloped villages prioritize community empowerment activities oriented toward opening job opportunities and assistance in preparing infrastructure to facilitate the community's economy. Developing villages prioritize community empowerment, which aims to increase the quantity and quality of economic occupation. Independent villages and developing community empowerment activities are also developing the potential for financial or human resources in capital and sustainable manner.

Table 2: Focus and Indicators of Research

Actors	Main duties and functions
The power of budget management is the village head	<ul style="list-style-type: none"> - Determine the Technical Implementation of VF Management; - Determine the officers involved in receiving VF (i.e., stipulating the VF management technical implementation, assigning officers involved in receiving village funds as parties who approve and sign the VF budget expenditures) - As the party who approves and signs the budget expenditure on the use of VF
Village Financial Management Technical Implementers (i.e., Village Secretary, Section Head, and Treasurer)	<ul style="list-style-type: none"> - Determine the Technical Implementation of VF Management; - Determine the officers involved in receiving VF; (i.e., stipulating the VF Management Technical Implementation, assigning officers involved in receiving village funds as parties who approve and sign the VF budget expenditures) - As the party who approves and signs the budget expenditure on the use of VF
Section Chief	<ul style="list-style-type: none"> - Prepare a plan for the implementation of activities that are their responsibility, - Carry out the joint activities of the Village Community Institutions that are stipulated in the village income and expenditure budget; - Carry out expenditure actions that cause the burden of the Activity Budget, - Controlling the implementation of activities; - Report the progress of the performance of activities to the Village Head; - Prepare budget documents for the burden of implementing activities
Exchequer	<ul style="list-style-type: none"> - Receiving, storing, depositing, and being accountable for receiving village income and spending village income in the context of implementing the Village Expenditure Budget
Work Program Management Team	<ul style="list-style-type: none"> - Prepare a budget plan; - Determining the specifications of goods and services; - Save documents for the procurement of goods and services. - Report all activities and submit the procurement of goods and services to the village head, accompanied by an Official Report on the Handover of Work Results.



Figure 1: Implementation of Activities

The substance of the rules underlying the policy refers to budget transfer procedures by going through two stages: the first stage of 60% in March and the remaining 40% in August of the current year. The procedure for obtaining VF requires the village head to open a bank account based on the village's name. The administrative requirements that must be prepared by the village government include reports on the realization of the use of VF from the previous year, or at least the achievement report is 50% of the use of the budget.

VF management includes planning; planning for the work program of the village government must accommodate the aspirations and proposals of the village community as stated in the village's six-year medium-term development plan. Planning work programs must involve the community, village heads, and the village supervisory agency (BPD). During the village meeting, the formation of a Work Activities Management Team was also discussed. The regional budget plan that has been mutually agreed upon (e.g., approved by the village head, village supervisory agency, and community representatives) is then forwarded to the Regent/Mayor through the sub-district head with a decision-making period by the Regent/Mayor of 20 working days from the receipt of the regional budget plan. If the city government's evaluation results state that the village regional budget plan is not in the public interest and the laws and regulations, the village head is given time to revise the local expenditure budget plan within seven days after the evaluation results are received.

4.1.2. The Implementation of Study Results Activities

Every implementation of activities, i.e., non-physical or especially the physical infrastructure development program, must be equipped with an activity information board (See Figure 1) installed at the activity's location. It contains a description of the project, the budget's value, VF and community organizations, and the implementation timeline.

The implementation of activities must involve the entire community or social institutions, implemented in a self-managed manner using local human resources and as much as possible using local raw materials. This is intended to absorb more labor from the local community. In implementing the activity work program, the village treasurer is tasked with saving money in the village exchequer to meet the operational needs of activities and the village government's operational needs. Budget governance utilizes government-owned information technology, namely, SIMDA (VF management information system). The village fund budget in the village regional expenditure budget is used to a maximum of 30% for village apparatus expenditure and village government operations. The remaining 70% is for VF government implementation, village development and guidance, and empowerment of village communities. The work program for the use of village funds includes such types

of activities as: transportation infrastructure (e.g., building bridges, drainage), production infrastructure (e.g., irrigation canals, dams, check dams), social infrastructure (e.g., village offices, village hall, places of worship), marketing infrastructure (e.g., village markets, stores), educational facilities and infrastructure (e.g., kindergarten buildings, tables, and chairs) and health facilities and infrastructure. Based on the results, the allocation of the VF in the village of Tambarukmo (in 201 -2019) consists of physical (59.94%) and non-physical (40.06%) activities. In Mojomulyo village, it consists of physical (52.61%) and non-physical (48.39%).

4.2. Support and hindering factors of implementing VF policies

One of the problems with the allocation of village funding is that the VF used for village infrastructure development is insufficient for all village needs. The village government implements a policy that must determine the portion to be allocated to specific infrastructure. In other words, the policy of determining the size of the portion of a facility and infrastructure depends on the village apparatus' policy. This situation may become less objective in determining the portion of the VF allocation for each activity. Besides that, the dominant actors that play a role include internal bureaucratic actors and external actors who are always concerned about policy. The internal bureaucratic actors involved only village elites and their ranks, without affecting the community's external actors widely. The lowest level that participates in the deliberation activities for the village development plan is the hamlet. As a result, whatever the deliberation, the community only agreed with what the village government had prepared. Thus, it can be understood that the actors determining the VF planning stage and the determinants are only internal bureaucratic actors.

Apart from that, for the construction of infrastructure in Tambakromo and Mojomulyo villages to be sustainable, it should be allocated from routine village funding sources. However, in Tambakromo and Mojomulyo Villages' construction, necessary facilities and infrastructure come from irregular income. Often, the village does not carry out sustainable development and is not following the villagers' priority needs. This can be seen in the non-construction of the necessary facilities and infrastructure that have been proposed by residents to support community economic activities. For example, the construction of village facilities and infrastructure that comes from funding is manifested in the construction of a village office building; this shows no synergy between village development and village planning based on village development work plans and village development planning results. Our findings state that the actors involved in the process of VF implementing policies

and their respective roles in the two research villages show that the actors who have a big role in the interaction with the implementation of VF policies are internal bureaucratic actors. The community of Tambakromo and Mojomulyo Village has minimal involvement, the level of community participation is still passive, only a handful of village elites take part. Meanwhile, ideally, community participation must be engaged in the planning and implementation to monitoring stages. Implementation implies establishing adequate bureaucratic procedures to ensure that policies are carried out as accurately as possible. We present our findings in the field regarding passive community participation, as shown in Table 3.

Our assumption still points to multiple interpretations of the VF policy, which is an obstacle, but the existence of sufficient infrastructure makes the implementation of the VF policy so that the community is more satisfied. Human resource factors also still occur in the form of inadequate quality of human resources to support the implementation of the VF, although the community's interest in participating in the implementation of the VF is quite enthusiastic. Another inhibiting factor is the factor of communication, coordination, and supervision. The difficulty of coordination is due to a lack of consultants, especially for physical infrastructure development, from the planning stage to the implementation of development, minimal financial literacy capacity in understanding budget plans, and proficiency in understanding blueprint design drawings of physical buildings, for examples. The external environmental factor that becomes the obstacle is the weather factor. Rain is enough to hamper work, especially projects for physical infrastructure development activities. The supporting factors include communication and coordination, which are still classified as useful; the community is given

the authority to manage and manage their village resources. It is considered that they always provide a positive value to the village fund policy.

4.3. The Impact of VF policy Implementation

A very noticeable impact in the VF management and use is that the village, with its authority, tends to be independent. The regions have difficulty integrating the village program with regional policies, even though the Village Medium Term Development Plan was prepared, referring to the Regency/City Government's Medium-Term Plan. However, this has not been implemented entirely in reality, so that village development has not optimized the realization of regional development growth. However, for the community, the management and use of the Village Fund have impacts, including:

- (1) Village facilities such as village roads, water purification, and irrigation are optimal to improve the community's welfare, especially farmers.
- (2) With a VF policy, the public interest will be faster to take part in supervision.
- (3) The VF policy provides opportunities for the community to increase their abilities and knowledge by making various skill-based training for the community, especially the development of entrepreneurial and economic skills.
- (4) The village community's more active economic activities are indicated by the growth and development of village-owned enterprises. On the other hand, while the spirit of cooperation is waning, community participation through the principle of self-management increases.

Table 3: Data findings

No.	Actors	Findings
1	Initial Name "WJ" as the Village Financial Management Technical Implementation Coordinator	- In the process of formulating activities carried out by the village head, village exchequer, village staff, the VF Management Technical Implementation team and each hamlet. While the community is represented by the neighborhood leader
2	Initial name "PI" as Chairman of the Village Supervisory Agency	- The Village Implementing Agency does not have sufficient resources, a hierarchical system of responsibilities and unclear controls to oversee program implementers' activities. - The Village Supervisory Agency only agrees on decisions made by the Village Apparatus.
3	Initial Name "PA" as a Community Leader	- People are busy fulfilling daily basic needs, and are never involved in policy making
4	Initial Name "YH" as Community	- The level of community participation is shallow and the community is apathetic about the condition of the village

The psychological impact encourages residents to become candidates to participate in the village head election, hoping to be elected as village head. However, the increasing number of candidates for village head has implications for community groups.

4.4. Findings: Implementation Model for Ideal VF Policy

Overall research results state that the activities that have been carried out are under the normative and administrative rules, namely, physical (70%) and non-physical (30%) work programs with a policy implementation model, as illustrated in Figure 2. Besides that, the propositions that are formulated are described in this section. Actors who have a significant role are internal bureaucrats. There is a lack of interference from the community, and only a handful of village elites taking part are the most fundamental inhibiting factors. So, that the proposition is as follows:

Proposition 1: The process of implementing VF policies can run smoothly if the implementer must pay attention to the substance of the rules, namely, the procedures for budget transfers, planning, implementation procedures, accountability, and supervision; physical and non-physical activities whose source of funding comes from VF; as well as to achieve transparency and ideal participation, all actors must play a role.

The second focus is on factors that support and hinder the process of implementing village fund policies (i.e., policy

factors, human resource factors, factors of communication, coordination, and supervision, and external environmental factors. So, that the second proposition is as follows:

Proposition 2: If the VF policy implementation process wants to be smooth, it must pay attention to policy factors, human resource factors, communication, coordination, supervision factors, and external environmental factors.

The third research focus is implementing village fund policies (i.e., social and economic impacts, impacting increasing community participation, impacting increasing public knowledge, and village officials managing village funds). So, the third proposition is as follows:

Proposition 3: If the implementation of VF has a broad and successful impact, social and economic impacts must be considered, increasing community participation and the effect on increasing the knowledge of the community and village officials”.

The limited number of village officials and the financial literacy capacity to manage VF optimally require the supervisory function’s optimization, starting from disbursing funds to accountability. To avoid nepotism in determining the program; the program’s determination to be proposed for funding each year is decided and determined by elements of the village apparatus, such as village community representative institutions. So, the fourth and fifth propositions are as follows:

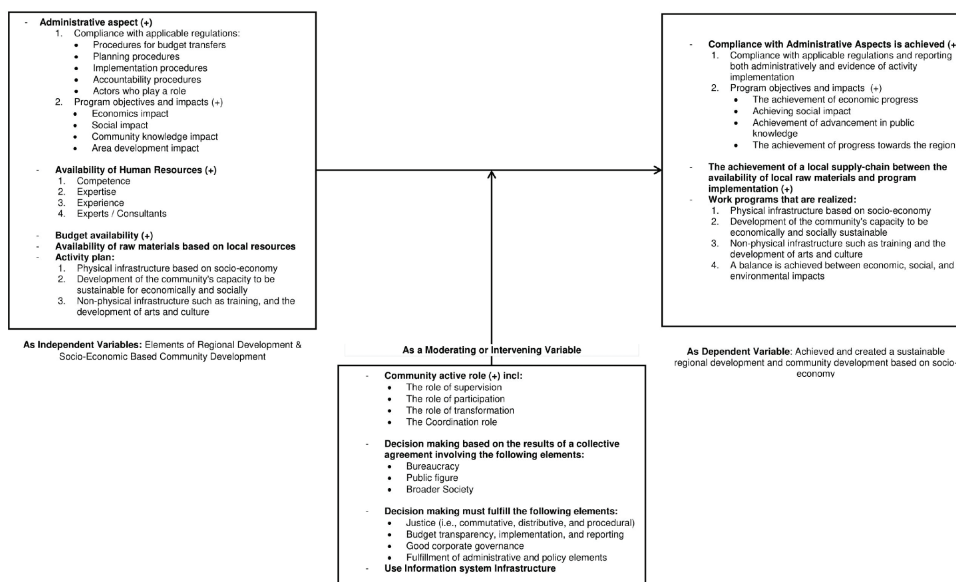


Figure 2: Model Quantitative for Future Research Agenda

Proposition 4: So that the VF implementation can be optimal, transparent, and controlled, from the beginning of the formulation, it is necessary to hold deliberations by appointing the driving and supervisory actors, decided fairly and having competence in that field.

Proposition 5: The implementation of VF policies can be successful if one pays attention to the policy implementation process, the factors that support and hinder the implementation process, and calculate the impact of implementing the village fund policy properly.

5. Conclusions

Implementation of policy should be in line with existing administrative standards and be accountable under applicable regulations. Apart from being determined by normative rules, the effectiveness of policy is also determined by adequate human resource capacity, discipline from the apparatus to carry out all existing procedures, and the government's political attitude to receive the aspirations of communities in the decision-making process. For the inhibiting factors of a policy to be minimized, human resources must be equipped with competency capabilities. Therefore, improving the quality of human resources to be more optimal must also be supported by IT capabilities and compatible infrastructure. A consultant must accompany the implementation of activities. Consultants are also involved starting from the planning, processing, and reporting processes. The VF policy helps villages get out of under-development and community development weaknesses, so the village fund policy needs to get attention and supervision from many parties. Given that the village fund policy is sourced from the State revenue and expenditure budget, it is necessary to intensify outreach from the relevant agencies to assist field implementers, so that the community participates in the planning, implementation, supervision, and accountability stages, and also, to avoid multiple interpretations of village fund directions and carry out the supervisory function optimally.

Theoretical and Managerial implication : The implementation of village fund policies in Indonesia, from the implementation mechanism aspect, has been able to create transparency at the grass-root level through a participatory and bottom-up planning mechanism process, namely, through deliberations at the village level, which capture the aspirations of village communities related to their needs. The results of this study have strengthened the factors that determine the success of policy implementation regarding the determinants of success: (a) policy quality, namely, the existence of clarity of objectives, clarity of

implementers, or person in charge of performance; (b) adequacy of policy inputs, especially budget; (c) the accuracy of the instruments used to achieve policy objectives; (d) implementer capacity, both in organizational structure, human resource support, coordination, supervision, and so on; (e) target group characteristics and support; and (f) the geographical, social, economic, and political conditions in which the implementation is carried out.

In line with the theory, the success factors also require a supervisory role and function to be optimal in a managerial manner.

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