An Analysis of Effectiveness and Efficiency of Village Financial Management in Serdang District, the Differences on the Performance of Institutions

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ABSTRACT

This research was conducted in Sei Rampah District, precisely in the Village of Silau Rakyat which aims to find out how is the financial performance of the village based on the concept of *value for money* by measuring the level of effectiveness and efficiency APBDesa on agency performance in Sei Rampah Subdistrict. This study uses a quantitative design. The sample in this study amounted to 40 people. The data used in this study are primary data obtained through questionnaires, interviews, field observations and documentation. Data processing and statistical analysis used SPSS version 1 8.0 with a significance level of 0.05. The results of the validity and reliability test, all research instruments are valid, valid and reliable. The data analysis technique used is the coefficient of determination test ($R2^{)}$ through multiple linear regression test. The results of statistical tests in this study stated that the variables of effectiveness and efficiency of village financial management were able to explain the performance of village financial management agencies by 1.5 % , the remaining 98.5% were influenced or explained by other variables not included in this study . From the *Coefficients* table ^{a} multiple linear regression equation is obtained Y = 30.725 + 0.019 X1 - 0.227X2 + e. Constant (a) = 30.725, if the effectiveness and efficiency of village fund budget management, it is assumed that there is no change (constant) then the value of Y (performance of agencies) is 30.725 Partially.

Keywords: Effectiveness, Efficiency, Effectiveness, Village Finance, Performance

Introduction:

The roll-out of the reform era in Indonesia, has presented a point of change in the government body, one of which is in terms of financial management. The transition from the new order period to the reform era created new pressure on the government. Changes started from the reform agenda, one of which was financial decentralization and regional autonomy as outlined in Law No. 32 of 2004 on Regional Government and Law No. 33 of 2004 concerning the Financial Balance between the Central Government and the Regional Government

Constitution Number 6 Year 2014 About The village explains that the village is a unit a legal community that has territorial boundaries that are authorized to regulate and manage affairs government, the interests of the local community based on community initiatives, original rights, and/or traditional rights that are recognized and respected in the system of government of the Unitary Republic of Indonesia.

Furthermore, in Law no. 6 of 2014 concerning villages states that village finances are all village rights and obligations that can be valued in money and all something in the form of money and goods related to the exercise of rights and village obligations. Accountability within the village government as revealed by Sumpeno (2011: 223) involves the village government to responsible for the activities carried out in relation to the village development and governance.

Sei Rampah sub -district which is one of the sub-districts in the Serdang Bedagai is located in North Sumatra Province own village which is the most Fourth in North Sumatra Province, the challenges will be use of village funds for improvement community welfare and appropriate beneficiaries to support financial performance in the public sector deemed necessary to be carried out and implemented by the Village which is in the district of Serdang Bedagai , because since the roll-out of village funds began in mid-2015. a number of problems involving misappropriation of funds village occurred in Serdang Bedagai Regency

Performance measurement that used by public sector organizations, is the traditional measure of performance. This method focus on the financial aspect only, namely by using the value for money method. (Halim , 2007:230) Mardiasmo (2009:4) reveals that value for money is the concept of managing public sector organizations that based on three main elements, namely economic, efficiency, and

effectiveness.

Along with more the strong position of the village in terms of financial management, village funds provided by the government getting bigger too, but this is not in line with what happened in some of the villages in Indonesia. problems with management too feared will arise, as expressed in a press statement on the electronic media Sind (www.nasional.sindonews.com) KPK spokesman Johan Budi said there would be 14 potential problems in village financial management since January 2015 namely: aspects of institutional regulation, aspects of management, aspects of supervision and aspects of human resources. Aspect institutional regulations consist of incomplete regulations and technical guidelines for the implementation of finance village, the potential for overlapping the authority of the Ministry of Villages PDT with the Directorate General of Village Government Development Ministry of Home Affairs, the distribution formula is not transparent village funds in Government Regulation (PP) Number 22 2015 and is based only on the basis of equalization.

The challenge will use of village funds for improvement community welfare and appropriate beneficiaries to support financial performance in the public sector deemed necessary to be carried out and implemented by the Village in Serdang Bedagai Regency, because since the introduction of village funds in mid- 2015 a number of problems with misappropriation of funds village occurred in Serdang Bedagai Regency.

Based on the description above, the government's performance villages are considered important to be measured so that in the future the things above don't happen anymore, then for analyze the performance of the Village government in managing village finances is one of them by analyzing financial ratios to APBD that has been determined and implemented.

Formulation of the problem

Based on the background described above, then the formulation of the problem In this study, how is the financial performance of the village based on the concept of *value for money?* by measuring the level of effectiveness and efficiency APBDesa on agency performance in Sei Rampah Subdistrict , Serdang Bedagai Regency .

Literature Review:
Village government

The village is a legal community unit that have territorial boundaries that are authorized to regulate and administer government affairs, the interests of the local community based on community initiatives, origin rights, and/or recognized and respected in the system the government of the Unitary State of the Republic of Indonesia

According to Law No. 6 of 2014 Article 1 paragraph (1) regarding village, what is meant by village is a legal community unit that has authorized territorial boundaries to regulate and manage the government, the interests of the local community based on community initiatives, rights of origin, and recognized traditional rights and respected in the system of government of the Republic of Indonesia. The village government is administration of government affairs and the interests of the local community in the system of government of the Republic of Indonesia.

The village government is the village head or what is called by another name assisted by village officials as an element of village government administration. Body The Village Consultative Assembly (BPD) is an institution that embodies democracy village government administration. BPD members are representatives of the villagers concerned based on regional representation. BPD members consist of the chairman RW, professional groups, religious leaders, or other community leaders.

Village Financial Management Concept

In order to support the realization of governance good governance (good governance) in village administration, village financial management is carried out based on governance principles, namely: transparent, accountable and participatory and carried out in an orderly and budgetary discipline (Santosa, 2008). Village financial management is managed within 1 (one) fiscal year starting from January 1 until December 31 (Article 2, Permendagri No. 113 of 2014).

Village financial management has the following principles: or the principles that have been set by the government through Regulation of the Minister of Home Affairs Number 113 2014 concerning Village Financial Management, article 2 paragraph (1) which states that "Village finances" managed based on the principles of transparency, accountability, participatory and carried out in an orderly and disciplined manner budget", thus the Village government especially through the village apparatus has the responsibility responsible for managing village finances effectively in order to carry out targeted development, and efficient .

Village Revenue and Expenditure Budget (APBDesa)

APBD can be defined as a financial operational plan local government, where one party describes the estimated expenditure as high as possible in order to finance regional activities and projects during the one particular fiscal year and the other party describes the estimated sources of regional revenue to cover these expenditures (Halim, 2008: 20).

Meanwhile, according to Mahsun (2015: 81), the APBD is a list of which contains details of regional revenues and regional expenditures/expenditures during one year determined by regional regulation (perda) for a period of one year year. APBD consists of revenue budget, expenditure budget, and financing. Regional income is a recognized right of local government as an addition to net worth.

Methodology:

This research was conducted in Sei Rampah Subdistrict, Serdang Bedagai Regency, precisely in the village of Silau Rakyat The population in this study includes employees who work Silau Rakyat village and the people in Silau Rakyat village, Sei Rampah sub -district , Serdang Bedagai district. The sample in this study was the village head, secretary village, village treasurer, head of development, RW, RT and community leaders, namely There are 40 competent parties in the management of APBDesa .

Multiple Linear Regression Coefficient Analysis

In this model there are two types of variables used, namely the independent variable and the dependent variable. The formula for multiple regression analysis according to (Algifari, 2000:62) is as follows:

The formula for the regression equation is: $\mathbf{Y =} a + b_1X_1 + b_2X_2 + e$

Information:

X_1 = effectiveness independent variable

X_2 = efficiency independent variable

Y = dependent variable Agency Performance

a = constant, the intersection of the lines on the Y axis

b = regression coefficient

e = error

Research Results and Discussion:

Characteristics of Respondents

In this chapter, the results of the research that have been processed will be explained , where in this study the respondents taken by the author were the people of Silau Rakyat village in Sei Rampah sub -district , Serdang Bedagai district. as many as 40 respondents. The profiles of respondents who were asked in the questionnaire were gender, age, last education , length of stay in the village, as well as the type of work of each respondent.

Classic Assumption Test Results

a. Normality Test Results

Normality test is used to test whether in a regression model, the dependent variable and the independent variable or both have a normal distribution or not. A good regression model is a normal or close to normal data distribution

Normal P-P Plot of Regression Standardized Residual
Dependent Variable: Kinerja Instansi
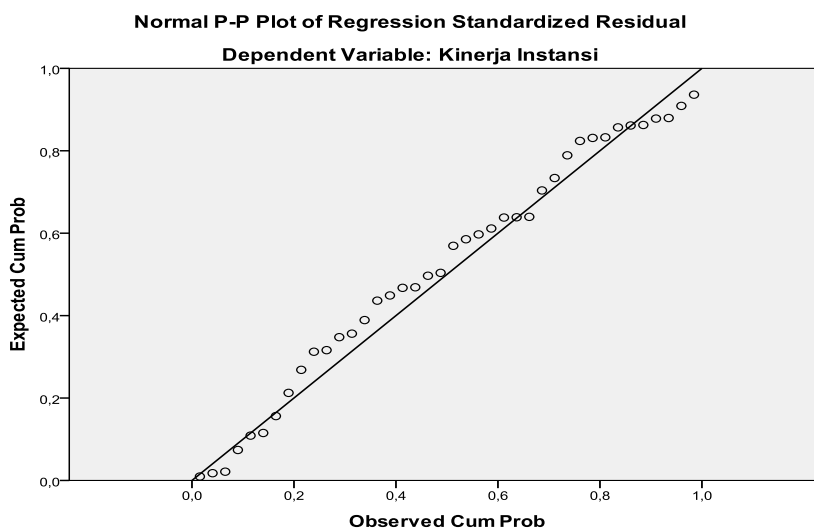
b. Multicollinearity Test Results

The results of the calculation of the *tolerance value* show that there is no independent variable value that has a *tolerance value* of less than 0.1, which means that there is no correlation between the independent variables . It is clearly seen in the following table:

Table 4. 13
Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Effectiveness	,984	1.016
Efficiency	,984	1.016

a. Dependent Variable: Agency Performance

c. Heteroscedasticity Test Results

Scatterplot
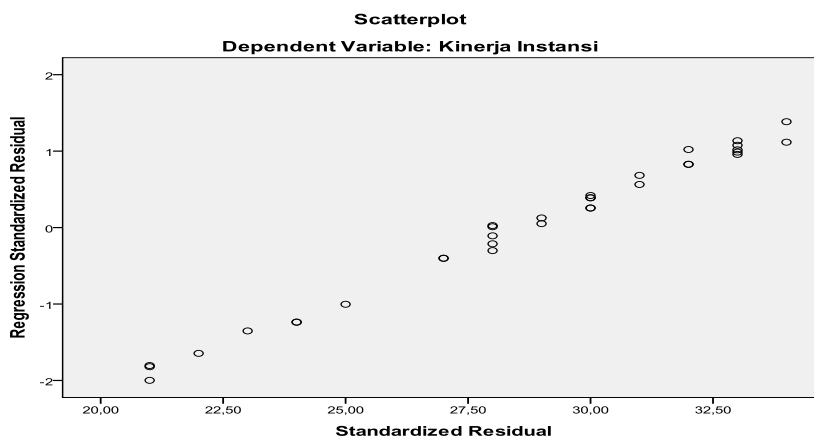**Dependent Variable: Kinerja Instansi**

Figure 4. 4
Heteroscedasticity Test Results

Based on the picture above , the *scatterplot* graph shows that the data is spread above and below the number 0 (zero) on the Y axis and there is no clear pattern in the spread of the data. This means that there is no heteroscedasticity in the regression model. So it can be concluded that the regression model of this study is feasible to use to predict agency performance based on the variables that influence it, effectiveness and efficiency.

d. Auto Correlation Test

The autocorrelation test aims to test whether in a linear regression model there is a correlation between the nuisance error in period t and user error in period t-1 (previous). A good regression model is a regression that is free from autocorrelation.

Table 4. 14 Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,256 [a]	,065	0.015	3.37278	2,190

a. Predictors: (Constant), Efficiency, Effectiveness
b. Dependent Variable: Agency Performance

Based on the results of calculations using the SPSS version 1 8.0 program as shown in table 4.1 1 , where the number of respondents is 40 respondents and the independent variable (X) = 2, the value of dU = 1,600 and the value of DW is 2,190 > the upper limit of dU 1,600 and less than (4- dU) = 2,400 thus there is no auto correlation in this study.

Multiple Linear Regression Analysis

To determine the regression equation can be seen in the table below:

Table 4. 15Regression Test Results

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	30,725	4,827		6,366	,000
	Effectiveness	0.019	0.099	0.030	,189	,851
	Efficiency	-,227	,141	-,258	-1,610	,116

a. Dependent Variable: Agency Performance

Based on table 4.1 2 above, it is known that the coefficient value of the regression equation from the output obtained by the regression equation model:

$$Y = a + b1X1 + b2X2 + e$$
$$Y = 30,725 + 0, 019 X1 - 0, 227 X2 + e$$

The results of the regression equation, the constant value of 30.725 means effectiveness (X1) and efficiency (X2) is considered constant or = 0, then the agency 's performance is constant at 30,725 .

effectiveness variable (X1) is 0.019 , meaning that the effectiveness of village financial management has increased by 1%, so the performance of village institutions (Y) will increase by 0.019 with the assumption that the other independent variables have a fixed value.

village financial management efficiency variable (X2) is -0 , 227 , meaning that the efficiency of village financial management has increased by 1%, then the performance of the village financial management agency (Y) will decrease by 0.227 assuming the other independent variables have a fixed value.

a. **Coefficient of determination test (R^2)**

Table 4. 16. Results of the Coefficient of Determination

Model Summary [b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,256 [a]	,065	0.015	3.37278

a. Predictors: (Constant), Efficiency, Effectiveness

b. Dependent Variable: Agency Performance

From the results of data processing obtained Adjusted (R2[)] of 0.015, this shows that the percentage of the contribution of the influence of the independent variable (effectiveness and efficiency of village financial management) on the dependent variable (performance of village financial management agencies). only 1.5 % . Or variable variations The independent model used in the model (effectiveness and efficiency of village financial management) was only able to explain 1.5 % (weak relationship) variation in dependent variable (performance of village financial management agencies), the remaining 98.5% is influenced or explained by other variables not included in this research model .

b. **Partial Significance Test (t-Statistical Test)**

The t statistic test is useful for testing the effect of each independent variable partially on the dependent variable. To determine whether there is a partial effect of each independent variable on the dependent variable, it can be seen at the 0.05 level of significance. The results of the t statistical test can be seen in table 4.1 2 , if the *probability* t value < 0.05 then Ha is accepted, whereas if the *probability* t value > 0.05 then Ha is rejected.

T table at a significance of 0.05/2 = 0.025, with degrees of freedom df = n - 2 or 40 – 2 = 38, which is 2.024 . above, it can be seen that the significant level for each each independent variable. Of the two independent variables , the independent variable is effectiveness village financial management obtained t count of r = 0.189 which is smaller than t table = 2,024 . Thus means that individually the effectiveness village financial management does not have a positive effect on the performance of the village financial management agency . Similarly, obtained a significant value of 0.851 > 0.05, which means that there is no significant effect. The conclusion is that Ha is rejected . For the second independent variable, namely the efficiency of village financial management, the value of t count = -1.610 < t table. This means that partially the efficiency of village financial management does not affect the performance of the village financial management agency . Likewise, the si significant result shows a value of 0.116 > 0.05, which means that there is no significant effect. In conclusion , Ho is rejected and Ha is accepted.

c. **Simultaneous Significant Test (Statistical Test F)**

The F statistical test aims to determine the effect of the independent variable simultaneously or simultaneously on the dependent or dependent variable. The criteria used are if the probability > 0.05 then Ho is accepted while on the contrary if the probability is < 0.05 then Ho is rejected.

Table 4. 17. Result of F . Statistical Test

ANOVA [b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29,500	2	14,750	1,297	,286 [a]
	Residual	420,900	37	11,376		
	Total	450,400	39			

a. Predictors: (Constant), Efficiency, Effectiveness

b. Dependent Variable: Agency Performance

Based on the table above, it is known that the significant value is 0.288 or greater than the probability value (p-value) of 0.05 (0.286 > 0.05), this means that the independent variables are effectiveness and efficiency village financial management , together they do not have a significant effect on the performance of village financial management agencies.

Conclusions:

From the results of the research that has been carried out, by processing the results of the questionnaire and using several tests through the SPSS version 18.0 software, the following conclusions can be drawn:

1. *Coefficients* table [a] obtained a constant of 30.725 gives an understanding that if the effectiveness and efficiency of village fund budget management, it is assumed that there is no change (constant) then the value of Y (performance of agencies) is 30,725

2. From the *Model Summary* [table], the R number of 0.256 indicates that the level of correlation or relationship between the effectiveness and efficiency of village financial management variables on the performance of village financial management agencies is only 25.6%.

3. The value of the coefficient of determination (R^2) from the regression result is 0.015, meaning that the effectiveness and efficiency of village financial management variables on agency performance is 1.5%. This result is the result of (R^2 x 100%). This means that the effectiveness and efficiency of village financial management is only able to affect the performance of the agency 1.5% while the remaining 98.5% is influenced by other variables not examined in this study.

4. Partially, the efficiency and effectiveness of village financial management variables do not have a positive effect on the performance of the village financial management agency. The t count is smaller than t table = 2.024, as well as a significant value of > 0.05.

5. Simultaneously the effectiveness and efficiency of village financial management, together do not have a significant effect on the performance of village financial management agencies. Where the significant value is 0.288 or greater than the probability value (p-value) of 0.05 (0.286 > 0.05).

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