

Analysis Of Village Fund Management In Realizing Good Governace (Study In Pelauw Village In Pulau Haruku District)

Rasyid Latuconsina^{1*}, Paul Usmany², Salomi Jacomina Hehanussa³

^{1, 2, 3}Prodi Magister Ilmu Ekonomi Program Pascasarjana Fakultas Ekonomi dan Bisnis,
Universitas Pattimura. Jalan Ir. M. Putuhena, Kampus Unpatti, Poka, Ambon, Indonesia
e-mail: dbisarlatuconsina13@gmail.com;

Keywords :

*Village Fund Management,
Good Governance,
Accountability, Transparency,
Participation*

Abstract

This study aims to analyze the management of Village Funds in realizing good governance in Pelauw Village, Pulau Haruku District. This study uses a qualitative method with a case study approach. Data were collected through in-depth interviews, observation, and documentation, with key informants including the Village Head, Village Secretary, Village Treasurer, Village Consultative Body (BPD), and community leaders. Data analysis was conducted using interactive analysis techniques by Miles, Huberman, and Saldana, which include data reduction, data presentation, and conclusion drawing. The results show that the management of Village Funds in Pelauw Village does not fully reflect the principles of good governance. Transparency of financial information is still limited, accountability for budget realization reports is not consistent with regulations, and community participation in village deliberations is often merely a formality. The main obstacles faced include limited capacity of village officials, lack of utilization of information technology such as the SISKEUDEDES application, and weak community oversight mechanisms. This study concludes that to realize transparent, accountable, and participatory management of Village Funds, it is necessary to strengthen the human resource capacity of village officials, provide supporting information technology facilities, and increase public awareness of their important role in planning and monitoring village development.

INTRODUCTION

Villages hold a strategic position in the Indonesian state system as the smallest governmental entity with a direct role in national development. Since the enactment of Law Number 6 of 2014 concerning Villages, the village development paradigm has undergone a fundamental shift from a centralized to a decentralized approach, placing villages as the subjects of development. One important instrument in this policy is the allocation of Village Funds, sourced from the State Budget (APBN). Village Funds are intended to accelerate the achievement of community welfare through participatory, equitable, and sustainable development.

However, the effectiveness of Village Funds is largely determined by the village's ability to manage them according to the principles of good governance. The principles of accountability, transparency, and community participation are key to successful village financial management. Without these three principles, Village Funds are vulnerable to misuse, misdirection, or unsustainable development. This aligns with the agency theory framework (Jensen & Meckling, 1976), which emphasizes the relationship between the community as principal and the village government as agent. In practice, this relationship is vulnerable to information asymmetry and moral hazard if transparency and accountability mechanisms are not effective.

Pelauw Village in Pulau Haruku District, Central Maluku Regency, is one of the villages receiving a relatively large Village Fund allocation for the 2023–2025 period. According to data,

the village's annual budget allocation exceeds Rp 2 billion, with priorities focused on governance, infrastructure development, community empowerment, and disaster management.

Table 1.1
Pelauw Village Fund Allocation for 2023-2025

FIELD	YEAR		
	2023	2024	2025
Implementation of village governance	Rp. 635,707,000	Rp. 707,228,500	Rp. 701,697,000
Implementation of village development	Rp. 489,342,000	Rp. 558,929,500	Rp. 525,168,000
Village community development	Rp. 106,823,000	Rp. 163,131,000	Rp. 118,600,000
Village community empowerment	Rp. 422,035,000	Rp. 437,750,000	Rp. 389,215,000
Disaster management, emergency situations, and urgent village situations	Rp. 631,938,000	Rp. 742,112,000	Rp. 635,257,000

Source: Pelauw Village Treasurer (2025)

The table shows that the Village Fund allocation continues to increase in 2024 before decreasing slightly in 2025. Disaster and emergency management constitutes the largest portion, while village development and community empowerment also receive significant portions. This large budget allocation demands good, transparent, and accountable governance to ensure that development programs truly impact community well-being.

However, initial observations and interviews revealed issues in the implementation of good governance principles. For example, information on budgets and activity implementation was not fully disclosed to the public, financial reports were often late, and village meetings tended to be merely formalities. These conditions resulted in low community participation and raised doubts about the quality of development implementation.

Various previous studies (Azizah, 2020; Rahmatullah & Rahmatullah, 2020; Riyanto et al., 2021) have shown that transparency and accountability play a significant role in the successful management of Village Funds. However, their implementation often faces obstacles at the local level, particularly related to apparatus capacity, limited information technology facilities, and bureaucratic cultural resistance. Therefore, research on Village Fund management in Pelauw Village is crucial, not only to assess the extent to which good governance principles are implemented, but also to identify inhibiting factors and opportunities for improvement.

Based on the description, this research focuses on analyzing the management of Village Funds from a good governance perspective in Pelauw Village. The problem formulation proposed is: How is the management of Village Funds in Pelauw Village, Pulau Haruku District, in realizing the principles of good governance?

METHODS

This research employed a qualitative method with a case study approach. This approach was chosen because it allowed researchers to gain a deeper understanding of the Village Fund management process in Pelauw Village and how good governance principles are applied in practice. The research location was Pelauw Village, Pulau Haruku District, Central Maluku Regency. The location was selected purposively because this village receives a relatively large Village Fund allocation but still faces challenges in transparency, accountability, and participation. The research was conducted from December 2024 to June 2025.

Data sources consisted of primary and secondary data. Primary data were obtained through in-depth interviews with the Village Head, Secretary, Treasurer, BPD members, and community leaders. Secondary data were obtained from official documents, such as the Village Budget (APBDes), Village Work Plan (RKPDDes), budget realization reports, and village regulations. Data collection techniques included in-depth interviews, participant observation, and documentation.

Data analysis was conducted using the Miles, Huberman, and Saldaña model, which consists of data reduction, data presentation, and drawing conclusions and verification. Data reduction was achieved by sorting the results of interviews, observations, and documentation into main categories. The data was then presented in narrative form, tables, and matrices, before conclusions were drawn and verified through data triangulation.

RESULTS AND DISCUSSION

This research was conducted in Pelauw Village, Pulau Haruku District, Central Maluku Regency, which annually receives a relatively large allocation of Village Funds. Based on the data, the Village Funds received by Pelauw Village in 2023 amounted to Rp 2,285,845,000, increasing to Rp 2,609,151,000 in 2024, and slightly decreasing to Rp 2,369,937,000 in 2025. These funds are allocated to five main areas, namely village governance, village development implementation, community development, community empowerment, and disaster and emergency management. Of these five areas, the largest budget item is allocated to the field of disaster management, emergency situations, and village urgent situations, which amount to more than Rp 600 million per year.

The research results show that the Village Fund management stages in Pelauw Village have been implemented in accordance with the village financial management cycle, namely planning, implementation, administration, reporting, and accountability. However, various limitations were identified at each stage. During the planning stage, village deliberations (Musdes) were held to develop the Village Government Work Plan (RKPDDes), but community participation remained low. Deliberations were dominated by village officials and certain figures, while the general public tended to attend only as listeners without actively participating in decision-making.

During the implementation phase, Village Funds are generally directed toward the development of physical infrastructure such as neighborhood roads, water channels, and other public facilities. However, observations indicate that some development projects lack quality control, resulting in some facilities being damaged within a relatively short period of time. Furthermore, implementation activities are often not accompanied by progress reports that are readily accessible to the public.

The Village Fund administration and reporting stages are carried out by the village treasurer using the Village Financial System (SISKEUDes) application. However, implementation of this application remains limited because some village officials are not yet familiar with digital systems. As a result, some recording and reporting are still done manually, leading to delays in the preparation of budget realization reports. Information on the use of Village Funds has also not been fully published publicly.

At the accountability stage, reports on Village Fund use are prepared at the end of each year, but the process is not always timely. These reports are only submitted to local governments, while public access to them remains limited. This leaves some residents unaware of the detailed amount of funds received by the village, how they are used, and the achievements of the development programs implemented.

Furthermore, the study found that limited human resources among village officials are a major obstacle to Village Fund management. Some village officials lack adequate educational background or skills in accounting and financial administration. Information technology infrastructure is also still minimal, resulting in suboptimal use of digital systems.

Overall, the research results show that Village Fund management in Pelauw Village follows a formal regulatory framework, but is not yet fully effective in practice. Transparency remains limited, accountability is suboptimal, and community participation remains low. This situation indicates a gap between the ideal principles of good governance and the reality of implementation at the village level.

4. Discussion

The research results show that the management of Village Funds in Pelauw Village has formally followed the mechanisms stipulated in regulations, from planning and implementation to administration and accountability. However, its implementation still faces several obstacles that prevent the principles of good governance from being fully achieved.

In terms of transparency, the village government has provided information boards regarding the Village Budget (APBDes), but this information does not reach the entire community. The outreach provided is limited and tends to be formal, leaving many residents unaware of the details of how Village Funds are used. This situation demonstrates a gap between the ideal of transparency as a form of public information disclosure and actual practice. According to Widodo (2002), transparency is a prerequisite for building public trust in governance. When information is minimal and not easily accessible, public trust in the village government will weaken.

In terms of accountability, accountability reports are prepared annually, but delays in report preparation and limited publication indicate a weak public accountability mechanism. Minister of Home Affairs Regulation No. 20 of 2018 stipulates that village heads are required to submit reports on the realization of Village Fund use in a timely manner. However, in practice, Pelauw Village officials still face constraints in human resource capacity and limited mastery of information technology, resulting in reporting being mostly done manually. This finding aligns with research by Riyanto et al. (2021), which asserts that low village official capacity is often a major obstacle to implementing accountability in Village Fund management.

In terms of participation, village deliberations (Musdes) should be a forum for community aspirations in determining the direction of development. However, research shows that Musdes in Pelauw Village is more of a formality, dominated by village officials and certain figures. Community participation remains low and tends to be passive. This results in development programs not always reflecting the community's priority needs. This situation reinforces Putri's

(2024) view that weak community participation in Village Fund management is one of the causes of development programs not matching local needs.

These three aspects indicate an agency problem in the management of Village Funds. Communities, as principals, lack access to adequate information, while village governments, as agents, have greater control over the use of funds. This information asymmetry has the potential to create moral hazard if there is no effective oversight mechanism (Jensen & Meckling, 1976). In other words, weak transparency, accountability, and participation are a direct consequence of the unequal agency relationship between village governments and communities.

In addition to structural factors, such as the capacity of village officials and a lack of information technology facilities, bureaucratic culture also plays a role. The still-dominant bureaucratic culture results in a top-down decision-making process that allows little room for community participation. This presents a particular challenge in the context of an island region like Haruku Island, where access to information and oversight from the local government are also limited.

Thus, this discussion confirms that although the Village Fund in Pelauw Village has been managed in accordance with the regulatory framework, the implementation of good governance principles is still far from optimal. Comprehensive improvement measures are needed, starting with increasing the capacity of village officials, strengthening the village financial digitalization system through SISKEUDES, and creating a more inclusive and participatory deliberation forum. Only in this way can the Village Fund truly function as an instrument for improving community welfare and strengthening village governance.

CONCLUSION

Based on the research findings outlined above, it can be concluded that the management of Village Funds in Pelauw Village, Pulau Haruku District, has not yet optimally implemented the principles of good governance. Transparency remains limited, accountability is suboptimal due to the weak capacity of village officials, and community participation remains low. Consequently, the substantial use of Village Funds has not yet fully impacted community welfare.

REFERENCE

- Azizah, N. (2020). Transparency in Village Fund Management in Realizing Good Governance. *Journal of Public Administration*, 7(2), 112–124.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
- Mardiasmo. (2018). Public sector accounting. Yogyakarta: Andi Offset.
- Putri, AN (2024). Community participation in Village Fund management: A case study in Aceh Besar District. *Journal of Government Science and Public Policy*, 11(1), 55–70.
- Rahmatullah, M., & Rahmatullah, F. (2020). Accountability of Village Fund Management: A Case Study in Soppeng Regency. *Multiparadigma Accounting Journal*, 11(1), 140–151. <https://doi.org/10.18202/jamal.2020.04.11010>
- Riyanto, A., Sari, P., & Nugraha, D. (2021). Village Fund Management and the Implementation of Good Governance Principles. *Journal of Government and Social and Political Sciences*, 9(1), 45–59.
- Sugiyono. (2018). Qualitative research methods. Bandung: Alfabeta.
- Widodo, J. (2002). Good governance: A study of the dimensions of accountability and bureaucratic control in the era of decentralization and regional autonomy. Surabaya: Insan Cendekia.

Yin, R. K. (2018). Case study research and applications: Design and methods (6th ed.). Thousand Oaks, CA: Sage Publications.