

## Utilization of Village Funds Based on Planning in Development in Improving Village Autonomy and Welfare of Village Communities in Malang Regency

Maryunani<sup>1</sup>, Tri Cahyono<sup>2</sup>, Badrul Jamal<sup>3</sup>  
Faculty of Economics and Business, Brawijaya University<sup>1</sup>  
Jl. MT. Haryono No.165, Malang City, East Java 65300  
Correspondence Email: maryunani@ub.ac.id

### ARTICLE INFORMATION

#### Publication information

#### Research article

#### HOW TO CITE

Maryunani, M., Cahyono, T., & Jamal, B. (2024). Utilization of village funds based on planning in development in improving village autonomy and welfare of village communities in Malang Regency. *Asia Pacific Journal of Management and Education*, 7(1), 113-125.

#### DOI:

<https://doi.org/10.32535/apjme.v7i1.2934>

Copyright © 2024 owned by Author(s).  
Published by APJME



This is an open-access article.  
License: Attribution-Noncommercial-Share Alike (CC BY-NC-SA)

Received: 18 January 2024  
Accepted: 19 February 2024  
Published: 20 March 2024

### ABSTRACT

This study aims to analyze how the impact of using Village Funds for village independence and community welfare in Sumberpasir and Pucangsongo Villages, Pakis District, Malang Regency based on community perceptions using the Sustainable Livelihood Approach (SLA) approach. The selection of the two villages was based on consideration of the uniqueness of different characters, where Sumberpasir is tourism-based because it is on the route of Bromo Tengger Semeru National Park (TNBTS) while Pucangsongo is agriculture-based. The results of the analysis show that in Sumberpasir Village, the impact of village utilization is more prominent on social capital, namely in the form of collaboration with other communities and human capital in the form of training for technology. In Pucangsongo Village, the use of village funds for the independence and welfare of rural communities is influenced by financial capital, in the form of business capital assistance for farmer groups. In addition, natural capital factors are also prominent as the use of village funds also to support the agricultural sector. This research contributes to an empirical study that provides an understanding that the utilization of village funds can be heterogeneous based on the characteristics of each village.

**Keywords:** Community Welfare; Village Autonomy; Village Fund

## INTRODUCTION

The form of development that starts from the grassroots has been echoed by the government since 1999. The form of development from the grassroots or better known as development, including one of them is realized through Law no. 22 of 1999 concerning Decentralization. This law underwent several amendments, namely in 2004 until finally it was amended again in 2014 through Law No. 23 of 2014. With the existence of Law no. 23 of 2014, regions are given the authority to manage their government. This is because the local government fully understands the potential for development and growth in the region. Even in 2014, the form of inclusive development was further refined with the ratification of Law no. 06 of 2014 concerning Villages. The existence of Law no. 06 of 2014, the form of development is no longer directed to toll roads, airports and ports alone, but village-scale developments that are urgently needed by the local community. Regional autonomy and decentralization have become the initial frame for village autonomy and independence (Maulana, 2016). From 2015 to 2022, the total Village Funds disbursed reached 400.1 trillion rupiah, where in 2022 the Village Funds disbursed amounted to 68 trillion with the number of villages covered reaching 74,961 Villages (Ministry of Finance, 2022).

Real outputs from the use of Village Funds from 2015 to 2020 are (Ministry of Finance, 2022): (i) Infrastructure that supports community economic activities in the form of village roads (261,877 km), bridges (1,494,804 meters), village markets (11,944 units), BUMDES (39,844 activities), boat moorings (7,007 units), reservoirs (5,202 units), irrigation (76,453 units), and sports facilities (27,753 units); and (ii) the Village Fund is also used to build infrastructure in order to improve the quality of life of the community, including retaining soil (237,415 units), clean water (1,281,168 units), toilet facilities (422,860 units), Polindes (11,599 units), drainage (42,846,367 meters), village PAUD (64,429 activities), Posyandu (40,618 units), and community wells (58,259 units).

In addition to playing a role in infrastructure development, the success of distributing Village Funds to realize inclusive development through improving community welfare can be seen in 2020. According to data from the Central Statistics Agency in 2021, the number of poor people in villages in March 2015 was 17.89 million (11.22% of the total population) and decreased to 15.26 million people in March 2020 (9.78% of the total population), in September 2020 slightly increased due to the Covid-19 storm to 10.19% of the total population of 27, 55 million people. The impact of Village Fund distribution on poverty has been observed in the research of Sari and Abdullah (2017), Susilowati et al. (2017), and Rimawan and Aryani (2019) with case studies of villages in Indonesia and produced different findings. The findings of Sari and Abdullah (2017) are in line with the results of research by Susilowati et al. (2017) that the use of Village Funds has proven to reduce poverty levels in villages, but Rimawan and Aryani (2019) found that Village Funds increase village economic growth but do not significantly reduce poverty.

To see how the use of the Village Fund is based on development planning in the village, especially in terms of increasing independence and improving community welfare, this study was deliberately structured by taking objects in Malang Regency, especially Sumberpasir and Pucangsongo Villages. The two villages were deliberately chosen because they have considerable potential, especially in terms of territorial (spatial) support for the leading tourism sector in East Java, namely the Bromo Tengger Semeru National Park (TNBTS) area. Sumberpasir village is directly adjacent to the main route to TNBTS, in fact, some tourists who will go to Mount Bromo and Mount Semeru, make this village as a place to stop (buy food supplies and wait for transportation that will deliver to TNBTS), while Pucangsongo Village is one of the areas that is quite superior

in the agricultural sector and one of the pillars of agricultural products for the city of Malang.

For this reason, the selection of the two villages is very important in this study. Where from the many potentials, can it be optimized by utilizing the Village Fund. So, this study aims to analyze how the impact of using Village Funds for village independence and community welfare in Sumberpasir and Pucangsongo Villages, Pakis District based on community perceptions. This research contributes to an empirical study of the success or failure of the Village Fund to increase village independence and the welfare of rural communities in Indonesia with a specific case study of a village.

## **LITERATURE REVIEW**

The definition of economic development is not just explaining how to increase GNP per year, but economic development is multidimensional. This covers various aspects of people's lives, not just one aspect of the economy. Economic development can also be defined as every activity carried out by a country in developing economic activities and people's living standards. With these limitations, economic development is a process that causes an increase in the real income per capita of a country's population in the long term accompanied by improvements in the institutional system. From the above definition it can be concluded that economic development has the following main elements and characteristics: A process which means change that occurs continuously; efforts to increase income per capita; the increase in per capita income must continue in the long term; and improvement of the institutional system in all fields (e.g. economic, political, legal, social, and cultural). This institutional system can be reviewed from two aspects, namely aspects of improvement in the field of the rules of the game, both formal and informal rules; and organizations (players) that implement the rules of the game (Arsyad, 2017).

Based on Law Number 6 of 2014 Article 77 concerning villages, the management of village property is carried out to improve the welfare and standard of living of rural communities and increase village income. Permendagri Number 66 of 2007 concerning village development planning explains that village development by the village government which was previously burdened with development programs from the center can now be more flexible and freer in managing and regulating and determining the direction of village development independently (Saputra et al., 2019). Villages are required to be independent in carrying out their government affairs, especially in managing village finances. The source of village income that comes from village original income is a form of village independence in managing finances. So that the village does not depend on the transfer of funds from the local government or the central government. The accessibility does not affect the accountability of village fund allocation (Rahmayati et al., 2019). In the process of governance, including community development and empowerment as real steps for local governments to support regional autonomy in their regions (Atmadja et al., 2018). The local government should be able to maximize regional income with the various resources they have, such as traditional market retributions (Kotib, 2022). Governments can enhance Regional Original Income and optimize the management of Funds Transferred to Villages and Regions to support improved Regional Spending (Sriyono et al., 2022).

The village government, especially the village head in building and developing the village, must know how to manage and run the government well, especially in revenue management. Whether or not a management is good depends on the governance of the village government itself, so it is important for the village government to know and understand how to manage the village well. Considering and realizing that there are

obstacles in the development of a region, it is necessary to have an alternative new development paradigm (Sujarweni, 2015), where all community needs are guaranteed to reach remote villages so that an autonomous region is needed for villages to be able to manage their funding sources for the welfare of the community as a whole. the quality of human resources (HR) in handcrafting sector by increasing the intensity of training and adding home industries, joint fund management, and savings and loans which can be used as capital for households to establish small and medium enterprises and increase community participation in supporting planning activities as well as institutional activities (Dhari, 2020). utilization of the village financial system application affects the performance of the village government apparatus, and the competence of the village apparatus affects the performance of the village government apparatus through the use of the village financial system application (Subandi et al., 2022). Intellectual capital-based business development in the form of human capital, social capital and organizational capital. Human capital consists of knowledge of entrepreneur, attitude and skills. Social capital consists of networking, trust, relation, work togetherness (Sumual et al., 2021)

## **RESEARCH METHOD**

The research was conducted in Sumberpasir and Pucangsongo Villages, Pakis District, Malang Regency. The selection of Sumberpasir Village is mainly because this village is a supporter of tourism in the TNBTS area (Bromo Tengger Semeru National Park). This can be seen from the geographical location of the village which is in direct contact with the route to TNBTS via Malang City. On the other hand, Pucangsongo Village has abundant natural resource potential, especially in the agricultural sector. The differences in the character of these two villages attract researchers to compare the results of the study.

Data sourced from primary data with questionnaire and interview instruments. The sampling method used was purposive random sampling where in each village 50 were selected with a total of two villages as many as 100 respondents (community). In addition, to strengthen the research argument, respondents were added to involve village officials and community leaders.

To analyze the data, the SLA (Sustainable Livelihood Approach) method was used to find answers to sustainable livelihoods (strategies) related to the use of Village Funds in increasing village independence and increasing community welfare in Sumberpasir Village and Pucangsongo Village, Pakis District, Malang Regency. Regarding SLA, Ellis (2000), describes livelihoods as follows: "A livelihood comprises the assets (natural, physical, human, financial and social capital), the activities, and the access to these (mediated by institutions and social relations) that together determine the living gained by the individual or household.

Efforts to realize livelihood achievements require a number of assets, including various strategies for processing and utilizing available assets, all of which contain the purpose of benefit and carrying capacity that supports people's livelihoods, especially those supported by the use of Village Funds. Carney (1998) classifies livelihood assets into five groups called Pentagon Assets. Pentagon assets consist of human capital (H) or human resource capital, natural capital (N) is natural capital, financial capital (F) or financial capital, social capital (S) or social capital, and physical capital or physical capital. In the analysis at the village level, this method has also been used in the research of Riantoro and Semet (2018); and Pratama (2021).

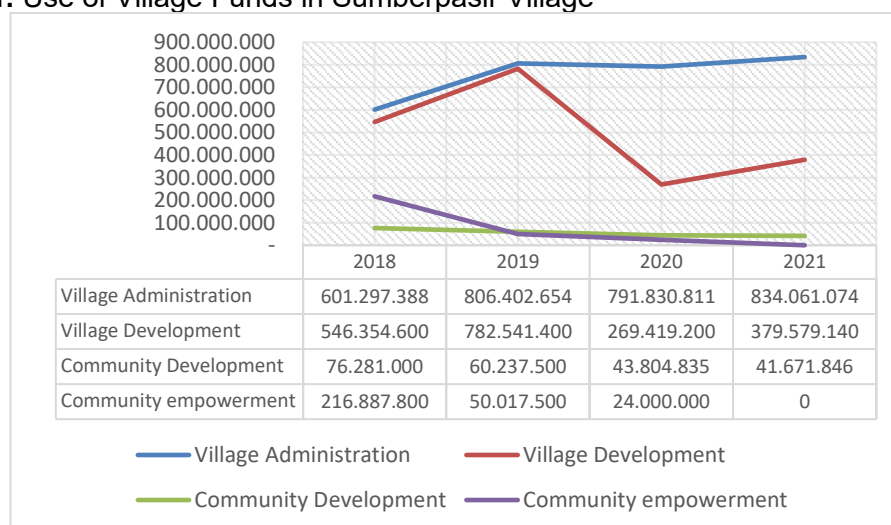
## RESULTS

### Development of the Use of Village Funds in Sumberpasir and Pucangsongo

According to Permendagri Number 114 of 2014, the principles of village financial management are: (i) transparent; (ii) accountable; (iii) participatory; and (iv) budget order and discipline. Transparent, namely the principle of openness that allows the community to know and have access to the widest possible information about village finances. Accountable, namely the realization of the obligation to be responsible for the management and control of resources and the implementation of the entrusted policies in the context of achieving the goals that have been set. Participatory, namely the implementation of village governance that includes village institutions and elements of the village community. Orderly and budgetary discipline, namely village financial management must refer to the rules or guidelines that underlie it.

The Ministry of Finance and the Ministry of Villages provide additional rules regarding the utilization and use of Village Funds (SE Minister of Finance No. 2 of 2021 and Permen Desa PDT No. 7 of 2021). In 2021, based on this regulation, the priority of using the Village Fund is for: (i) economic recovery in accordance with village authority; (ii) national priority programs according to village authority; and (iii) mitigation and handling of natural and non-natural disasters in accordance with the authority of the Village. If you look at these rules, of course from year to year, there is a shift in the use of Village Funds, including in the villages of Sumberpasir and Pucangsongo. The analysis of the shift in the utilization of the Village Fund from the two villages is as follows:

**Figure 1.** Use of Village Funds in Sumberpasir Village



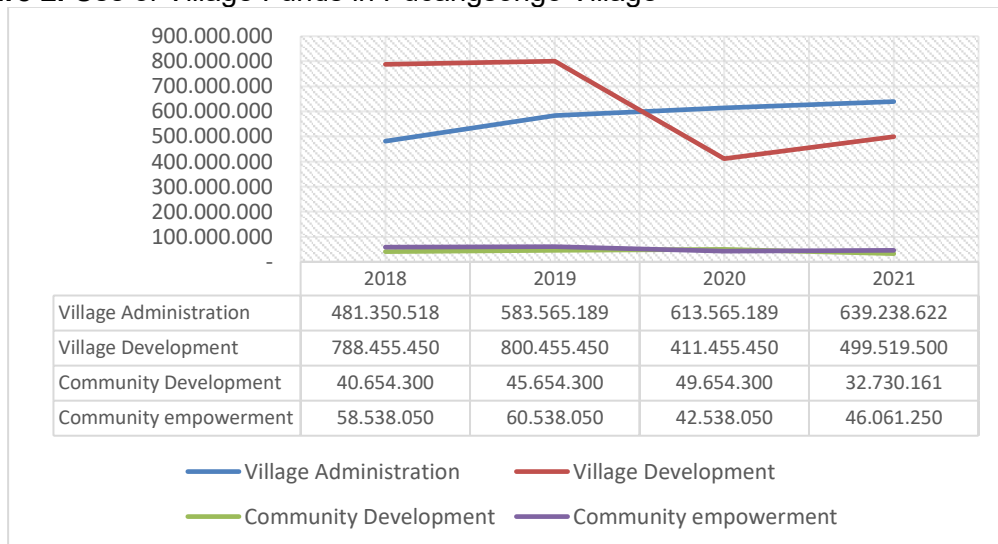
Source: APBDes Sumberpasir, 2022 (data processed)

The use of Village Funds in Sumberpasir Village from 2018 to 2021 focuses on: (i) village government administration; (ii) the field of implementing village development programs; (iii) coaching; and (iv) community empowerment; and (v) village disaster and emergency management. The Village Fund is mostly used for village government administration, and it appears that the use of Village Funds for village government administration from 2018 to 2021 shows an increasing trend. Although in 2020 it has decreased slightly. Furthermore, in the village development function, there is also a fairly large proportion but in 2020 it experienced a very significant decrease to Rp. 269,419,200 because funds for village development programs were diverted to handling Covid-19 including for BLT DD and Covid-19 Safe Villages. BLT DD is given to households affected by Covid-19. The Village Fund distribution post for the Implementation of Village Development in 2019 to 2021 focuses on: (i) development in the education sector; (ii) development of the

health sector; (iii) development of public works and spatial planning; (iv) development in the fields of transportation, communication, and information technology; and (v) the tourism sector.

In the community development function, in 2020 and 2021, several budgeting posts for community development in Sumberpasir Village will also be transferred to handling Covid-19. No wonder the portion of community development funds in 2020 and 2021 is lower than in previous years. The community development fund budgeting post focuses on several things including: (i) sub-sectors of peace, public order and community protection; (ii) sub-sector of culture and religion; (iii) youth and sports sub-sectors; and (iv) sub-sector of community institutions. Finally, in the community empowerment function, in 2018 and 2019 it was used to increase community capacity, especially in terms of health services and management of education services. In 2020 and 2021, the Village Funds used for community empowerment were deliberately diverted to handling Covid-19. The post for using Village Funds for community empowerment focuses on: (i) marine and fisheries sub-sectors; (ii) sub-sector of agriculture and animal husbandry; (iii) sub-sector of capacity building of village apparatus; (iv) sub-sectors of women's empowerment, child and family protection; (v) sub-sector of cooperatives, micro, small and medium enterprises (MSMEs); and (vi) trade and industry sub-sectors.

**Figure 2.** Use of Village Funds in Pucangsongo Village



Source: APBDes Pucangsongo, 2022 (data processed)

Almost the same as Sumberpasir Village, in Pucangsongo Village the use of Village Funds is mostly used for village governance functions, with an increasing trend from 2018-2021. In the next function, namely village development, in 2018 and 2019 the Village Fund was used for the Implementation of the Village Development Program, but in 2020 it was transferred to handling Covid-19 including for BLT DD and Covid-19 Safe Villages. BLT DD is given to households affected by Covid-19. In 2021, village development implementation funds will increase, but when compared to 2018 and 2019, these funds are still relatively low. The reason is that in 2021 the focus of village development will still be directed at preventing and restoring village conditions during the Covid-19 pandemic. Likewise in the community development function, the portion of the use of funds will also decline in 2020 and 2021, lower than in previous years. The community development fund budgeting post focuses on several things including: (i) sub-sectors of peace, public order and community protection; (ii) sub-sector of culture and religion; (iii) youth and sports sub-sectors; and (iv) sub-sector of community institutions.

Finally, the community empowerment function will also start to increase again in 2021 with the improvement in the Covid-19 pandemic.

## DISCUSSION

### Impact of Utilizing Village Funds for Community Independence and Welfare

To see how the impact of the use of village funds for the community. So the researchers conducted a survey of 100 respondents. There are 50 of them from Sumberpasir Village and the remaining 50 people from Pucangsongo Village. The data obtained from the survey results were tabulated and processed using factor analysis tools to see the level of success in using village funds in terms of the Sustainability Livelihood Approach (SLA). The data analysis phase of the sustainable livelihood approach (SLA) is carried out using a factor analysis approach. Before the factor analysis is interpreted, it is necessary to test the goodness (assumptions) of the factor analysis model which includes the KMO, Sig, and MSA values. The first measure is the Kaiser Meyer Olkin Measure of Sampling (KMO). Kaiser Meyer Olkin Measure of Sampling (KMO) is a comparison index of the distance between the correlation coefficient and its partial correlation coefficient. If the sum of the squares of the partial correlation coefficients among all pairs of variables is small when compared to the sum of the squares of the correlation coefficients, it will produce a KMO value close to 1. The KMO value is considered sufficient if it is more than 0.5. Second, the value of the Bartlett Test of Sphericity. This indication is a measure of the specificity of the results of factor analysis, where the specificity requirement is met if the Sig value is less than 0.05. Third, is the calculation of Measures of Sampling Adequacy (MSA) or an indicator of the goodness of the sample size. If the MSA value is more than 0.5, it fulfills the requirements for factor analysis, otherwise if the MSA value is less than 0.5, the indicator is not included in the factor analysis.

The following table presents the feasibility test of factor analysis on the SLA model in Sumberpasir Village and Pucang Songo Village as a whole. From the following table, it can be seen that each capital in each village has a KMO value > 0.6, Sig Bartlett < 0.05, and MSA > 0.5, so the SLA model obtained is feasible.

**Table 1.** Feasibility of SLA Model Factor Analysis

Variables	KMO Value	Sig Bartlett	MSA Value	Conclusion
<b>SLA in Sumberpasir Village</b>				
Nature	0.652	0.000	0.694	Feasible
Physic			0.675	
Human			0.656	
Social			0.643	
Financial			0.575	
<b>SLA in Pucangsongo Village</b>				
Nature	0.621	0.000	0.574	Feasible
Physic			0.564	
Human			0.561	
Social			0.540	
Financial			0.605	

Source: Primary data, 2022 (data processed)

### Sustainability Livelihood Approach (SLA) of Sumberpasir Village

Based on the results of factor analysis, it can be seen that each capital SLA Sumberpasir Village is feasible to use. Furthermore, the feasibility value and load value of each capital in Sumberpasir Village can be seen in the following table.

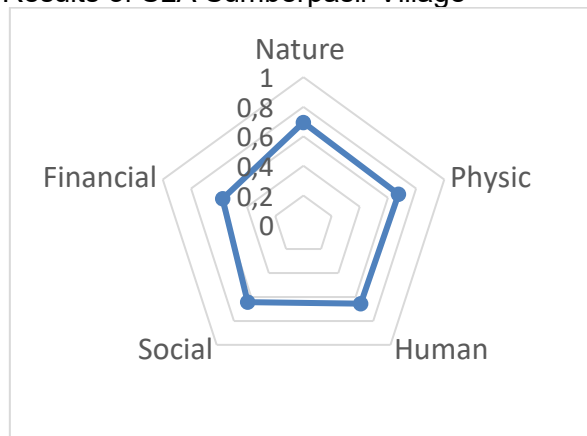
**Table 2.** Results of Capital Factor Analysis of Sumberpasir Village SLA

Variables	Eigen Value	Loading Factor Value	Sequence
Nature	2.476 and Varian 49.517%	0.666	4
Physic		0.712	3
Human		0.755	2
Social		0.837	1
Financial		0.506	5

Source: Primary data, 2022 (data processed)

Based on the table above, it can be seen that the eigen value greater than one only has one value, which is 2,476. This indicates that the five capitals namely natural, physical, human, social and financial residents in Sumberpasir Village are interrelated to form a sustainability. The percentage of data diversity that can be explained from the analysis of the formed factors is 49.517%. This means that each of these capitals can explain the Sustainability Livelihood Approach up to 49.517%. Furthermore, the SLA test for residents in Sumberpasir Village can be explained by using a loading factor. The highest loading factor value indicates the high capital in forming a sustainable livelihood approach in Sumberpasir Village.

**Figure 3.** Pentagon Results of SLA Sumberpasir Village



Source: Primary data, 2022 (data processed)

Based on the pentagon image above, it can be seen that the strongest capital in Sumberpasir Village according to the assumptions of the people who feel the impact of using the Village Fund is social capital. This can be stated based on the loading factor value of social capital which is 0.837, which is the highest value when compared to other capitals. The high value of social capital based on community assumptions is influenced by several things, namely (i) the village is very active in collaborating with partners in the form of Covid-19 prevention training, training in economic sector development, collaboration with several universities to provide direct assistance to the community; (ii) the village plays an active and responsive role in resolving conflicts that occur in the community; (iii) Village Funds are widely used to help communities affected by Covid-19 such as BLT DD; and (iv) the community plays an active role and has a great involvement in community empowerment programs, especially in tourism development programs and the construction of tourism supporting facilities. Social capital can benefit rural communities in a number of ways. Lang and Fink (2019) in several European countries as well as research by Tajpour and Hosseini (2019) found that social capital in rural entrepreneurship creates positive entrepreneurial externalities, such as innovation and structural change, as well as rural social entrepreneurship business models addressing social challenges such as unemployment and poverty. In addition, Roque et al. (2020) in



Puerto Rico even found that social capital was very useful in the post-disaster economic recovery process.

The strongest capital in Sumberpasir Village, which is next is human capital with a loading factor value of 0.755. The reason for this is none other than the scale of village development, one of which is focused on increasing human resource capacity. Several programs run by the village to increase the capacity of village human resources include: (i) increasing training of village officials to “literate” (understand) service technology; (ii) the management of village funds is carried out transparently through a touch of technology so that the Sumberpasir community can monitor it properly through social media or digital messaging; (iii) reporting the use of village funds to the central government is carried out by utilizing the application so that it is more effective and efficient; and (iv) empowerment programs in the form of training to increase the capacity of human resources are informed through social media groups so that the dissemination of information tends to be faster. Just as studies show that in the agricultural sector there have been several problems associated with the formation of human resources, over the past 20 years in Russia. The main problems are the low level of education of workers, aging of professional staff, and reduction in the number of workers in all positions (Sycheva et al., 2019). Under current conditions, the production of goods and services across sectors depends not only on the use of advanced technologies but also on the knowledge and skills of the workers who produce those products (Kuznetsova et al., 2018). Thus, in the modern world, a person with his knowledge and skills gains added value (Nikulina & Nikulina, 2017).

Physical capital ranks third with a loading factor of 0.712, which is very visible from the priority scale of village development, namely village paving. Which means, each village road must be built using paving. In 2022, as explained by the Village Head of Sumber Pasir, 90% of the hamlet roads in Sumber Pasir Village have been paved. With the paving of this road, people feel very comfortable and transportation becomes smoother. In addition, several physical facilities built in Sumber Pasir Village are health facilities and infrastructure in the form of modernization of health centers and polyclinics in several hamlets, village public service facilities that have an impact on service comfort for the community. Other physical development is the development of water tourism places in the form of swimming pools and rest areas to catch tourists who will visit TNBTS (Bromo Tengger Semeru National Park). With the construction of tourist attractions and rest areas, the community is involved in the management, especially as employees. Another involvement is that MSME activists can leave their products in tourist attractions and rest areas.

Natural capital ranks fourth, where this capital is indeed less considered than social, human and physical capital. This is reflected in village development programs, which are mostly social, human and physical. The development of natural capital that is less than optimal is not without reason, where the potential of Sumber Pasir Village is mostly inclined towards the trade sector, which supports economic activity in Malang City by contributing labor and traffic on the TNBTS tourism route. However, although this natural capital is quite small, it is still being built including: (i) developing natural fresh water tourism in the form of a cempaka dam; and (ii) mitigating environmental impacts (garbage in rivers) from community economic activities.

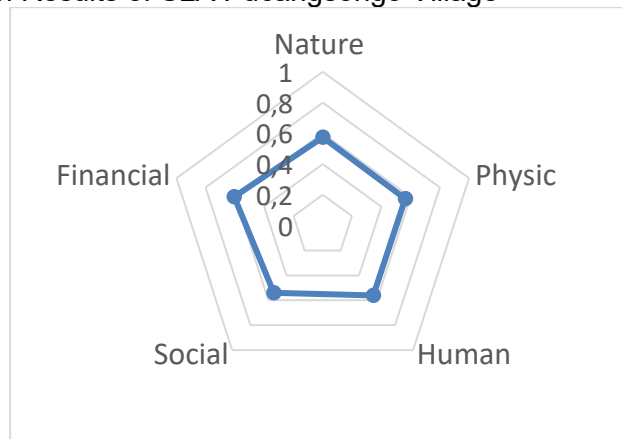
While the weakest capital in Sumberpasir Village is financial capital with a loading factor value of 0.506. This is because most of the professions of the people of Sumber Pasir Village are laborers (buildings, factories, and employees in Malang City). Thus, the need for financial institutions to support the economy, especially the trade sector, is less attractive to the public at large. The financial institutions in Sumber Pasir Village are

widely accessed by MSMEs and market traders, and even then, the number is very small compared to the activities of people who work as laborers. No wonder the number of financial institutions such as banks and cooperatives are very minimal in Sumberpasir Village.

#### **Sustainable Livelihood Approach (SLA) Pucangsongo Village**

Based on the results of factor analysis, it can be seen that the SLA model in Pucang Songo Village is feasible for further interpretation. The following are the results of the feasibility of the SLA model in Pucang Songo Village based on the results of factor analysis.

**Figure 4.** Pentagon Results of SLA Pucangsongo Village



Source: Primary data, 2022 (data processed)

Based on the pentagon shape as a result of the Sustainability Livelihood Approach analysis in Pucangsongo Village, it can be seen that the strongest capital based on community assumptions through the survey results is financial capital. This can be stated based on the loading factor value of natural capital which is 0.768. Financial capital by some respondents is considered very important. Because more than 80% of the population of Pucangsongo Village work as farmers. Where not every day not even every month get a fixed income. Income from farmers is generally obtained during the harvest season (for rice it is 3 to 3.5 months, for vegetables it is between 1.5 to 3 months). Not surprisingly, the things that support the strong financial capital in Pucang Songo Village actually come from local financial institutions in the agricultural sector (lenders). To overcome this, the use of the Village Fund every year is always provided with a budget post for providing business capital assistance for farmer groups. In addition, the Village Fund's capital participation for BUMDes will later be managed as a savings and loan business unit to help the agricultural sector. With the use of Village Funds to support this financial capital, from 2018 until now, some farmers have found it very helpful. Especially during the Covid-19 period in 2020 to 2021 where the community is more helped through the BLT DD program.

The importance of financial capital for development is explained in Mariyono (2019) that access to credit plays an important role in improving rural welfare, especially for farmers. The government needs to fix the marketing system for horticultural products and build market infrastructure to accommodate excess supply during the harvest season. Easy and flexible credit must be available and accessible to farmers. Using the Vietnam case study, Linh et al. (2019) found that the rural credit market in some developing countries often includes both formal and informal markets. The two markets can complement each other. Many socio-economic factors, such as: age, family size, household income, education, gender, and land ownership area, have an impact on farmers' credit

accessibility. Apart from observable factors, social capital is also seen as an invisible factor that affects household access to credit.

Furthermore, the second strongest capital is natural capital with a loading factor value of 0.688, considering that Pucang Songo Village has a very wide expanse of agricultural land and the majority of the population also works in this sector. The dominant commodities in Pucang Songo Village are vegetables, rice, chili and banana leaves. So it is not surprising that the use of the Village Fund from 2018 until now has always provided budget posts to support the agricultural sector including: (i) repairing drainage facilities and small dams in rice fields; (ii) construction of culverts whose water is directed to rice fields; and (iii) socialization of natural improvement through training in the manufacture and marketing of organic fertilizers. This is followed by social capital with a loading factor value of 0.401 (no significant effect) and human capital with a loading factor value of 0.283 (no significant effect). While the weakest capital in Pucang Songo Village is physical capital with a loading factor value of 0.258 (no significant effect). Although social, human and physical capital by the majority of the community do not have a significant influence, but to support long-term development by the village is always done. This can be seen from the physical such as roads, utilities, and communication networks. However, the use of the Village Fund in 2020 to 2021 for development has stagnated because it is more directed at handling and preventing the spread of Covid-19.

## **CONCLUSION**

The impact of using Village Funds for village independence and community welfare in Sumberpasir and Pucangsongo Villages, Pakis District, if based on community perceptions there are differences in each village. The use of Village Funds in Sumberpasir Village has benefits in (i) social capital, namely in the form of collaboration with universities for direct assistance to the community, conflict resolution in the community, handling of covid 19 in the form of BLT, DD and active role and community involvement in community empowerment programs, especially in development tourism sector and its supporting facilities. (ii) Human Capital in the form of training for village officials to understand service technology, managing village funds transparently with the use of technology so that people can monitor through social media digital messaging, reporting on the use of village funds to the central and regional governments is carried out using applications, and programs community empowerment in the form of training and improving human resources in informing social media groups to be faster in broadcasting information. While in Pucangsongo Village, the use of village funds for the independence and welfare of the village community is influenced by (i) financial capital, namely 80% of the Pucangsongo village community who work as vegetable farmers. Communities obtain capital from local financial institutions (lenders). So that people can easily obtain capital loans while accelerating the production process. Therefore, the village government in using village funds every year will provide a budget post for providing business capital assistance for farmer groups. Then the village fund capital participation for BUM Desa will later be managed by the savings and loan business unit for the welfare of the community in the agricultural sector. (ii) natural capital is in the form of very large agricultural land. The majority of people work in the vegetable, rice, chili and banana leaf farming sectors. The availability of budget posts for the use of village funds to support the agricultural sector include improving irrigation facilities for rice fields, repairing small dam facilities in rice fields, constructing culverts and socializing natural improvements through training in the manufacture and marketing of organic fertilizers.

## ACKNOWLEDGEMENT

The researcher expresses gratitude to AIESEC in UPN "Veteran" Yogyakarta for their warm welcome and cooperation during the observation and data collection process. Additionally, heartfelt thanks are extended to family and friends for their unwavering support throughout this study, which has been invaluable in its completion.

## DECLARATION OF CONFLICTING INTEREST

The authors declared no potential conflicts of interest.

## REFERENCES

- Arsyad, L. (2017). *Ekonomi Pembangunan dan Pembangunan Ekonomi*.  
<https://pustaka.ut.ac.id/lib/wp-content/uploads/pdfmk/ESPA4324-M1.pdf>
- Atmadja, A. T., Saputra, K. A. K., & Koswara, M. K. (2018). The influence of village conflict, village apparatus ability, village facilitator competency and commitment of local government on the success of budget management. *Academy of Accounting and Financial Studies Journal*, 22(1), 1-11.
- Carney D. (1998). *Sustainable rural livelihoods. What contribution can we make?*. London: Department of International Development (DFID).
- Dhari, L. F. (2020). Area development strategy to overcome the slumps in RW 3 and RW 5, Polehan Village, Blimbing, Malang, using IFAS and EFAS Matrix analysis. *Journal of International Conference Proceedings*, 3(4), 24-30.  
<https://doi.org/10.32535/jicp.v3i4.1006>
- Ellis F. (2000). *Rural Livelihoods and Diversity in Developing Countries*. Oxford University Press.
- Kotib, M. (2020). The role of traditional market retribution subsectors on local own revenue in Ternate City. *Journal of International Conference Proceedings*, 3(3), 15-23. <https://doi.org/10.32535/jicp.v2i5.925>
- Kuznetsova, I., Voronkova, O., Bakvalov, S., Ruiga, I., Zhuruli, G., Levichev, V. (2018). Formation of human capital as a key factor in ensuring the national security of agriculture in the digital economy. *European Research Studies Journal*, 21(3), 73-83.
- Lang, R., & Fink, M. (2019). Rural social entrepreneurship: The role of social capital within and across institutional levels. *Journal of Rural Studies*, 70, 155-168.  
<https://doi.org/10.1016/j.jrurstud.2018.03.012>
- Linh, T. N., Long, H. T., Chi, L. V., Tam, L. T., & Lebailly, P. (2019). Access to rural credit markets in developing countries, the case of Vietnam: A literature review. *Sustainability*, 11(5), 1468. <https://doi.org/10.3390/su11051468>
- Mariyono, J. (2019). Microcredit and technology adoption: Sustained pathways to improve farmers' prosperity in Indonesia. *Agricultural Finance Review*, 79(1), 85-106. <https://doi.org/10.1108/AFR-05-2017-0033>
- Maulana, Y., (2016). Membangun kemandirian desa dalam bingkai otonomi daerah. *Jurnal Penelitian Politik*, 13(2), 261-267.  
<https://doi.org/10.14203/jpp.v13i2.550>
- Nikulin, A., & Nikulina, A. Y. (2017). Assessment of occupational health and safety effectiveness at a mining company. *Ecology, Environment and Conservation*, 23(1), 351-355.
- Pratama, R. H. (2021). Studi kasus pengaruh dana desa terhadap peningkatan aset Desa Waru Jaya menggunakan sustainable livelihood impact assessment method. *Jurnal Manajemen Keuangan Publik*, 5(2), 109-118.
- Rahmayati, A., & Chrystiana, E. T. (2019). Transparency and accountability of village fund allocation management in Wironanggan, Gatak, Sukoharjo. *Journal of International Conference Proceedings*, 2(2), 30-45.  
<https://doi.org/10.32535/jicp.v2i2.600>

- Riantoro, D., & Semet, M. M. (2018). Strategi pemberdayaan masyarakat dengan metode sustainable livelihood approach (studi kasus Kampung Waramui Distrik Sidey Kabupaten Manokwari. *Journal of Fiscal and Regional Economy Studies*, 1(1), 46-60. <https://doi.org/10.36883/jfres.v1i1.7>
- Rimawan, M., & Aryani, F. (2019). Pengaruh alokasi dana desa terhadap pertumbuhan ekonomi, indeks pembangunan manusia serta kemiskinan di Kabupaten Bima. *Jurnal Ilmiah Akuntansi Dan Humanika*, 9(3), 287-295. <https://doi.org/10.23887/jiah.v9i3.22539>
- Roque, A. D., Pijawka, D., & Wutich, A. (2020). The role of social capital in resiliency: Disaster recovery in Puerto Rico. *Risk, Hazards & Crisis in Public Policy*, 11(2), 204-235. <https://doi.org/10.1002/rhc3.12187>
- Saputra, K. A. K., Anggiriawan, P. B., Trisnadewi, A. A. E., Kawisana, P. G. W. P., & Ekajayanti, L. S. (2019). Pengelolaan Pendapatan Asli Desa Sebagai Landasan Pembangunan Ekonomi Pedesaan. *Ekuitas: Jurnal Pendidikan Ekonomi*, 7(1), 5-13. <https://doi.org/10.23887/ekuitas.v7i1.16688>
- Sari, I. M., & Abdullah, M. F. (2017). Analisis ekonomi kebijakan dana desa terhadap kemiskinan desa di kabupaten tulungagung. *Jurnal Ekonomi Pembangunan*, 15(1), 34-49. <https://doi.org/10.22219/jep.v15i1.4645>
- Sriyono, S., Soeprpto, A., Nugroho, S. P., & Sirait, A. (2022). Strategic management accounting for village-owned enterprises in Indonesia. *Journal of International Conference Proceedings*, 5(5), 345-354. <https://doi.org/10.32535/jicp.v5i5.2042>
- Subandi, C., Bachtiar, Y., Ruwanti, G., Syofrin, N. D., & Juliandi, J. (2022). Analysis of the effect of competence on the performance of village planner through the utilization of information technology. *Journal of International Conference Proceedings*, 5(1), 340-352. <https://doi.org/10.32535/jicp.v5i1.1483>
- Sujarweni, V. W. (2015). *Akuntansi Desa: Panduan Tata Kelola Keuangan Desa*. Pustaka Baru Press.
- Sumual, T. E. M., Arham, M. A., Kawulur, A., & Rimbing, R. (2021). Conceptual model of informal business development based on intellectual capital. *Journal of International Conference Proceedings*, 4(1), 87-92. <https://doi.org/10.32535/jicp.v4i1.1130>
- Susilowati, N. I., Susilowati, D., & Hadi, S. (2017). Pengaruh alokasi dana desa, dana desa, belanja modal, dan produk domestik regional bruto terhadap kemiskinan kabupaten/kota di jawa timur. *Jurnal Ilmu Ekonomi*, 1(4), 514-526. <https://doi.org/10.22219/jie.v1i4.6288>
- Sycheva, I. N., Chernyshova, O. V., Panteleeva, T. A., Moiseeva, O. A., Chernyavskaya, S. A., & Khout, S. Y. (2019). Human capital as a base for regional development: a case study. *International Journal of Economics & Business Administration*, 7(1).
- Tajpour, M., & Hosseini, E. (2019). The effect of human and social capital on entrepreneurial activities: A case study of Iran and implications. *Entrepreneurship and Sustainability Issues*, 6(3).