

## EVALUATION OF COMMUNITY PARTICIPATION IN PLANNING AND MANAGEMENT OF RURAL FINANCIAL FUNDS

**Renaldy Saputra<sup>a,1</sup>, Rismawati<sup>b,2</sup>, Halim Usman<sup>c,3</sup>**

<sup>abc</sup>Fakultas Ekonomi Dan Bisnis, Universitas Muhammadiyah Palopo

Email : <sup>1</sup>srenaldy@66.gmailcom

### **ABSTRACT**

*This study aims to identify factors influencing the level of community participation and evaluate its direct impact on transparency and accountability in village fund management. The study examines the extent to which community involvement can influence transparency and efficiency in village financial management. The method used is quantitative analysis with a survey approach involving respondents from several selected villages. Data were collected through questionnaires designed to measure the level of community participation and the effectiveness of village financial management. The results of this study indicate that the significant positive influence of variables X1, X2, X3 on Y (management of village fund finances) can be accepted. These findings reaffirm the importance of effective evaluation, active community participation, and sound financial planning in enhancing financial management at the village level.*

**Keywords:** Evaluation, Community Participation, Financial Planning, Village Fund Management

### **INTRODUCTION**

This study aims to measure the evaluation of financial management as well as the impact of community participation and planning in village fund management. particularly on effectiveness, transparency, and accountability in fund utilization. Active involvement of the community is necessary to prevent maladministration and misuse of funds, which can hinder sustainable development. Research by Sujarwoto, S., & Tampubolon, (2018) has shown that increasing community participation not only strengthens transparency and accountability but also positively impacts citizen happiness, emphasizing the importance of community involvement in the village fund management process.

Previous research by (Anderson, Mark L., & Thompson, 2020) indicates that, despite policies aimed at enhancing community participation in village fund management, there is often a gap between policy plans and implementation. Johnson and colleagues found that community engagement usually only occurs in the initial planning stage and does not extend to decision-making and implementation. Additionally, research by (Adams, Robert A., & Brown, 2021) highlights that the lack of transparency and low financial literacy among rural communities hampers effective participation. They suggest that improving access to information and financial education can strengthen community capacity for more active participation.

This study addresses gaps in previous literature by employing a quantitative method to assess the effects of community participation in village fund management. Unlike previous studies that primarily used qualitative approaches, this study applies large-scale surveys and secondary data analysis to create objectively measurable performance indicators. The results of this study are expected to support policy reforms and offer new insights into measuring the effectiveness of community engagement, which is a significant contribution to studies in this area.

This research evaluates the impact of community participation on the efficiency and transparency of village fund management through a quantitative approach. The study aims to develop performance indicators that enhance community participation and more effective resource management. The focal question is: "What is the influence of evaluation and community participation in planning and managing village fund finances?" This research aims to understand the causal relationship between community involvement and village financial management, as well as to support related policy reforms.

## **LITERATURE REVIEW**

### **VILLAGE FINANCIAL EVALUATION**

According to Zebua et al., (2022), evaluation is defined as the process of assessing an activity or policy based on certain criteria to determine whether the achieved results are satisfactory and whether the activity or policy has been implemented effectively. From Suyatna's research (2021), it was revealed that the supervision process in village financial management can be improved through the implementation of online village financial systems and other digital initiatives such as SalurDes (village financial distribution), digitalization of reports, non-cash fixed income payment systems, and a moratorium on village government register numbers. Meanwhile, Hugo et al., (2019) emphasize the importance of evaluation in village fund management, which includes several components: context, covering background, purpose, and program objectives; input, related to available resources; process, involving program implementation; product, focusing on village officials' competencies; and outcome, assessing the program's impact on the wider community.

### **COMMUNITY PARTICIPATION**

Community participation is a crucial element in sustainable development at the local level, involving community members in planning and implementing projects according to the village's needs Dwijosusilo & Shafiyah, (2020). According to Arifa, (2019), communities not only benefit from projects but also actively engage in determining their direction and implementation. SIMANJUTAK et al., (2023) indicate that community oversight is essential in preventing village financial abuse. Meanwhile (Swart et al., 2023) emphasize the need for more research on factors influencing community participation, especially in conflict areas. Zhang et al., (2022) and (Matindo et al., 2022) define community participation as voluntary involvement in activities that enhance communal goals and ownership of development projects.

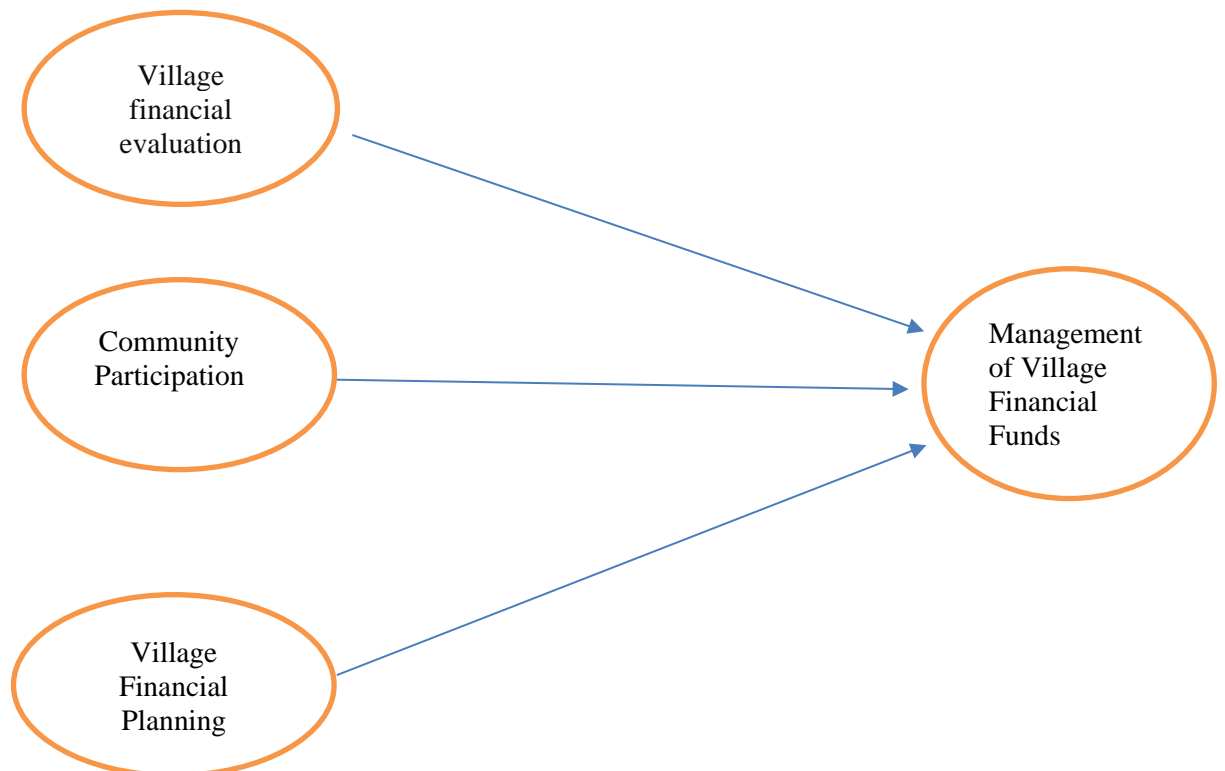
**VILLAGE FINANCIAL PLANNING**

A study by, Smith, A., & Johnson, (2023) emphasizes the importance of holistic financial strategies in rural development, while Wang, C., & Liu, (2022) highlight the need for adapting digital technology to optimize village financial management. Gupta, R., & Sharma, (2023) discuss the government's policy impact on village financial planning, emphasizing the importance of policies that support equality and inclusivity. Chen, Y., & Zhang, (2024); Yang, J., & Li, (2023) identify that innovation and technology, such as mobile banking solutions and digital payments, can enhance the efficiency and effectiveness of village financial planning. Patel, M., & Kumar, (2023); Singh, R., & Khan, (2024) )respectively highlight gender perspectives and environmental sustainability integration in village financial planning. Pebiona & Fiddin, (2023) add that village governments coordinate with regional governments in preparing annual work plans for financial aid usage, leading to more structured and coordinated planning.

**MANAGEMENT OF VILLAGE FINANCIAL FUNDS**

Village Funds, according to Law No. 60 of 2014, are funds originating from the State Revenue and Expenditure Budget (APBN), allocated to villages through the Regional Revenue and Expenditure Budget (APBD) of regencies/cities. These funds are used to finance various activities, including governance, development implementation, community development, and empowerment (Juhria et al., 2023). The management of village funds distributed by the government to each region is the responsibility of the village apparatus, to ensure that village development becomes better, more transparent, and accountable. In the management of village funds, accountability is an important aspect to be carried out or accounted for by the village apparatus (Aurelia et al., 2023).

**1 CONCEPTUAL FRAMEWORK**



## RESEARCH METHODOLOGY

This research adopts a quantitative approach to explore the relationship between independent and dependent variables. Purposive sampling technique is used to select 124 out of 800 residents of Pammesakang Village, Buah Subdistrict, Palopo City as research samples. Data were collected directly from the Pammesakang office through the distribution of questionnaires using the Likert scale to respondents. Analysis was conducted using IBM SPSS 25 software due to its practicality in interpreting results with high accuracy. Several statistical tests were performed to validate the data, including validity tests, reliability tests, descriptive data analysis, classic assumption tests (normality, heteroscedasticity, multicollinearity), and hypothesis tests (F-test, T-test).

## RESULTS AND DISCUSSION

### STATISTICAL ANALYSIS RESULTS

Based on the information in Table 1, it is shown that the majority of respondents are female, with a total of 80 individuals or 64.52%, while the remaining respondents are male, totaling 44 individuals or 35.48%.

**Table 1 Percentage of Respondents' Gender**

Gender	Total	percentage
Female	80	64,52%
Male	44	35,48%
TOTAL	124	100%

Source: Primary Data Processed with SPSS 25 (2024)

### VALIDITY TEST

**Table 2 Validity Test**

Variables	Instrument Code	Pearson corellation	Description
Village financial evaluation	X1.1	0,451	Valid
	X1.2	0,696	Valid
	X1.3	0,034	Valid
	X1.4	0,369	Valid
	X1.5	0,672	Valid
	X1.6	0,380	Valid
Community Participation	X2.1	0,048	Valid
	X2.2	0,350	Valid
	X2.3	0,028	Valid
	X2.4	0,062	Valid
	X2.5	0,511	Valid
	X2.6	0,281	Valid
Village Financial Planning	X3.1	0,103	Valid
	X3.2	0,467	Valid
	X3.3	0,200	Valid

	X3.4	0,150	Valid
	X3.5	0,604	Valid
	X3.6	0,340	Valid
Management of Village Financial Funds	Y1	0,026	Valid
	Y2	0,531	Valid
	Y3	0,264	Valid
	Y4	0,111	Valid
	Y5	0,411	Valid
	Y6	0,558	Valid

Source: Primary data processed with SPSS 25 (2024)

From the tables above, we can conclude that all the questions posed are acceptable or have sufficient validity to proceed with further testing processes.

### RELIABILITY TEST

**Table 3 Reliability Test**

Variables	Value <i>Alpha</i>	<i>Cronbach's</i> Standard <i>Alpha</i>	<i>Cronbach's</i>	Decision
Village financial evaluation	0,746	0,60		Reliabel
Community Participation	0,777	0,60		Reliabel
Village Financial Planning	0,777	0,60		Reliabel
Management of Village Financial Funds	0,777	0,60		Reliabel

Source: Primary data processed with SPSS 25 (2024)

And based on Table 3, all variables have Cronbach's Alpha values greater than 0.60. This means that all variables are acceptable, thus allowing us to proceed to the next testing phase.

### DESCRIPTIVE DATA ANALYSIS TEST

**Table 4 Descriptive Data Analysis**

Test	N	Minimum	Maximum	Mean	Std. Devicion
Village financial evaluation	14	23		20,07	1,635
Community Participation	12	24		20,22	2,417
Village Financial Planning	16	24		20,15	2,387
Management of Village Financial Funds	15	24		19,89	2,281
Valid N (listwise)	122				

Source: Primary data processed with SPSS 25 (2024)

Village financial evaluation (X1) has a range of values between 14 and 23, with an average of approximately 20.07 and a standard deviation of 1.635. This average indicates a generally high level of evaluation.

Meanwhile, Community Participation (X2) has minimum and maximum values ranging from 12 to 24. The average value is around 20.22 with a standard deviation of 2.417, reflecting a relatively high level of community participation.

Village Financial Planning (X3) also has minimum and maximum values in the range of 16 to 24. The average is about 20.15 with a standard deviation of 2.387, indicating a fairly high level of village financial planning.

Management of Village Fund Finances (Y) also has minimum and maximum values in the range of 15 to 24. The average is around 19.89 with a standard deviation of 2.281, depicting a fairly high level of village financial management. Furthermore, classic assumption tests were conducted, including tests for normality, multicollinearity, and heteroskedasticity, to ensure that the data in this study meet the necessary classic assumptions.

## CLASSICAL ASSUMPTION TEST

### NORMALITY TEST

**Table 5 Normality Test**

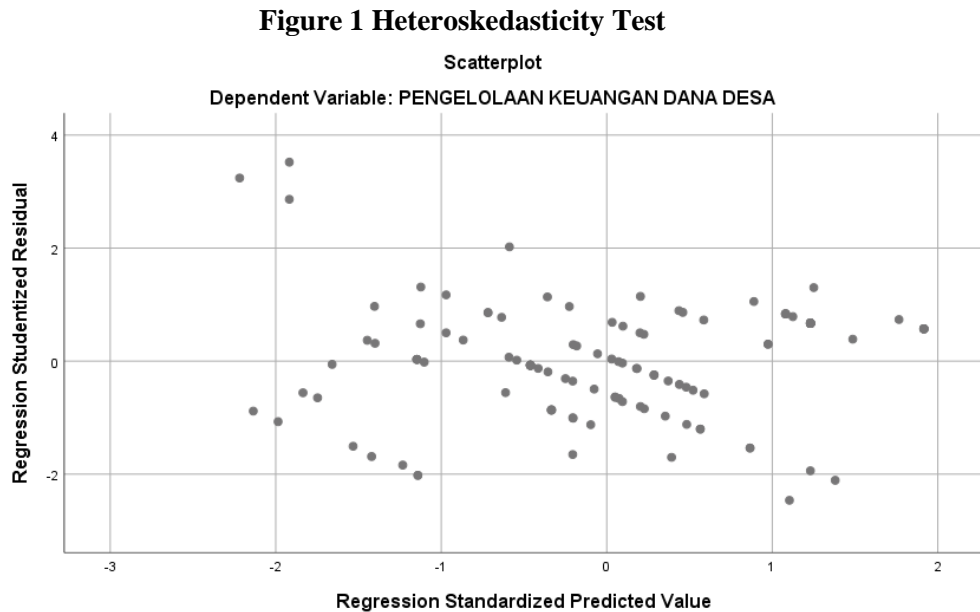
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Predicted Value
N		122
Normal Parameters <sup>a,b</sup>	Mean	19,8934426
	Std.Deviation	1,69127580
Most Extreme Differences	Absolute	,073
	Positive	,054
	Negative	-,073
Test Statistic		,073
Asymp. Sig. (2-tailed)		,170 <sup>c</sup>

Source: Primary data processed with SPSS 25 (2024)

Based on Table 5, it can be seen that the value of Asymp. Sig. (2-tailed) is 0.170. This means that this figure is greater than 0.05. Thus, it can be concluded that the data has a normal distribution.

## HETEROSKEDASTICITY TEST



Source: Primary data processed with SPSS 25 (2024)

Based on Figure 1, the data points are evenly distributed above and below the horizontal line at 0 on the Y-axis. This indicates that the regression model does not have heteroskedasticity issues, thus suggesting that the model can be used effectively.

## MULTICOLLINEARITY TEST

**Table 6 Multicollinearity Test**

Model		Collinearity Statistics	
		Tolerance	VIF
1	Village financial evaluation	,777	1,287
	Community Participation	,490	2,042
	Village Financial Planning	,475	2,104

Source: Primary data processed with SPSS 25 (2024)

From Table 6, the Tolerance testing results indicate that no independent variable has a tolerance value less than 0.1. Therefore, it can be concluded that there is no correlation among the independent variables or multicollinearity does not occur.

## TEST F

**Table 7 Test F**

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	346,110	3	115,370	48,019	,000 <sup>b</sup>
	Residual	283,505	118	2,403		
	Total	629,615	121			

Source: Primary data processed with SPSS 25 (2024)

The result of the F-test in Table 7 obtained an F-table of 3.07, and from the table above, it can be seen that the calculated F is 48.019. The calculated F value indicates that the data is greater than the F-table, with  $48.019 > 3.07$ . Additionally, the significant value of the influence of X1, X2, and X3 on Y is 0.000, which is smaller than the significance level of 5% or 0.05, indicating that the F value is significant and consistent with the test results. Therefore, the model used in the study is deemed appropriate for use.

### TEST T

**Table 8 Test T**

	Test Value = 0		
	T	df	Sig.
Village financial evaluation	2,596	124	0.011
Community Participation	2,628	124	0,010
Village Financial Planning	5,055	124	0,000

Source: Primary data processed with SPSS 25 (2024)

Testing was conducted with the aim of identifying the individual influence of independent variables on the dependent variable. This analysis includes assessing statistical significance and comparing between the t-table and t-value. The t-table value can be found in statistical tables at a significance level of 5% or 0.05, with the calculation of degrees of freedom ( $df = n - k - 1$ ), where  $n$  is the sample size and  $k$  is the number of independent variables. In this context,  $df = 124 - 4 - 1$ , which equals 119. Therefore, based on the statistical table, the t-table value for a significance level of 5% or 0.05 is approximately 1.657.

The test results indicate that the Village financial evaluation variable has a t-value of 2.596, while the corresponding t-table value is 1.657. With a significance level of  $0.011 < 0.05$ , the first hypothesis (H1) is accepted, indicating a significant positive influence between evaluation and the management of village fund finances.

From the test results, it is found that the Community Participation variable has a t-value of 2.628 compared to a t-table value of 1.657, with a significance level of  $0.010 < 0.05$ . Therefore, the second hypothesis (H2) is accepted because there is a significant positive influence between community participation and the management of village fund finances.

The test results for the Village Financial Planning variable show a t-value of 5.055, while the corresponding t-table value is 1.657. With a significance level of



$0.000 < 0.05$ , the third hypothesis (H3) is accepted, indicating a significant positive influence between village financial planning and the management of village fund finances.

## **DISCUSSION**

The acceptance of these hypotheses reaffirms that the evaluation activities conducted on the management of village fund finances play a crucial role in improving the efficiency and transparency of fund management. Systematic and structured evaluation helps identify weaknesses, errors, and potential improvements in financial management, enabling corrective actions and strategy development to be implemented more effectively.

This finding leads to the acceptance of the second hypothesis (H2), which states that there is a positive influence between community participation and the management of village fund finances. Active community participation in decision-making processes and the management of village fund finances can enhance transparency and efficiency in fund utilization. Involving the community directly in financial planning and oversight processes enables increased scrutiny and accountability, which in turn can reduce the risk of corruption and fund misappropriation. It also empowers local communities by giving them a greater voice in managing resources that directly impact their lives.

The acceptance of the hypothesis regarding Village Financial Planning in the research results demonstrates strong evidence regarding the significant influence of financial planning on the management of village funds, affirming that effective and structured financial planning is a key factor in improving the effectiveness and efficiency of village fund management. Effective planning helps allocate resources appropriately, anticipate future needs, and regulate the use of village funds to meet established development goals. Inclusive and transparent planning processes also enhance public trust and support the implementation of good governance and accountability in fund management.

## **CONCLUSION**

This study underscores the importance of active community involvement and effective planning strategies to ensure more accountable and effective use of village resources. Furthermore, these findings support the need for village governments to implement policies that facilitate comprehensive evaluation and community participation in village financial management processes. This research discusses the influence of evaluation, community participation, and financial planning on the management of village fund finances. The test results indicate that all variables under study—evaluation, community participation, and financial planning—have a significant positive influence on the management of village fund finances. The t-values for evaluation (2.596), community participation (2.628), and financial planning (5.055) all exceed the t-table value (1.657) with adequate levels of significance (0.011; 0.010; 0.000), all of which

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are less than 0.05. Therefore, the hypothesis that there is a significant positive influence of each variable on the management of village fund finances can be accepted. These results reaffirm the importance of effective evaluation, active community participation, and sound financial planning in enhancing financial management at the village level. They provide empirical evidence supporting the need for strategies and policies that promote community involvement and systematic evaluation to achieve more efficient and transparent village fund management.

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