

Village Funds and Corruption Tendencies in Village Development

Yulfani¹, Ni Made Suwitri Parwati², Andi Ainil Mufidah Tanra³

Departement of Management, Faculty of Economic and Business, Universitas Tadulako, Indonesia^{1,2,3}

Corresponding Author: Yulfani (yulfani180@gmail.com)

ARTICLE INFO

Date of entry:
5 September 2024
Revision Date:
20 September 2024
Date Received:
30 September 2024

ABSTRACT

This study aims to analyze the effect of village funds and the tendency of corruption on village development in Central Sulawesi Province. This study uses village government data in Central Sulawesi Province. Using the Proposive Sampling method for sample selection, so that the total final sample obtained was 1,840 observations. The results showed that village funds and corruption tendencies had an impact on increasing the village development index (IDM). Related to the existence of control variables, the characteristics of the village head and village characteristics also show an influence on increasing IDM. This research has implications for the importance of supervision and efforts to eradicate corruption at the village level to increase IDM

Keywords: Corruption Tendency, IDM, Realization, Village Fund.



Cite this as: Yulfani, Y., Parwati, N. M. S., & Tanra, A. A. M. (2024). Village Funds and Corruption Tendencies in Village Development. *International Journal of Accounting and Management Research*, 5(2), 77–88.
<https://doi.org/10.30741/ijamr.v5i2.1421>

INTRODUCTION

Village development is one of the main focuses of efforts to improve the welfare of people in Indonesia. Through the allocation of village funds in accordance with Law No. 6/2014, the government aims to accelerate village development, reduce regional disparities, and improve the quality of life of rural communities. However, challenges such as potential corruption may hinder the effective use of these funds. In this regard, several previous studies have examined the relationship between village funds and village development, as well as issues related to corruption (Sutrisno et al., 2020; Handayani et al., 2021; Sudirman et al., 2022; Furqan et al., 2023) however, there are still rare studies that comprehensively explain how the realization of village funds and the tendency of corruption can affect the level of village development as measured by the Village Development Index (IDM). This research approach uses panel data that includes various variables such as village fund realization, corruption tendencies, as well as village demographic and geographic factors.

The increase in the allocation of village funds is the government's effort to accelerate development at the village level, reduce regional disparities, and improve the quality of life of the community (Government Regulation No. 8/2016). The targeted realization of village funds provides significant benefits for village development, including improved infrastructure, local economic development, improved quality of human resources, and community empowerment, so that it can encourage more comprehensive and sustainable village development. However, the effective use of village funds can be hampered by the tendency of corruption at the village level. Recent research shows that the

realization of village funds and the tendency of corruption can have a significant influence on the level of village development (Wibowo et al., 2021). Based on Law Number 6 of 2014 concerning Villages, village funds are given by the central government to village governments to fund government administration, development implementation, community development, and community empowerment. When the realization of village funds can be optimally utilized by the village government, village development which includes infrastructure, economy, and community welfare can be realized (Ministry of Finance, 2020). However, the potential for corruption that occurs at the village government level can hinder the effective use of village funds (Corruption Eradication Commission, 2022). Corruption at the village level, whether related to the management of village funds and assets, procurement of goods and services, and licensing processes, can be an obstacle to effective village development. The tendency of corruption in villages can lead to irregularities in the use of budgets, inflated project costs, and inaccurate targeting of development programs, thus hampering infrastructure development, reducing the quality of public services, and reducing the impact of community empowerment programs. Therefore, efforts to eradicate corruption at the village level through good governance, strong internal control systems, and community involvement in supervision, are important steps to support more effective and sustainable village development.

To address this challenge, the government has issued Regulation of the Minister of Villages, Development of Disadvantaged Regions, and Transmigration No. 21/2015 on the Determination of Priorities for the Use of Village Funds. This regulation regulates the use of village funds that must be in accordance with village development priorities, as well as strengthening the mechanism for monitoring and accountability of village funds to reduce the potential for corruption (Kemendes PDTT, 2015). (Arif Gunawan et al., 2023) emphasize the importance of fraud prevention and detection methods to reduce the risk of corruption in village fund management. The existence of clear rules and effective monitoring mechanisms can contribute to increasing the effectiveness of village funds to encourage more optimal and sustainable village development.

Based on the data used by researchers of villages in Indonesia in 2021 with a sample size of 1,840 observations consisting of 1,840 villages. Then some of the findings and contributions of this research can be described as follows. First, related to the realization of village funds, these results show a positive influence on village development. The greater the realization of village funds, the higher the IDM value of a village. The results of this study are in line with (Awofeso & Odeyemi, 2014) which states that village funds play an important role in village development by providing financial resources for various development projects and initiatives. The availability of sufficient funds in villages is essential to encourage sustainable development, improve living standards and encourage inclusive growth in rural communities. Secondly (Putri, Argilés-Bosch, & Ravenda, 2023) corruption at the village government level leads to mismanagement of public funds, diverting resources to private gain rather than community development. Village corruption hinders efforts to improve village welfare and development. The lack of mechanisms to prevent and detect corruption at the village level creates challenges for effective governance and development. the tendency of corruption to negatively affect the increase in IDM. the higher the level of corruption that occurs in a village, the lower the IDM value achieved, corruption can hinder the effective use of village funds for development purposes.

This research is expected to make a practical contribution to the village government in an effort to increase the effectiveness of the use of village funds and minimize the risk of corruption, so as to encourage more optimal village development. In addition, theoretically, this research is also expected to enrich the literature related to the topic of the use of village funds and village development.

LITERATURE REVIEW

Development Theory

According to Smith, (1937), often referred to as the father of modern economics, emphasized the importance of free markets and the efficient allocation of resources through the "invisible hand" in economic development. Although Smith did not discuss village funds and corruption tendencies specifically, the principles of his theory can be applied to understand the influence of both on village development. The Grassroots Theory by E.F Schumacher (1973) also encourages development that is oriented towards local needs and utilizes village potential. In addition, North's (1981) cost-benefit theory suggests that corruption can hinder efficient resource allocation, in line with Hutchison's (1976) principles. Together, these theories underscore the importance of efficient resource allocation and community participation to achieve sustainable and optimal village development.

Village Development Index (IDM)

The Village Development Index (IDM) is used by the Indonesian government to assess village welfare and development, covering economic, social, human and infrastructure dimensions (Dewi et al., 2022; Herawati et al., 2021). IDM assesses multidimensional development at the village level rather than using a single indicator (Pranowo et al., 2022). By measuring economic, social and infrastructure aspects, IDM identifies priority programs for village development (Sulistiyorini & Hafiar., 2023). In addition, it evaluates access to public services, community participation, and empowerment to promote sustainable progress (Wijayanti 2024). The Village Development Index (IDM) is regulated in Minister of Villages, Development of Disadvantaged Regions and Transmigration Regulation No. 17/2015, which establishes the methodology for measuring and assessing the IDM through surveys and periodic monitoring. In addition, Law No. 6/2014 on Villages provides a broader legal framework to support IDM initiatives by requiring participatory, transparent and accountable village government management. It also accommodates the measurement and assessment of village development performance, ensuring the process is aligned with democratic and good governance principles.

Realization of Village Funds

The realization of village funds refers to the process of allocating and using the budget channeled by the central government to village governments to support various development and development initiatives at the village level. The transfer of funds from the central government to the village government is carried out in accordance with predetermined regulations and allocations, aiming to ensure the availability of funds for village development activities (Sari, 2021). The funds received are used for various purposes, such as infrastructure development (roads, bridges, local economic development, and social programs aimed at improving the welfare of village communities. The use of village funds must be in accordance with the plan that has been prepared by the village government (Wibowo et al., 2020). Village governments must prepare reports on the use of village funds in a transparent manner to ensure that village funds are used in accordance with the stated objectives. This accountability is important to maintain public trust and ensure effective use of the budget (Sari, 2021; A. Amir et al., 2021; Ni Made et al., 2021). Evaluation and monitoring are conducted to assess the impact of the use of village funds on development and community welfare. This process helps ensure that village funds are used optimally to achieve development goals (Wibowo et al., 2020).

Tendency to Corruption

The main factors that trigger corruption in village development include weaknesses in oversight and accountability systems, lack of transparency in the management of village funds, and a culture that enables corruptive behavior. This can result in inefficient use of village funds, impeding development progress (Rose-Ackerman, 2016; Nina Yusnita, 2018). Corruption can delay the progress of village development that would otherwise be spent on beneficial projects such as infrastructure and economic development. Impacts include increased inequality and loss of community trust in village government institutions (Klitgaard, 2019).

Effect of Village Fund on Village Development

Village funds are an allocation of funds from the central government to village governments to support development activities and empowerment of village communities (Ross et al., 2022). Village development aims to improve the quality of life and community welfare through various programs (Graham et al., 2023). The Village Development Index (IDM) assesses the condition of village development and the impact of development programs, including village funds (Chambers, 2022). Village funds are expected to improve infrastructure, basic services and the local economy (Sultana et al., 2024). A more effective allocation of village funds can encourage the development of basic infrastructure in rural areas, such as roads, bridges, and sanitation systems (Fujita & Thisse, 2020). Adequate infrastructure then improves the accessibility and connectivity of villages, thereby facilitating people's access to public services and markets. Village funds also play a role in improving the quality of basic services in villages, such as education, health, and clean water (Vanables, 2021). This improved access to basic services contributes to improvements in the welfare indicators of rural communities. (Williamson, 2023) argues that the effective allocation of village funds has encouraged the growth of micro, small, and medium enterprises (MSMEs) in rural areas. This is because village funds are used to develop various economic empowerment programs, such as entrepreneurship training, business capital assistance, and the development of village superior products. Effective realization of village funds has a positive impact on increasing the Village Development Index (IDM) (Chambers, 2022). The IDM is an indicator used by the government to measure the level of village development, covering aspects of infrastructure, basic services, economy, and community empowerment. Overall, recent studies have shown that village funds play a significant role in driving village development, both in terms of infrastructure improvements, basic service improvements, and local economic empowerment. Effective realization of village funds has been proven to increase the Village Development Index, a comprehensive indicator of development progress at the village level.

H1. Village Funds have a positive effect on Village Development

Pengaruh Kecenderungan Korupsi terhadap Pembangunan Desa

Corruption tends to reduce IDM because village funds that should be used for development do not reach the right targets. Corruption hinders development projects and reduces the effective use of village funds (Ross et al., 2022; Martinez-Bravo et al., 2022; Roy & Sabharwal, 2020). Village funds, which should have been used for infrastructure development and improving community welfare, did not reach the right target due to corruption. So that it has an impact on the decline in IDM (Graham et al., 2023; Patnaik et al., 2022). Previous research shows a negative relationship between corruption and regional development achievements (Fujita & Thisse, 2022; Abbott & Sand, 2020). Corruption has the potential to cause the failure of sustainable development programs in villages (Venables, 2021; Bisbey et al., 2022). Corrupt practices can divert funds and resources that should be used to improve infrastructure, public services, and the welfare of rural communities.

H2. The tendency of corruption negatively affects the achievement of village development

METHODS

Data

This study uses data in Central Sulawesi as many as 1,842 villages, in 2021. However, because there are 2 villages that do not have data on corruption trends, they are excluded from the sample. So that the final sample size was set at 1,840 observations. The variables analyzed include the realization of village funds, the tendency of corruption, as well as control variables such as topography and characteristics of the village head. The empirical model applied is multiple linear regression with Robust standard error. All data used in this study were sourced from the Village Government in Central Sulawesi.

Empirical Model and Operational variables

To answer the problems in this study, the empirical model in this study is as follows, namely:

$$IDM_t = \alpha_0 + \alpha_2realisasi_t + \alpha_3keckrpsi_t + \alpha_4topografi_t + \alpha_5jrktpuh_t + \alpha_6kadesmr_t + \alpha_7kadesjk_t + kadespende_t + \varepsilon_t \dots \dots \dots e$$

IDM_t The village development performance variable is measured by 3 components, namely IKS, IKL and IKE, which is a composite index of IDM measured using scores and statuses, namely <0.50 for very underdeveloped villages, scores of 0.50-0.60 for villages that are still underdeveloped, then scores of 0.60-0.70 for developing villages. Furthermore, a score of 0.70-0.80 for developed villages and finally for independent villages is measured by a score of >0.80. IDM is used to describe the progress of village independence based on the implementation of the Village Law, village fund support and village assistance. IDM helps determine appropriate development policies in accordance with community participation by considering the characteristics of each village such as its typology and social capital. Therefore, IDM is considered to be an indicator to measure village development performance.

Realisasi_t is a variable that shows the amount of village funds that have been received and spent by the village, which is measured based on the total amount of funds that have been disbursed and used by the village compared to the predetermined budget. **Keckrpsi_t** is a variable that shows the incidence of corruption that has occurred in urban villages over the past year, which is measured using categorical categories, namely "1" decreased, "2" the same, and "3" increased. **Topografi_t** describes the geographical characteristics of the village measured categorically. Score 1 for peaks/cliffs, 2 for slopes, 3 for plains, and 4 for valleys. Variable **jrktpuh_t** measured the distance between the village head's office and the nearest sub-district head in kilometers. Variable **kadesmr_t** Indicates the age of the village head in the year of observation, measured on a year scale. Variable **kadesjk_t** Indicates the gender of the village head in the year of observation, measured with a dummy of 1 for male and 0 for female. Variable **kadespend_t** indicates the educational background of the village head, which is measured categorically, with a range of values from 1 for no schooling to 9 for doctoral degree. Several variables describe the geographic, social and demographic characteristics of the village, measured both quantitatively and qualitatively, which are useful for analyzing relationships with other variables.

Table 1. Variable Operationalization and Data Sources

Name	Operational variables	Data source
Village Fund Realization	a variable that shows the amount of village funds that have been received and spent by the village, which is measured based on the total amount of funds that have been disbursed and used by the village compared to the predetermined budget.	Village Government in Central Sulawesi
Corruption Tendency	A variable indicating the incidence of corruption that has occurred in the village over the past year, measured using the categorical values of "1" decreasing, "2" the same, and "3" increasing.	Village Government in Central Sulawesi
IDM	Village performance is measured by 3 components: social resilience index, economic resilience index and environmental resilience index, which is a composite index of the Village Development Index (IDM).	Ministry of Village Information System
Topography	Describes the geographical characteristics of the village measured categorically. Score 1 for peak/cliff, 2 for slope, 3 for plain, and 4 for valley.	Village Government in Central Sulawesi
Jarak tempuh	The variable measures the distance between the village head's office and the nearest sub-district head in kilometers (KM).	Village Government in Central Sulawesi

Name	Operational variables	Data source
Kadesumur	The variable shows the age of the village head in the year of observation, measured on a year scale.	Central Bureau of Statistics (BPS)
Kadesjk	The variable indicates the gender of the village head in the year of observation, measured with a dummy of 1 for male and 0 for female.	Central Bureau of Statistics (BPS)
Kadespend	A variable that shows the level of education completed by the village head/lurah, which is measured using dummy data which means "1" Never went to school, "2" did not finish elementary school/equivalent, "3" finished elementary school/equivalent, "4" junior high school/equivalent, "5" high school/equivalent, "6" Academy/DLL, "7" Diploma IV/S1, "8" master's degree, "9" doctoral degree.	Central Bureau of Statistics (BPS)

Source: Processed by Researcher (2024)

RESULTS AND DISCUSSION

Descriptive statistics

A complete descriptive statistical description of the variables in this study can be seen in table 1 below:

Table 2. Descriptive Statistics

Country	Indicators	Min	Max	Mean	Std. Dev
Indonesia	Realisasi*	0.54	2.97	0.82	0.18
	Keckrpsi	0.00	3.00	0.02	0.18
	Topografi	1.00	4.00	2.32	0.49
	Jrktpuh	1.00	999.00	85.53	69.85
	Kadesmr	0.00	74.00	42.91	15.94
	Kadesjk	0.00	2.00	0.94	0.36
	Kadespend	0.00	8.00	4.88	1.81

Number of Observations = 1.840

*) In billion rupiah

Source: Secondary data, STATA-17 Output (Processed, 2024).

Table 2 illustrates the descriptive statistics for all variables analyzed in this study. The average realization is 0.82, indicating that on average each village has used 82% of the budget. The average propensity for corruption is 0.02, indicating that the level of corruption in urban villages during the year was relatively similar to the previous year. Another variable, the average topography is 2.32, which means that most villages are located in hilly areas. The average distance traveled is 85.53 km, which is the distance between the village head's office and the nearest sub-district. The average age of the village head is 42.91 years old. Most village heads are female with an average of 0.94. The average education of the village head is junior high school equivalent with a score of 4.88. Furthermore, the results of the correlation analysis between each variable are presented in table 2 below.

Table 3. Correlation analysis

Variabel	idm	realisasi	keckrpsi	topografi	jrktpuh	kadesmr	kadesjk	kadespend
idm	1.000							

realisasi	0.061*** 0.008	1.000						
keckrpsi	-0.024 0.299	-0.004 0.841	1.000					
topografi	0.154*** 0.000	-0.064 0.005	0.021 0.350	1.000				
jrktph	-0.044** 0.053	0.024 0.294	0.027 0.234	0.101** *	1.000			
kadesmr	0.079*** 0.000	0.053** 0.020	0.041* 0.073	0.031 0.182	0.025 0.284	1.000		
kadesjk	0.036 0.113	0.063** *	0.050* *	0.024 0.301	0.013 0.578	0.738** *	1.000	
kadespen d	0.092*** 0.000	0.050** 0.030	-0.028 0.218	0.042* 0.066	0.007 0.753	0.753** *	0.784** *	1.000

Number of Observations = 1.840

* ** *** = P-Value significant 1% 5% 10%

Source: Secondary data, STATA-17 Output (Processed, 2024)

Table 3 illustrates the results of the variable correlation analysis which shows that the main variable of this study, namely realization as a measure of village funds has a positive and significant correlation with IDM as a measure of village development, the greater the percentage of budget realization used for development and community welfare, the better the achievement of village development reflected in the IDM value. Likewise, keckrpsi as a measure of corruption tendency has a negative and significant correlation with village development. This implies that corruption eradication efforts can contribute to improving the quality of village development. All control variables in this study have a positive effect.

Hypothesis Testing

Hypothesis testing in this study uses the Random Effect method with the STATA-17 software program. The test results can be seen in the following table.

Table 4. Hypothesis Test Results

Variabel	Expected Sign	IDM
Cons.		-0.044 0.853
realisasi	H1 = +	0.031** 0.007
keckrpsi	H2 = -	-0.010* 0.058
topografi	+/-	0.024*** 0.000
jrktph	+/-	-0.000* 0.025
kadesmr	+/-	0.000* 0.092
kadesjk	+/-	-0.022** 0.007
kadespend	+/-	0.005**

	0.003
Prob>F	0.000
R-Squared	0.045
Mean VIF	1.84
Number of Observation=1.840	
***, **, * = <i>P-value</i> significant 1% 5% 10%	

Source: *Secondary data, STATA-17 Output (Processed, 2024)*

Overall, the results of multiple linear regression research using robust standard errors show that with an R-square of 0.053, the model can explain 5.3% of the variance in IDM levels in village governments in Central Sulawesi with a significance level (F statistical value) of 1% and a mean VIF of 1.84. This indicates that the model does not have multicollinearity problems and is reliable to be used in explaining the variance of IDM improvement by analyzing village funds and corruption tendencies. Table 4 shows that there is a positive effect of village funds on village development in village governments in Central Sulawesi, with a coefficient of 0.31 at the 5% significance level. This supports the first hypothesis which states that the greater the realized village funds, the more development will increase. Furthermore, Table 3 also shows that corruption tendency has a negative influence with a coefficient value of -0.009 which is significant at the 10% level. This supports the second hypothesis, which states that the higher the level of corruption, the lower the development. In terms of control variables, topography has a positive effect, while distance traveled has a negative effect. In addition, the variables of village head and village head have a positive effect, while village head has a negative effect.

First Finding The greater the realization of village funds, the more the IDM value of a village increases. This is in line with research findings by (Anam et al., 2023) which state that village funds in Indonesia have had a significant impact on the utilization of additional funds for village progress. Previous research, particularly by (Joetarto, Setiawan, & Farida, 2020) and (Imawan & Purwanto, 2020) stated that village funds have contributed to village development by improving infrastructure and physical development. (Sunarsi, Maddinsyah, & Setyawati Kristianti, 2021) village funds are allocated based on development needs and community empowerment. Furthermore, this study also supports previous research by (Sunarsi et al., 2021; Andi Nur Annisa, 2020; Din et al., 2024) Village fund programs, when supported by government officials, play an important role in increasing community capacity, improving the economy, and increasing welfare levels in villages. (Awofeso & Odeyemi, 2014) which states that village funds play an important role in village development by providing financial resources for various development projects and initiatives. This is in line with the Regulation of the Minister of Villages, Development of Disadvantaged Regions, and Transmigration Number 16 of 2018 concerning priorities for the use of village funds, namely: development of local economic potential, construction, development and maintenance of infrastructure, human resource development, community empowerment, development of environmental facilities and infrastructure, development and maintenance of public facilities, and handling natural and environmental disasters. Thus, it can be concluded that the greater the relation of village funds, the higher the value of the Village Development Index (IDM) in a village. This is in line with various government regulations that regulate the use of village funds to improve welfare and development in villages, including through improving infrastructure, community empowerment, and developing local economic potential.

Second Finding The tendency for corruption to occur at the village government level has a detrimental impact on village development. Various studies show that the higher the level of corruption in a village, the lower the Village Development Index (IDM) value achieved. This finding is in line with the results of research (Putri et al., 2023) which concluded that corruption at the village government level leads to misallocation of public funds for private interests. (Awofeso & Odeyemi, 2014) corruption involving the misuse of public funds for personal gain has hindered sustainable economic growth, reducing public resources that could have been used for development purposes. (Fujita and Thisse, 2020) found that corruption correlates with low economic growth, while (Abbott

and Sand 2020) showed that countries with poor governance receive less international aid. At the village level, corruption reduces the effective use of village funds for development (Venables, 2021) which is important for infrastructure and a sustainable economy. Therefore, the tendency of corruption at the village government level, whether related to the management of village funds or infrastructure and economic development, has a negative impact on the achievement of IDM scores and hinders optimal and sustainable village development.

Additional Testing

IDM is a composite index consisting of three indicators, namely Environmental Resilience Index, Economic Resilience Index and Social Resilience Index. Therefore, additional testing is carried out by testing each of the IDM forming indices. The results of additional testing are as follows.

Table 5. Supplementary Test Results of Each Index Forming IDM

Variabel	Expecred Sign	IKS	IKE	IKL
Cons.		0.250	-1.015	0.629
		0.260	0.012	0.066
realisasi	H1 = +	0.023**	0.070***	0.000
		0.031	0.000	0.993
keckrpsi	H2 = +	-0.004	-0.015	0.009
		0.651	0.191	0.270
topografi	+/-	0.019***	0.037***	0.016***
		0.000	0.000	0.003
jrktpuh	+/-	0.000***	0.000	0.000***
		0.002	0.445	0.001
Kadesmr	+/-	0.000	0.0002	0.000**
		0.659	0.470	0.019
kadesjk	+/-	-0.019***	-0.031**	-0.016
		0.007	0.021	0.235
kadespend	+/-	0.003***	0.008***	0.003
		0.002	0.003	0.234
Prob>F		0.000	0.000	0.000
Adj R-Squared		0.029	0.038	0.021
Mean VIF		1.84	1.84	1.84
Number of Observation = 1.840				
** *** = P-value significant 5% 10%				

Source: Secondary data, STATA-17 Output (Processed, 2024)

In general, Table 5 shows that each composite index that makes up the IDM has a different influence. The realization variable has a positive influence on IKS and IKE, but has no effect on IKL. On the other hand, the keckrpsi variable has no influence on IKS, IKE or IKL. The topography control variable shows an influence on all composite indices forming IDM, while the jrktpuh variable does not affect IKE. The variable kadesumr has an impact on IKL, but has no effect on IKS and IKE, while the variables kadesjk and kadespend have an effect on IKS and IKE, but do not affect IKL. This shows that each composite index contributes to the increase in IDM.

CONCLUSION

The study concludes that village funds increase IDM, while corruption tendencies decrease its effectiveness. Strict supervision and restrictions on corruption at the village level are necessary to ensure that village funds are used effectively. In addition, education and training for village officials as well as active community participation in the planning and monitoring of village development projects are essential to increase transparency and good governance, which will ultimately support sustainable and optimized village development.

The implementation of the results of this study is that to ensure the effective use of village funds and reduce barriers caused by corruption, strict supervision of the allocation and realization of village funds is needed. Corruption eradication efforts at the village level should be strengthened through increased transparency and accountability, as well as the application of strict sanctions for perpetrators of corruption. Encouraging active community participation in planning and monitoring village development projects can also improve the effectiveness and sustainability of development programs, supporting the achievement of increased IDM and sustainable village development. This study has several limitations. First, the data used only covers villages in Central Sulawesi Province, so the results may not fully represent conditions in other provinces in Indonesia. Second, this study only uses data from one year (2021), so it cannot capture long-term trends in the influence of village funds and corruption on village development. Third, this study includes all relevant control variables. Further research is needed to overcome these limitations and provide a more comprehensive picture of the impact of village funds and corruption on village development across different regions and longer time periods.

REFERENCES

- A. Amir, et al. (2021). The role of budget participation in improving managerial performance. *Journal of management and Business Studies*, 10(2), 123-134.
- Abbott, P., & Sand, S. P. (2020). Political regimes, corruption and development aid targeting. *European Economic Review*, 121, 103315.
- Anam, C., Plaček, M., Valentinov, V., & Del Campo, C. (2023). Village funds and poverty reduction in Indonesia: new policy insight. *Discover Global Society*, 1(1). <http://doi.org/10.1007/s44282-023-00016-6>
- Annisa, A. N. (2020). Pengaruh Karakteristik pemerintah daerah terhadap kinerja keuangan pemerintah daerah pada kabupaten/kota di Indonesia. *Jurnal Akuntansi Pemerintah*, 5(3), 231-245.
- Awofeso, O., & Odeyemi, T. I. (2014). The impact of political leadership and corruption on Nigeria's development since independence. *Journal of Sustainable Development*, 7(5), 240–253. <http://doi.org/10.5539/jsd.v7n5p240>
- Chambers, R. (2022). Paradigms, poverty and adaptive pluralism. *Development Southern Africa*, 39(5), 545-573.
- Dewi, S. E., Hermawati, H., & Haris, M. (2022). Pengaruh Indeks Desa Membangun (IDM) terhadap peningkatan perekonomian masyarakat di Desa Singosari Kecamatan Dlima Kabupaten Malang. *Jurnal Sosial Ekonomi dan Pembangunan Pedesaan*, 4(1), 1-9.
- Din, M., et al., (2024). Peningkatan akuntabilitas desa melalui pendampingan penyusunan laporan keuangan di desa Tamarenja. *Jurnal Akuntansi Desa*, 11(4), 189-401.
- Fujita, M., & Thisse, J. F. (2020). *Economics of agglomeration: Cities, industrial location, and globalization*. Cambridge University Press.
- Furgan, F., Sari, D. P., & Agustin, N (2023). The impact of village Fund allocation and corruption on village development. *Journal of Rural Developmet*, 15(2), 123-145.
- Graham, D., Balcells, L., & Hicks, R. (2023). The domestic determinants of development cooperation strategies. *Journal of Conflict Resolution*, 67(1), 3-33.
- Gunawan, A., et al. (2023). Efektivitas metode pencegahan dan pendeteksi kecurangan (fraud). *Jurnal audit dan Keuangan*, 15(2), 145-160.
- Handayani, B., Suryono, A., & Sujarwoto. (2021). The role of village funds allocation in improving village infrastructure development. *Journal of Local Government studies*, 18(1), 67-89.
- Herawati, H., Nurlaila, L., & Wulandari, T. L. (2021). Analisis faktor-faktor yang mempengaruhi indeks desa membangun (IDM) di Kecamatan Dlima Kabupaten Malang. *e-Prosiding SNEEK Nasional VIII Tahun 2021*, 1, 623-634.
- Imawan, S. A., & Purwanto, E. A. (2020). Governing Village Fund in Indonesia: Is It Erradicating Poverty? *Policy & Governance Review*, 4(1), 14. <http://doi.org/10.30589/pgr.v4i1.169>
- Joetarto, B., Setiawan, A., & Farida, F. (2020). The Impact of Village Fund Program on Improving

- Well-being. *Jejak*, 13(2), 345–366. <http://doi.org/10.15294/jejak.v13i2.24395>
- Kementerian Keuangan. (2020). Buku Saku Dana Desa. Kementerian Keuangan Republik Indonesia
- Kementerian Desa, Pembangunan Daerah Tertinggal, dan Transmigrasi. (2015). Peraturan Menteri Desa, Pembangunan Daerah Tertinggal, dan Transmigrasi Nomor 21 Tahun 2015 tentang Penetapan Prioritas Penggunaan Dana Desa. Kementerian Desa, Pembangunan Daerah Tertinggal, dan Transmigrasi Republik Indonesia.
- Klitgaard, R. (2019). Controlling Corruption. University of California Press.
- Komisi Pemberantasan Korupsi. (2022). Mengawasi Dana Desa: Upaya Pencegahan Korupsi di Tingkat Desa. Komisi Pemberantasan Korupsi Republik Indonesia
- Made, N., et al. (2021). Revealing the spirit value of prajuru behavior in disclosing financial statements as a form of accountability for Banjar Sekar Sari in Palu City. *Journal of Accounting and Finance*, 13(1), 98-112.
- Martinez-Bravo, M., Mukherjee, A., & Stegmann, A. (2022). The non-democratic roots of democratic success. *Econometrica*, 90(6), 2517-2552
- North, D. C. (1981). Structure and change in economic history. New York: W.W. Norton & Company.
- Patnaik, U., Shankar, B., & Das, M. (2022). Governance, corruption and welfare spending in India. *World Development*, 151, 105855.
- Peraturan Pemerintah Republik Indonesia Nomor 8 Tahun 2016 tentang Perubahan Kedua atas Peraturan Pemerintah Nomor 60 Tahun 2014 tentang Dana Desa yang Bersumber dari Anggaran Pendapatan dan Belanja Negara.
- Pranowo, E., Pranata, S. M., & Wahono, H. S. (2022). Community Participation in The Formulation of Village Regulations in Relation to Village Development Index (Case Study in District Karangploso, Malang Regency). *Yuridika: Jurnal Ilmu Hukum*, 37(1), 40-51.
- Putri, C. M., Argilés-Bosch, J. M., & Ravenda, D. (2023). Thirty Years of Village Corruption Research: Accounting and Smart Villages for Village Sustainability as Future Research Direction. *Sustainability (Switzerland)*, 15(12). <http://doi.org/10.3390/su15129264>
- Rasyid, A., & Wicaksono, R. H. (2022). Pengaruh Transparansi, Akuntabilitas dan Partisipasi Masyarakat Terhadap Penyalahgunaan Dana Desa. *Jurnal Akuntansi, Manajemen Bisnis Dan Teknologi STIE IBBI*, 3(1), 49–58.
- Republik Indonesia Tahun 2014 Nomor 7. Jakarta: Sekretarian Negara.
- Ristanto, B., Bawono, P. G., & Respati, H. (2020). Village Funds and poverty alleviation: A regression discontinuity design evidence from Indonesia. *Economies*, 8(4), 83.
- Ross, A., Saluja, D., & Patel, J. (2022). Rural development through decentralized village governance: Evidence from India's village funds. *World Development*, 151, 105840.
- Roy, S., & Sabharwal, L. (2020). The long-run impacts of corruption: Evidence from India. *American Economic Journal: Applied Economics*, 12(4), 193-222.
- Sari, S. (2021). Pengelolaan Dana Desa: Teori dan Praktik. *Jurnal administrasi public*, 9(1), 55-68.
- Schumacher, E. F. (1973). Small is beautiful: Economics as if people mattered. London: Blond & Briggs.
- Sileng, F. S., Lubis, B., & Siradj, S. (2020). Pengaruh indeks desa membangun (idm) terhadap pendapatan perkapita masyarakat di Desa Karya Jaya Kecamatan Sidikalang Kabupaten Dairi. *Jurnal Ekonomi Bisnis*, 25(2), 152-161.
- Smith, A. (1937). *The wealth of nations [1776]* (Vol. 11937). na.
- Sudirman, S., Anwar, M., & Indrawati, Y. (2022). Corruption in village funds management: Challenges and strategies for prevention. *Jurnal Kebijakan Publik*, 9(3), 201-220.
- Sulistiyorini, D., & Hafiar, A. (2023). Factors Affecting Village Fund Allocation in Indonesia. *Jentera Sosial: Jurnal Pengabdian Kepada Masyarakat*, 6(1), 11-20.
- Sultana, N., Khatun, F., & Ali, M. Y. (2024). Factors influencing sustainable rural development in Bangladesh: An application of integrated rural development approach. *Sustainability*, 12(3), 1109.
- Sunarsi, D., Maddinsyah, A., & Setyawati Kristianti, L. (2021). Analysis of the Effectiveness of Village Funds in Independent Village Development Efforts (Study at Cidokom Village, Gunung Sindur, Bogor Regency). *Proceedings of the 1st International Conference on Research*

- in Social Sciences and Humanities (ICORSH 2020)*, 584(Icorsh 2020), 195–203.
- Sutaryo, F.X.R., & Faisal, A. (2021). Analisis Dampak Dana Desa Terhadap Peningkatan Infrastruktur di Kabupaten Banyumas. *Jurnal Ilmiah Ilmu Administrasi Publik*, 7(2), 69-77.
- Sutrisno, A., Wahyudi, W., & Sukmana, R. (2020). Optimizing the use of village funds for sustainable village development. *Journal of Regional and Rural Development Planning*, 4(2), 101-118.
- Undang-Undang Republik Indonesia Nomor 6 Tahun 2014 tentang Desa. Lembaran Negara
- Wardhana, A. (2020). Faktor-Faktor yang Mempengaruhi Penyalahgunaan Dana Desa (Studi Kasus di Kabupaten Blora). *Jurnal Administrasi Publik*, 8(1), 57–64.
- Wibowo, A., Putra, A. R., & Supriyadi, Y. (2021). The influence of village fund Realization and corruption tendency on village development index. *Jurnal Ilmu administrasi Publik*, 9(2), 125-134.
- Yusnita, N. (2018). Pengelolaan Keuangan desa dalam cerminan budaya Sintuvu Maros. *Jurnal Keuangan Desa*, 8(1), 77-89.