Efficiency and Transparency in Village Fund Budget for Buluh Perindu BUMDes Management at Baru Semerah Village

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Abstrak: Penelitian ini dilakukan untuk tujuan mengetahui pengaruh Efisiensi dan Transparansi Penggunaan Anggaran Dana Desa Terhadap Pengelolaan Potensi Ekonomi Desa. penelitian ini berjenis kuantitatif dengan pendekatan deskriptif. Adapun teknik yang diterapkan dalam proses pengumpulan data dalam penelitian ini yaitu Observasi, Dokumentasi, dan Kuesioner (angket). Teknik dalam penentuan jumlah responden menggunakan rumus slovin dengan hasil sebanyak 223 responden. Penelitian ini memanfaatkan software SmartPLS 3.2.9 dan sistem Partial Least Square serta Structural Equation Modeling (PLS/SEM), dalam prosedur pengolahan datanya. Agar nantinya bisa menjelaskan hubungan antar variabel serta melakukan analisis terhadap tes tunggal. Dalam penelitian ini terdapat satu variabel dependen yaitu Potensi Ekonomi Desa yang diwakilkan dengan Simbol (Y) dan dua variabel independen yaitu Efisiensi dengan simbol (X1) dan Transparansi Dengan Simbol (X2). Hasil dari penelitian ini menunjukkan bahwa Efisiensi berpengaruh positif dan signifikan terhadap pengelolaan Potensi Ekonomi Desa dikarenakan P-Value yang dihasilkan lebih kecil dari 0,05 dengan nilai asli sampel dari Path coefficient sebesar 0,276 atau berpengaruh sebesar 27,6% Terhadap Potensi Ekonomi Desa. Transparansi juga memiliki pengaruh yang positif dan signifikan terhadap pengelolaan Potensi Ekonomi Desa dikarenakan P-Value yang dihasilkan lebih kecil dari 0,05 dengan nilai asli sampel dari Path coefficient sebesar 0,455 atau berpengaruh sebesar 45,5% Terhadap Potensi Ekonomi Desa.

Kata Kunci: Efisiensi; Transparansi; Potensi; Ekonomi Desa

Abstract: *This research was conducted to determine the effect of Efficiency and Transparency in the Village Fund Budget on Managing the Village's Economic Potential. This research is quantitative with a descriptive approach. The techniques applied in the data collection process include observation, documentation, and questionnaires. The technique in determining respondents used the Slovin formula with 223 respondents. This research used SmartPLS 3.2.9 software, Partial Least Square systems, and Structural Equation Modeling (PLS/SEM) in data processing procedures to explain the relationship between variables and perform an analysis of a single test. In this study, Village Economic Potential, represented by a Symbol (Y), is the only dependent variable, and Efficiency with a symbol (X1) and Transparency with a Symbol (X2) are two independent variables. The results indicated that efficiency had a positive and significant effect on managing Village Economic Potential because the P-value was less than 0.05 with the original sample value of the Path coefficient of 0.276 or an effect of 27.6% on Village Economic Potential. Transparency also positively and significantly influenced the management of Village Economic Potential because the P-value was less than 0.05 with the original sample value of the Path coefficient of 0.455 or 45.5% on Village Economic Potential.*

Keywords: Efficiency; Transparency; Potential; Village Economy

INTRODUCTION

A village directly in contact with the community is the main center for government expansion because most of Indonesia's territory is rural. The activities outlined in the Village Draft Budget are financed by the village government's source of income. One source of village

government funds, as stated in the 2014 Domestic Government Regulation. According to Article 1, Paragraph 2 of Government Regulation Number 60 of 2014, Village funds originate from the APBN and are allocated to villages. These funds are transferred through the district or city APBD to finance governance, community development, and empowerment. With the ADD (*Alokasi Dana Desa*), each regency or city allocates it to villages based on the number of villages, taking into account (30%) of the total population (20%) of the village area and paying attention (50%) of the poverty rate of villagers.

This budget must also be adapted to the geographical conditions of each village using the results of the calculations above. As discussed earlier, by making village-by-village programs effective and equitable, central spending is at the heart of the budget allocation for these funds. Ten percent (10%) of the budget is allocated directly to villages, excluding additional regional transfer funds. Since 2015, the government in Indonesia has distributed village funds based on the mandate of Law No. 6 of 2014 concerning Villages. Following this mandate, the government disburses Village Funds with a transfer procedure to the regency or city. Many villages in Indonesia still depend on ADD (*Alokasi Dana Desa*).

In the past two years, Indonesia has experienced a crisis caused by COVID-19, so the village government used the Village Fund Budget intended to handle the outbreak and improve the national economy, which has declined due to the virus. Based on PDTT Village Minister Regulation Number 7 of 2021 concerning the Priority for Use of Village Funds in 2022, Village Funds are prioritized for national economic recovery, national priority programs, and mitigation and management of natural and non-natural disasters according to village authority. Based on the PERMENDES, the Village Fund in 2022 is prioritized for economic recovery in Community Empowerment.

However, in the process, the policy was handed over to each village due to regional autonomy in Law No. 23 of 2004. Regional autonomy is an autonomous region's rights, powers, and obligations to regulate and manage its government affairs and the local community's interests within the Republic of Indonesia. The village government has the authority to use the Village Fund budget based on existing potentials to increase the Village economy (Community Empowerment). The village government must manage village finances effectively and transparently. What is interpreted as transparent is that village financial management is open and effective, meaning that village finances are managed properly and correctly.

Based on previous research conducted in the Sukorejo sub-district, village funds were intended for empowerment and infrastructure development. However, when the pandemic hit, the village fund management process was redirected and changed a lot for handling and preventing COVID-19 instead of fulfilling the basic needs of village communities. The difference is efficiency from 2019 to 2020, which has decreased by 6.84% (Akmalia Wardah & Firda, 2021). Ali Khadirin et al. (2021 found that the average efficiency level in managing Village Funds in Tegalarum Village, Mranggen District, Demak Regency was 95.57%, which met the criteria for efficiency, and the average level of effectiveness was 95.60%, which meant effective.

Regarding transparency in using Village Funds, partial transparency does not affect village financial management, while accountability affects village financial management. However, transparency and accountability simultaneously affect village financial management with a contribution value of 29.2% (Fitri Sukmawati & Alfi Nurfitriani, 2019). In contrast to the findings from Christina and Linda (2020), transparency partially had a significant effect on managing Village Fund Allocations. Transparency significantly affected village fund allocations in realizing good governance at Manulea Village, Sasitamean District, Malacca Regency. Meanwhile, Sofian (2018) revealed that transparency significantly affected village

funds' management, although partially, transparency did not significantly affect the management of the Village Fund.

Baru Semerah Village is located in Tanah Cogok District, Kerinci Regency. Based on the observations, the Baru Semerah Village Government has followed the Regulation of the Minister of Village of PDTT Number 7 of 2021 concerning Priority for the Use of Village Funds in 2022 through community empowerment programs. The program implemented by the Village Government is the Bamboo Forest Tourism Village program with the intent and purpose of improving the community's economy through MSMEs in the village, but judging from the existing facts on the ground, these tourist attractions are less attractive to both residents and non-local, and there are still many villagers who do not know the number of funds earmarked for the development of these tourist attractions.

Therefore, the researchers want to study the Efficiency and Transparency of the Village Fund Budget on Managing Economic Potential: A Study on BUMDes Buluh Perindu at Baru Semerah Village, Tanah Cogok District, Kerinci Regency, Jambi Province.

The problem formulation has been arranged into a question, and the hypothesis is used as a temporary answer. The answers will only be based on relevant theories, not empirical facts obtained through data collection. Therefore, they are called temporary. A hypothesis can also be referred to as a theoretical, but not yet empirical, response to a research question.

The following are the hypotheses formulated in this study:

H0: There is a significant influence from the efficiency of using the village budget on managing the village's economic potential.

H1: A significant effect is found in the transparency of village budget funds on managing the village's economic potential.

RESEARCH METHODS

Place and Time of Research

The research process was conducted in Baru Semerah Village, Kerinci Regency. The research object was emphasized to the residents/communities in the village. The village government was also a second source of information to obtain accurate information to assist researchers in conducting research. The research occurred from December 2022 to January 2023.

Research Approach

This research used a quantitative descriptive approach. Sugiyono (2007) defined quantitative research as a philosophical foundation of ¬positivism, applied to analyze a particular sample or population. The procedures used in data collection were applied to research instruments and the investigation with statistical/quantitative characteristics to test the data. A quantitative descriptive research methodology aims to obtain organized, actual, and careful facts, population characteristics, and a certain scope.

Data Types and Sources

Primary data or results of field research are obtained through the first source directly where the research was done. Primary data is from the first party without any intermediaries, such as second parties. The data sources in this study were residents/communities at Baru Semerah Village, obtained through a questionnaire technique filled out by residents/village communities.

Data Collection Technique

Observation

According to Sugiyono (2007), observation has more special characteristics than other techniques, such as interviews and questionnaires, where these techniques always

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communicate with individuals, while the observation technique has no limits on individuals but also other natural objects.

Documentation

Sofiyan (2014) defined documents as written materials or objects related to certain events or activities. Events that occurred long ago can be researched and understood based on a review of documents or archives, whether directly or indirectly related to a thorough matter.

Questionnaire

Sugiyono (2007) defined the questionnaire technique as collecting data with a set of questions, which are then distributed to respondents to be answered.

Data Measurement Scale

According to Husein Umar (2014), in measuring research data, a measuring scale (Likert) is used as a notification regarding individual actions in understanding something. The respondents were asked to complete a statement on an ordinal (interval) scale. The Likert scale benchmarked attitudes, opinions, and individual or group understanding of existing social phenomena.

A Likert scale was used, as described in Table 1, to obtain accurate information to assist researchers in conducting research.

Table 1. Likert scale

Answer	Description	Score
SS	Strongly agree	5
S	Agree	4
RR	Doubtful	3
TS	Disagree	2
STS	Strongly Disagree	1

Population, Sample, and Sampling Technique

The population used as subjects in the research was the residents/communities of Baru Semerah Village, with a population of 500 inhabitants.

The number and characteristics of the population, including the sample, of course, could not be studied as a whole (large population) due to constraints of time, workforce, resources, and limited funds. Therefore, the sample used in this research was limited to respondents aged over 20. The Slovin formula was chosen to determine the sample because of its accuracy and practicality. The Slovin formula used is as follows.

Table 2. The Slovin formula

$n = \dfrac{N}{1 + Ne^2}$	**n** = Sample size
	N = population size
	e = estimation level error

Table 2 shows the formula for determining research samples since the population was large. Using the 5% wrong sampling tolerance limit to take samples, the number of samples and populations taken based on this formula is as follows.

$$n = \frac{500}{1 + 500\,(0{,}05)^2}$$
$$n = \frac{500}{2{,}25}$$
$$n = 222{,}22$$

$$n = 223$$

Based on the calculation of the Slovin formula above, of a total population of 500 people, in determining the sample, there are 222.22 residents. Still, since the subject is not a fractional number, it is rounded to 223 residents/communities who will be referred to as respondents.

Research Variables and Indicators

This study applied the dependent variable (influenced), represented by the symbol (Y), the village economic potential variable, and the independent variable (influence), represented by the symbol (X), where there are two independent variables: variable (X1), or the efficiency of managing economic potential village and variable (X2), or transparency in the management of village economic potential. The indicators for each variable are explained in Table 3.

Table 3. Variable Operational Definitions

Variable	Indicator
Efficiency (X_1)	Village Fund budget savings
	Higher income from the implemented program than the expenses
	Accuracy of target use of the budget
Transparency (X_2)	A legal framework for transparency
	Public access to budget transparency
	An independent and effective audit
	Community involvement
	A legal framework for transparency
Village Economic Potential (Y)	Good infrastructure
	Adequate public facilities
	Information access
	Superior quality of human resources
	Resident income

Data analysis technique

This study used PLS smart software, the Partial Least Square system, and Structural Equation Modeling (PLS/SEM) in data processing procedures. Besides explaining the relationship between variables, PLS can also analyze a single test.

Ghozali and Latan (2015) confirmed that prediction orientation is the goal of PLS-SEM development or construction. PLS is used to explain whether latent (predictive) variables have a relationship with each other. PLS is an effective analytical method assuming current data with a certain measurement scale.

RESULTS AND DISCUSSIONS

This section will describe and explain the results of the data collected through distributing questionnaires. The authors analyzed the data collected according to the main issues described. As shown earlier, the data processing results showed whether the formulated hypothesis can be accepted or rejected.

Analysis of Respondent Characteristics

Gender

The analysis of the characteristics of the respondents based on gender can be presented in Figure 1.
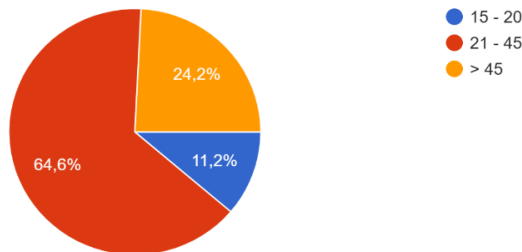
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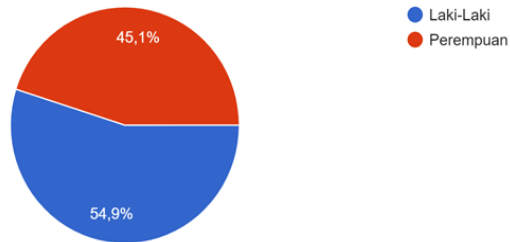
Picture 1. Respondent Data Based on Gender

Figure 1 shows that the respondents are divided into two genders: male and female. Based on data from 223 respondents, 122, or 54.9%, are male, and 101 are female, or 45.1%.

Age
The respondents' age criteria can be presented in Figure 2.
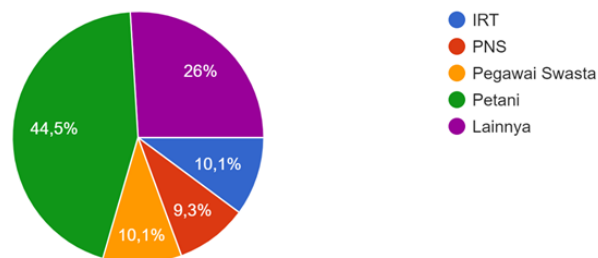

Picture 2. Respondent Data Based on Age

Figure 2 illustrates that respondents are divided into ages 15 to 20, 21 to 45, and over 45. Based on the data from 223 respondents, respondents aged 15-20 were 25 people or 11.2%, ages 21-45 were 144 people or 64.6%, and ages over 45 were 54 people or 24.2%. Hence, the ages are 21 to 45.

Occupation
Analysis based on job criteria can be seen in Figure 3.

Picture 3. Respondent Data Based on Occupation

Figure 3 shows that respondents are divided into five job categories: Housewives (IRT), Civil Servants (PNS), Private Employees, and Others. Based on the occupations, 23 respondents are housewives, or 10.1%; 21 respondents, or 9.3%, are civil servants; 23 farmers, or 10.1%, are private employees; 101 respondents, or 44.5%, are farmers; 59 respondents, or 26% are others. Hence, farmers dominate by 101 respondents or 44.5%.

Income
Analysis based on income criteria can be seen in Figure 4.
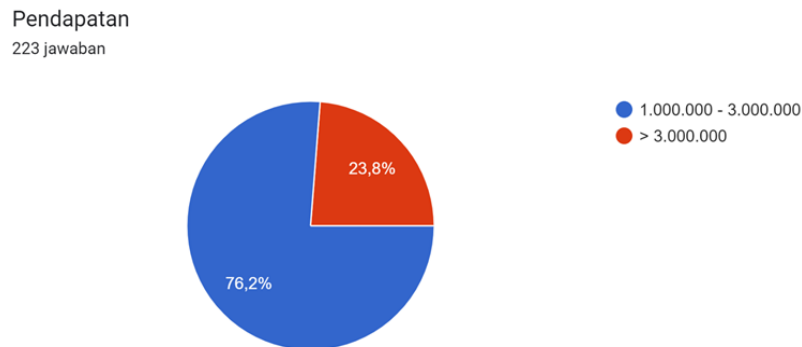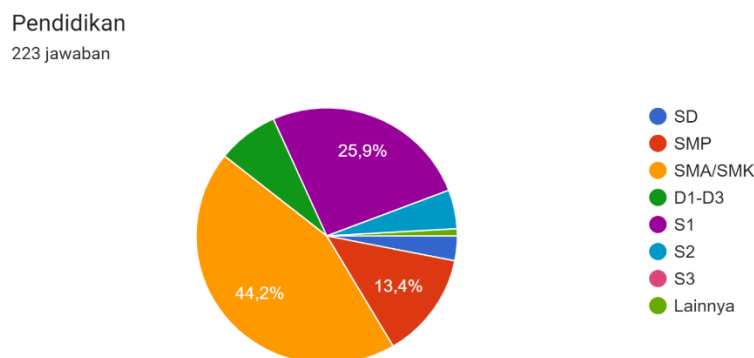

Picture 4. Respondent Data Based on Income

Based on Figure 4, respondents are divided into two categories: Rp.1,000,000-Rp.3,000,000 and more than Rp.3,000,000 monthly income. Of 223 respondents, 170 people, or 76.2%, earn IDR 1,000,000-IDR 3,000,000, and 53 respondents, or 23.8%, earn more than IDR 3,000,000. Hence, the income of Baru Semerah Village is dominated by 53 people, or 23.8%, having an income of more than IDR 3,000,000.

Education
Analysis based on income criteria can be seen in Figure 5.

Picture 5. Respondent Data Based on Education

Figure 5 shows that respondents are divided into eight educational categories: Elementary School (SD), Junior High School (SMP), SMA/SMK, D1-D3, S1, S2, S3, and others. Of 223 respondents, 7, or 3.1%, are elementary school graduates; 30 people, or 13.5%, are junior high school graduates; 99, or 44.4%, are high school/vocational school graduates; 17 or 7.6%, are D3 graduates, 58 or 26% have bachelor's degrees, 11 or 4.9% have master's degrees, 0 is doctoral degree. Two others are excluded from the criteria. Hence, most respondents graduated from high school or SMA/SMK, with 99 people or 44.4%.

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Research Instrument Testing Analysis

The hypothesis testing implemented data processing software through SmartPLS Version 3.2.9, assisted by Excel 2010 software.

Convergent Validity test results (Convergent Validity)

According to Ghozali and Latan (2015), the convergent validity method evaluates each construct indicator. Individual indicators are considered reliable if they have a correlation value above 0.70. After processing the data, results from Outer Loading can be seen in Table 4.

Table 4. First Loading Factor

| Variable	Indicator	Outer Loading
Efficiency (X1)	EF1	**0.661**
	EF2	0.723
	EF3	0.724
	EF4	0.716
	EF5	**0.631**
Transparency (X2)	TR1	0.790
	TR2	0.761
	TR3	0.764
	TR4	0.754
	TR5	0.759
Village Economic Potential (Y)	PED1	**0.667**
	PED2	0.708
	PED3	0.763
	PED4	0.743
	PED5	**0.664**

Based on data processing using SmartPLS presented in Table 4, most indicators in each variable already have an Outer Loading value that exceeds 0.70 and can be said to be valid. In addition to these valid indicators, four indicators have a value of less than 0.70. The efficiency variable has two indicators: EF1 with a score of 0.661 and EF5 with a score of 0.631. Second, there are two indicators for the Village Economic Potential variable, PED1 with a score of 0.667 and PED5 with a score of 0.664. The indicator for each variable with an Outer Loading value of more than 0.70 has a high level of validity, so it can be concluded that it can fulfill convergent validity.

Outer Loading values after eliminating EF1, EF5, PED1, and PED5 can be seen in Table 5.

Table 5. Second Loading Factor

Variable	Indicator	Outer Loading
Efficiency (X1)	EF2	**0.723**
	EF3	**0.724**
	EF4	**0.716**
Transparency (X2)	TR1	**0.790**
	TR2	**0.761**
	TR3	**0.764**
	TR4	**0.754**
	TR5	**0.759**
Village Economic Potential (Y)	PED2	**0.708**
	PED3	**0.763**
	PED4	**0.743**
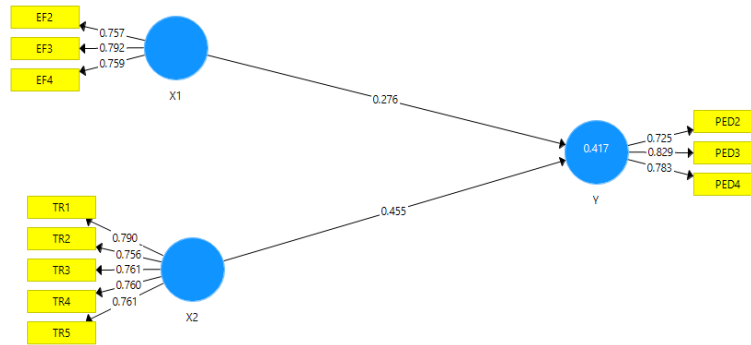
Picture 6. Loading Factor Path Diagram

Based on the Loading Factor presented in Figure 5, the results meet convergent validity because the loading factor is above 0.70 or the indicator is valid. Loading Factor is a relationship or correlation between indicators and constructs. The higher the correlation value, the better the level of validity.

Discriminant Validity Test Results

According to Ghozali and Latan (2015), discriminant validity ensures that each concept from each latent model differs from other variables. Validity testing is conducted to determine how precisely a measuring instrument performs its measurement function. Based on the explanation from Ghozali and Latan, discriminatory validity can be seen from the cross-loading between the indicators of the construct.

Table 6. Discriminant Validity Test Results with Cross-loading

	Efficiency	Transparency	Village Economic Potential
EF2	**0.757**	0.329	0.383
EF3	**0.792**	0.446	0.425
EF4	**0.759**	0.454	0.388
PED2	0.374	0.407	**0.725**
PED3	0.427	0.464	**0.829**
PED4	0.410	0.528	**0.783**
TR1	0.430	**0.790**	0.474
TR2	0.389	**0.756**	0.466
TR3	0.383	**0.761**	0.449
TR4	0.415	**0.760**	0.476
TR5	0.426	**0.761**	0.440

Table 6 shows that some of the loading factor values of each indicator based on each latent variable already have the largest values compared to the loading values when connected with other latent variables. Each latent variable has good discriminant validity, where a latent variable with a very high correlation with other constructs or discriminant validity at the indicator level has been fulfilled.

The following is the Outer Loading table resulting from the Bootstrapping calculation as seen from the P-Value so that later it can be seen whether the P-Value value of each indicator is significant or not significant.

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Table 7. Other Loading T-Statistic Test (P-Value)

Variable	Original Sample (O)	Sample Average (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV |)	P Values
X1 -> Y	0.276	0.281	0.055	4,985	0.000
X2 -> Y	0.455	0.455	0.057	8034	0.000

Furthermore, Table 8 concludes from the Construct validity, Discriminant Validity, and Bootstrapping loading (p-value) tests above. If many indicators from the results are invalid, then these indicators are not used in the study.

Table 8. Results, Construct validity, Discriminant validity,
T-statistic other loadings (p-value)

| Indicator	*Construct Validity*	*Discriminant Validity*	Other Loading T Statistics (P-Value)	Information
EF2	Valid	Valid	Significant	Used
EF3	Valid	Valid	Significant	Used
EF4	Valid	Valid	Significant	Used
PED2	Valid	Valid	Significant	Used
PED3	Valid	Valid	Significant	Used
PED4	Valid	Valid	Significant	Used
TR1	Valid	Valid	Significant	Used
TR2	Valid	Valid	Significant	Used
TR3	Valid	Valid	Significant	Used
TR4	Valid	Valid	Significant	Used
TR5	Valid	Valid	Significant	Used

Outer Equation Models

Outer Model or Outer Measurements is also referred to as a measurement model. The outer model test aims to specify the relationship between latent variables and their indicators. This outer model test uses the help of the PLS Algorithm procedure. The path diagram conversion to a system of equations uses the following Exogenous Latent formula:

$x1 = \lambda x1 \xi 1 + \delta 1$
$x2 = \lambda x2 \xi 1 + \delta 2$
$x3 = \lambda x3 \xi 1 + \delta 3$

The following is the basic equation model of the Outer Model for Exogenous Latent Variables in this study:
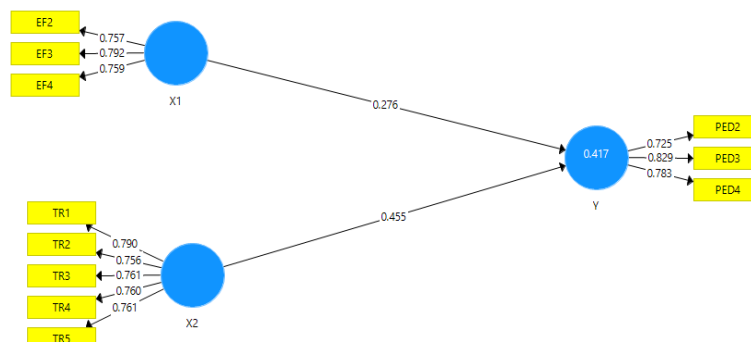
Picture 7. Path Chart Conversion

Based on the equation model in Figure 7, the Efficiency value is 0.792, the EF3 Indicator. The EF3 indicator has a strong influence over other Efficiency Indicators. The Transparency value has a value of 0.790, namely the TR1 indicator. The TR1 indicator has a strong influence over other Transparency Indicators. The Village Economic Potential value is 0.829, the PED3 indicator. Hence, the PED3 indicator strongly influences other village economic potential indicators.

Construct Reliability Test Results (Construct Reliability)

Putka, DJ, & Sackett, P. R (2010) defined construct validity as how far the test items can measure a specific concept or predefined conceptual definition. Testing the reliability of the research construct is needed to see whether the items of the research instrument will later be used for the second time as a measure of the same symptoms, which will give relatively consistent results.

Reliability tests in PLS can use two methods, namely Cronbach's alpha and composite reliability. Cronbach's alpha measures the lower limit of the reliability value of a construct, while composite reliability measures the actual value of the reliability of a construct. Composite reliability is considered better in estimating the internal consistency of a construct. In this study, the researchers used the two components of the test. The following is a measurement of construct reliability in this study:

Cronbach Alpha Reliability Test Results

According to Dahlan (2014), the Cronbach Alpha scale can be grouped into five criteria. These criteria can be seen in Table 9.

Table 9. Cronbach Alpha Scale Criteria

Cronbach Alpha Scale	Information
0.81- 1.00	Very Reliable
0.61-0.80	Reliable
0.42-0.60	Reliable enough
0.21-0.41	Not Reliable
0.00-0.20	Very Unreliable

Table 10 shows the Cronbach Alpha resulting from SmartPLS data processing.

Table 10. Cronbach Alpha reliability

Contract	Cronbach's Alpha
Efficiency	0.656
Transparency	**0.824**
Village Economic Potential	0.678

Based on Table 10, the construct value for the Efficiency variable is 0.656 or reliable. The construct value for the Transparency variable is 0.824, or very reliable, and for the Village Economic Potential variable, it is 0.678, or reliable. Overall, all construct values have met the requirements and are reliable for this study.

Composite Reliability Test Results

The composite reliability test is used to show the consistency of the indicators in a latent variable. Nunnally and Bernstein mentioned that composite reliability can be considered reliable if the reliability composite value is above 0.70. Meanwhile, Fornell and Lacker said that the reliability of the composite can be seen from the Cronbach Alpha because usually, the values generated from the Composite Reliability will tend to exceed the value of the Cronbach

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Alpha.

Table 11 illustrates a Composite Reliability test table resulting from SmartPLS data processing.

Table 11. Composite Reliability

Contract	Cronbach's Alpha	Composite Reliability
Efficiency	0.656	**0.813**
Transparency	0.824	**0.876**
Village Economic Potential	0.678	**0.823**

Table 11 shows that the value of Contract Reliability is more than 0.70 and is greater than Cronbach's alpha, so all constructs are reliable.

Hypothesis Testing Results (patch coefficient)

Hypothesis testing is a step in a statistical procedure that allows researchers to use sample data to conclude a population. This step determines whether the hypothesis can be accepted or rejected. In assessing the significant level of influence between variables, it is necessary to perform Bootstrapping procedures or actions. The Bootstrapping action uses the entire original sample for later resampling.

Noor (2015) explained that hypothesis testing involves looking at the path coefficients and test scores. The construct is strong and significant if a P-value ≤ 0.05 is obtained later.

Table 12. Path Coefficient Test Results

Variable	Original Sample (O)	Sample Average (M)	Standard Deviation (STDEV)	T Statistics ($|$O/STDEV$|$)	P Values
X1 -> Y	**0.276**	0.281	0.055	4,985	**0.000**
X2 -> Y	**0.455**	0.455	0.057	8034	**0.000**

Table 12 illustrates the patch coefficient test results, which are as follows.
H0
The efficiency of using the Village Fund budget has a positive and significant effect on the Management of the Village's Economic Potential because the P-value is 0.000 or less than 0.05. The original value of the sample path coefficient of 0.276 indicates a direction of positive correlation or relationship. Thus, H0 can be accepted.
H1
Transparency in using the Village Fund budget positively and significantly affects the Management of the Village's Economic Potential because the P-value is 0.000 or less than 0.05. The original value of the sample path coefficient of 0.455 indicates a direction of positive correlation or relationship. Thus, H1 can be accepted.

Structural Model Evaluation

Structural models are useful for ascertaining how well existing empirical data supports the theory or concept used. This evaluation aims to ensure that the measurement model is valid and reliable.

F-Square Test Results

The F-Square test is carried out to determine how much influence the relative independent

latent variables have on the dependent latent variables. Ghozali and Latan (2015) explained that the value limits of the F-Square are grouped into three criteria: 0.02, 0.15, and 0.35, which indicate small, medium, and large models.

Table 13. F-Square Test Results

	Efficiency	Transparency	Village Economic Potential
Efficiency			**0.093**
Transparency			**0.254**
Village Economic Potential			

Table 13 shows that the effect of Efficiency (EF) on Village Economic Potential (PED) is 0.093. Since the value of F-Square (EF) to (PED) is greater than 0.02, (EF) has a strong influence on the Village Economic Potential (PED). While the effect of Transparency (TR) on Village Economic Potential (PED) is 0.254, because the F-Square (TR) value is greater than 0.02, (TR) has a strong influence on Village Economic Potential (PED).

Adjusted R-Square Test Results

R square shows how much the independent (exogenous) variable affects the dependent (endogenous) variable. R-Square for each endogenous latent variable as the strength of a prediction from a structural model. Changes in the R-Square value can be used to explain later the influence of certain exogenous latent variables on endogenous latent variables that have a substantive effect. Ghozali and Latan (2015) describe the criteria for R-Square values. R-Square values are 0.75, 0.50. 0.25 means that the model is strong, moderate, and weak. The higher the value, the better the prediction model of the proposed research model.

Table 14. Adjusted R-Square Test Results

Variable	R Square	Adjusted R Square
Village Economic Potential	0.417	0.412

Based on Table 14, the adjusted R-Square is 0.412 or 41.2%, meaning that the Village Economic Potential (PED) variable can be explained by independent variables (EF) and (TR). Thus, these variables affect the Village's Economic Potential (PED).

Fit Model Test Results (NFI)

The F test is often referred to as the goodness of fit test. The model feasibility test sees whether there is an overall significant effect on the regression model. Gozali (2016) explained that regression analysis is a widely used statistical method. The main purpose of this regression analysis is to see the causal relationship between one variable and another.

According to Ghozali and Latan (2015), if the NFI value is > 0.957, the model is under the comparative bases and is by the baseline.

Table 15. Fit Model Test Results (NFI)

	Saturated Model	Model Estimation
NFIs	**0.759**	**0.759**

Based on Table 15, the Fit Model (NFI) is at a threshold below 0.957. Thus, the model in this study does not fit enough. The model is still unable to reflect the actual data.

13

The Effect of Efficient Use of the Village Fund Budget on the Management of Village Economic Potential

The results found that the efficient use of the Village Fund Budget affects managing the village's economic potential. The efficient use of village funds strongly influenced the village's economic potential development. Ratna Purnamasari, Ivana Nina Esterlin Barus, and Umi Kulsum also concluded that village funds needed to be done efficiently and effectively.

Ratna Purnamasari and Ivana Nina (2020) mentioned that village funds obtained by the government must be efficient and used according to what is needed by the community. Village funds must also be clear and accountable to the community. Rahardjo Adisasmita (2010) revealed that efficiency is the input components used, such as time, effort, and costs, that can be calculated without impacting waste or insignificant expenses. Thus, efficiency can mean the absence of waste.

The Effect of Transparency on the Village Fund Budget on the Management of Village Economic Potential

The results discovered that transparency in the Village Fund Budget affected managing the village's economic potential. Transparency is critical in using village funds. Asep Kurniawan (2016) supported the literature review regarding Law Number 6 of 2014, stating that transparency is virtual for government functions in doing the people's mandate.

The Effect of Efficiency and Transparency in Village Fund Budget on the Management of Village Economic Potential

Based on Table 14, which contains the results of the Adjusted R-Square test, the Adjusted R-Square (EF) and (TR) values for the Village Economic Potential are 0.412 or 41.2%. (EF) and (TR) together positively influence.

The results showed that the Efficiency and Transparency of the Village Fund Budget affected the management of the village's economic potential, supported by good governance in managing village finances. According to Setiawan (2018), a large allocation of funds is a hope that can improve the villagers' welfare. Therefore, in its management, it is required to apply good management (Good Governance), which in the future can increase the prosperity and welfare of society by using three underlying principles: 1) Accountability, 2) Transparency, and 3) Community Participation. Providing a forum and facilitating residents regarding the implementation of village funds, development goals will be achieved as described by Laksana & Zakiyah (2018) that the level of community participation, especially in government programs, community participation in every government program will encourage the achievement of these goals national and regional development goals.

CONCLUSION

Based on the findings, using data analysis techniques with SmartPLS 3.2.9 Software and Excel 2010 Software, the conclusions of the research results in this thesis are as follows:

1. Based on the respondents' gender, this study was dominated by males of 54.9%, with a vulnerable age of 21-45, or 64.6%. Respondents based on occupation were dominated by farmers with a percentage of 44.5%, with the highest percentage of income at 76.2%, and the average resident earning IDR 1,000,000 to IDR 3,000,000.
2. The Efficiency of Using the Village Fund Budget on Village Economic Potential had a positive and significant effect, with a 0.000 or less than 0.05 P-value. There was an influence and a positive relationship between the Efficiency variable and the Village's Economic Potential, so the hypothesis on H0 can be accepted.
3. Transparency in the Use of Village Fund Budget on Village Economic Potential had a

positive and significant effect, with a 0.000 or less than 0.05 P-value. There was an influence and a positive relationship between the Transparency variable and the Village's Economic Potential, so the hypothesis on H1 can be accepted.

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