

# Application of Management Accounting Information in Improving the Effectiveness of Empowerment of Coastal Communities through Village Funds in Gorontalo Province

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**Abstract:-** The purpose of this study is to determine the application of management accounting information in increasing the effectiveness of coastal community empowerment through village funds in Gorontalo Province. This type of qualitative research uses a phenomenological approach. The low use of accounting information in managing village funds has an impact on empowerment aspects for coastal communities in Gorontalo Province. The management of village funds at each stage is not entirely based on management accounting information because the village government does not have real information about the business progress of business actors who have received village fund assistance. Management accounting information is only applied at the planning stage because the village government only knows the number and type of businesses that can be provided assistance, but at a later stage no supervision is carried out until the output and outcome stages of each assistance. the application of management accounting information to the village government has not been maximized because it only focuses on planning, organizing and delivering assistance, but routine monitoring and evaluation is not carried out on the development of community businesses that have received village fund assistance. at each stage starting from planning to the stage of evaluation and performance measurement.

**Keywords:-** Accounting, Management, Empowerment, Society, Funds.

## I. INTRODUCTION

Relevant and timely management accounting information is intended to meet the needs of managers and employees in terms of decision making for each organization. The application of management accounting information applies to all organizations including the village government to conduct planning, implementation of programs, supervision and evaluation and decision making in the management of village funds.

Village funds are a mandate from the central government to the village government in Indonesia. This is regulated in law number 12 of 2014, village funds are transferred directly to the village government and managed directly by each village. Its main purpose is to improve people's well-being and quality of life. In maximizing village funds, the government issued Government Regulation No. 43 years, implementation of village development, village community development, 2014 with the aim to optimize the implementation of village government and village community empowerment, through job creation and overcoming inequality, and alleviating poverty.

Based on government laws and regulations, the village is placed as the spearhead of development and improvement of community welfare, by providing adequate authority and funding in order to manage the potential it has to improve the economy and welfare of the community. Therefore, since the launch of village funds the government wants that in addition to village funds used for the development of village facilities and infrastructure, village funds are expected to be used for empowerment to communities with a higher portion so that they can achieve the village fund goal.

The management of village funds through empowerment in addition to welfare to the community is expected to change the status of the village. Changes in the status of the village can be achieved if the village government can take care of its village with the power it has by applying management accounting information in planning, budgeting, implementation, supervision, and evaluating the activities that have been carried out.

The application of management accounting information in the management of village funds, is expected to prioritize aspects of the usefulness of each use of village funds, so that not only successful in distributing to the community, but the village government must oversee up to the stage of use and reporting and performance evaluation that can ultimately know the development of community business as a basis in decision making. The success of organizational leaders in utilizing management accounting

information at every stage of the organization according to Fiador (2013) and Kaberuka (2014) and Clerk (2017) as an internal organizational communication tool used by leaders at every decision making to achieve the vision that has been set.

With regard to the application of management accounting information, it has also been emphasized by Ajibolade; Arowomole & Ojikutu (2010) and Ajibolade (2013) because in management accounting information contains information in detail about the internal conditions and environment of the organization so that it is suitable for planning and implementation and evaluation of each activity. The application of management accounting information according to Ali-Ahmadi and Bouri (2018) and Phakdee and Srijunpetch (2015) as an organizational control mechanism, is an effective tool in providing useful information to predict the possible consequences of activities carried out.

The low use of accounting information in managing village funds has an impact on the empowerment aspect to coastal communities in Gorontalo Province. The management of village funds at each stage is not entirely based on management accounting information because the village government does not have real information about the business progress of business actors who have received village funding assistance. The application of management accounting information is only applied at the planning stage because the village government only knows the number and type of business that can be provided assistance, but in the next stage there is no supervision until the output stage and outcome of each aid. This situation causes village funds for empowerment to the community is also expected to provide a source of village income through village PAD can not be implemented so that the status of the village has not changed, namely the village left behind (Sulaiman, 2020).

## II. LIBRARY REVIEW

The application of management accounting information in improving the management of village funds involving the government as an agent and the community as a principal. The involvement of both elements in accordance with the Stewardship Theory popularized by Donaldson and Davids (1989) that in an organization must be established information as a means of communication between both parties, namely between agents (government) and principals (society) because management is not motivated by individual goals but rather aimed at the main targets of their main results for the benefit of the organization.

Some of the research that has been done by adopting stewardship theory is included in the management of village funds. The fabric of information between agents and the community must be continuous so that community expectations can really be achieved properly. However, from some research results show that there are various obstacles experienced by the village government in maximizing the management of village funds, especially empowerment to the community. Azis research (2016)

shows that management accounting information is not used as a tool in decision making because it is still found the capacity and capability of the government and employees are still low so they cannot trace important information that can be used as a basis for decision making.

According to Yuliana (2017) explained that there are various things that cause village fund management has not been optimal as the mandate of Permendagri Number 113 of 2014. This is due to physical development being a major concern, in addition to human resources and less maximal coordination. Other researchers such as Harning and Amri (2016) in Banda Aceh also found that in the implementation of village funds hampered by lack of socialization, not yet standard implementation rules, as well as funds that are late disbursed. Not much different from the results of Noviyanti's research; Ivory; Yuni-Lestari and Dian-Arlupi (2018) and Paguet (2014) that most village devices have not understood the actual management of village funds due to their lack of information and knowledge thoroughly. According to Lintje and Jessy (2017) stated that the regulations governing the planning process are not in accordance with the basic needs of the village's priorities; Low human resources is also the cause of the management of village funds that are not maximal and the dissemination of information to the village apparatus has not been thorough. Previously it has also been stated by Bolívar, Galera, Muñoz & López-Subirés (2014) that the management of funds that are unbalanced and not adapted to the needs of the community has an impact on the effectiveness of government financial management. In addition, the quality of management accounting information becomes capital for the government in decision making, especially in the use of village funds both for development and for community empowerment (Nur-Dewi, Ferdous-Azam, Siti-Khalidah, 2019).

The importance of management accounting information, applied in organizations is also in line with the results of Abdul-Wahid's research et.al. (2018) who said that the lack of information for managers in decision making will affect the effectiveness of government financial management and impact the welfare of the community. Likewise, it is stated in the results of Plummer's research (2013) that the understanding of management and the entire apparatus on people's business conditions becomes an obligation for them to provide the best service, because implementation techniques and human resources become obstacles (barriers) in managing organizational finances.

In the context of organizational decision-making is also not much different from Saegaert (2006) and Alcaraz-Quiles; Navarro-Galera and Ortiz-Rodríguez (2014) that by maximizing management accounting information in decision making can increase the capacity of government in the empowerment of an organization. In government agencies according to Mir and Sitiyono (2013) there has been an imbalance between management accounting information in decision making so that the resulting decisions are short-term and partial. The application of management accounting information in decision-making by managers so that every

program that has been planned can be implemented in accordance with the vision of the organization, including in the management of village funds in improving community welfare through sustainable empowerment programs. This concept is also in line with Mirzaey; Jamshidi and Hojatpour (2017) that the application of management accounting information is very important in the internal decision making of the organization without having to wait for the publication of financial statements every year.

According to Chiwamit; Model and Scapens (2017) explains that the policy to use management accounting in decision making is an innovation of managers in managing organizational information. In addition to Christ and Burritt (2017); Appelbaum, Kogan, Vasarhelyi, and Yan (2017) and Dillard; Yuthas, and Baudot (2017) state that management accounting information is very complex because it can internally be used by management as a function of control in organizations, and for external parties this information is useful for parties who have interests with the organization such as shareholders, creditors and the government as external parties of the company.

Regarding the application of management accounting information in decision making is also in accordance with David and Emeralda Ayu (2021) and Sisaye & Birnberg (2014) and Sohrabi, Talebnia and Nikjoo (2014) that with management accounting information available in the form of periodic reports and supporting reports can influence manager decision making. There are several important benefits of management accounting information to the company. Mclean (2018) considers that the most important thing in the application of management accounting information includes; cost determination for each program; determination of budget and supervision of each activity. Likewise Slamet Sugiri (2009) and Zenita; Sari; Anugerah & Said (2015) states that the application of management accounting information is expected to support the implementation of management functions that include planning and supervision functions in the company which include; some parts; products and activities or businesses.

### III. RESEARCH METHODS

Types of qualitative research through phenomenological approaches

### IV. RESULTS OF RESEARCH AND DISCUSSION

Based on the background and phenomena and formulations and objectives in the research, the researchers are trying to get solutions to the problems of the village government in managing village funds especially in empowerment programs to the community. The data analysis used in this study is based on qualitative analysis (Miles, Huberman and Saldana, 2014). From the analysis of document data on village funds, each village has disbursed empowerment assistance to the community for several years in the pesisir region of Gorontalo Province. In addition, researchers also found document data on the type of business developed in each village and have been given

assistance based on planning that has been made by the village government. However, from the analysis of data documents the village government does not have data and information about the types of businesses that are experiencing development after obtaining village funds for several years.

The lack of information regarding business development shows that the village government does not have information that can be used to conduct continuous supervision and evaluation so it is difficult to know the condition of the community business after receiving assistance. This is in line with the opinions of some informants in this study. Informant LM and IL and SB as village heads stated that:

*Village funds are given to the community based on business criteria owned and generally given in the form of goods. But regarding the search for the effectiveness of the assistance has not been done fully because it is often only monitored from afar so that the development of its business from business assistance has not been well recorded.*

Other informants such as the head of the hamlet stated that it is difficult to know the information of business developments because there is no assistance and supervision in the use of village funds in every business. This is in line with what AH and mh informants and HB stated that:

*Regarding the assistance and supervision of the use of village funds has not been maximal because the head of the hamlet is only given the task to record the types of community businesses in their respective environments, but after providing assistance including monitoring and supervision of their respective businesses is rarely done.*

Based on the information obtained, it shows that the village government does not have management accounting information at the stage of implementing assistance from village funds, it is marked that the village government has no information related to community business development. While in this stage it is important to pay attention to the things that are opportunities and challenges in managing assistance from village funds. The absence of management accounting information in the implementation stage of activities as a basis in decision making becomes a determining factor in the success of the village government in decision making (Alcaraz-Quiles; et al, 2014) .

Applying management accounting information that is not maximal to the village government in each stage of the use of village funds, the village government is more likely to make decisions based on inaccurate estimates so that the assistance provided is less effective and does not understand the extent of the productivity of the aid funds provided. This condition is not in accordance with the results of Mirzaey's research; Jamshidi and Hojatpour (2017) who said that by applying management accounting information at each stage, the village government will try as much as possible to know the development of community business (growing, developing and advancing) so as to facilitate the village

government in decision making, especially for the disbursement of the next stage of aid funds.

The success of leaders in managing organizations with a focus on management accounting information, then each stage must be known through the information reported whether it is routine or incidental that may be very useful in internal decision making. However, in the management of village funds for empowerment to the village government community does not require business actors to provide routine reports or reports that are incidental about business development. This is in line with the view of informant AH, and MH and MM state that:

*With regard to business development information, business actors are not required to provide regular reports every month about business progress.*

*Likewise, HB and UU informants that: That business actors who have received village funding assistance for business development never provide information regularly to the village government about their business, and the village government does not require in performance reporting.*

Based on the information obtained shows that the village government does not try to dig up information that comes from business actors so the village government tends to measure performance based on funds disbursed to business people in their respective villages. This is also not in line with some research results such as Clerk (2017) and Ali-Ahmadi and Bouri (2018) which explained that the application of management accounting information can make it easier for business leaders to get information both information that is routine, periodic and incidental. Likewise Nur-Dewi, Ferdous-Azam, Siti-Khalidah (2019) and (Mendoza and Laurent-Bescos (2010) that the perfect use of management accounting information will have an impact on the accuracy of managers in decision making.

## V. CONCLUSIONS AND SUGGESTIONS

Based on the results of the research, it can be concluded that the application of management accounting information to the village government has not been maximal because it only focuses on planning, organizing and handing over aid, but there is no regular monitoring and evaluation of the development of community businesses that have received village funding assistance. Based on the conclusions of this study, it is advisable for the village government to apply management accounting information at every stage starting from planning to the stage of evaluation and performance measurement.

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