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**EFFECTIVENESS OF APPLICATION OF MANAGEMENT ACCOUNTING INFORMATION MODEL IN VILLAGE FUND MANAGEMENT FOR EMPOWERMENT OF BUSINESS ACTIVITIES IN KABILA BONE DISTRICT, BONE BOLANGO REGENCY, GORONTALO PROVINCE**

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**Abstract:**

Each organizational manager has his own way of managing his organization, including applying financial accounting in obtaining information about the current condition of the company that can be used as a basis for decision making for managers. However, financial accounting information only presents events that have occurred, making it difficult to make urgent decisions, so a management accounting information model is needed that can produce information for managers for internal decision making at any time and in any circumstances. This study aims to determine the model of applying management accounting information in maximizing the management of village funds, especially for empowering the community. The research method used is based on qualitative methods by relying on triangulation methods which include; observation, documentation as well as interviews and triangulation of sources which include; village head, village secretary, planning department and finance department. The results show that the management accounting information model used by the village government to obtain information in empowering economic actors has not been effective, because the management accounting model applied only collects information on disbursement of funds at the beginning of the granting of assistance, and the model does not require recipients assistance to provide regular reports either monthly, quarterly, semi-annually or annually or periodically regarding business conditions, both in terms of management and capital, as well as opportunities and challenges faced.

**Keywords:** Management of Village Funds, Empowerment, Management Accounting Information, Application of Management Accounting Information, Involvement of Business Actors.

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**INTRODUCTION**

The application of an effective management accounting model will impact the quality of information obtained by management that can be used for current and future decision-making. Along with this, every organizational leader is expected to apply an appropriate management accounting model so that each stage in each program can identify the success or failure of a program, including in managing village funds. The village government obtains Village funds through the State Revenue and Expenditure Budget (APBN), which in addition to being prioritized for spending on village administration activities, village development expenditures are also used for spending for community empowerment, as mandated in Law Number 6 of 2014 concerning

Villages, The village is given the authority to regulate and manage its authority under the needs and priorities of the village.

Concerning village funds for community empowerment, several research results show that prioritized village funds for community empowerment have not been effective and cannot contribute to sustainable community business development. Faizatul Karimah (2014) states that the village government has not entirely appropriately managed the villages obtained from the central government, so they have not been able to touch the empowerment of the community substantively. Likewise, the results of research by Azlina, Nur; Hasan, Amir; Desmiyawati (2017) found that the level of empowerment of village funds was still slow, so it had not been able to touch community efforts toward an advanced and independent society through village funds.

The ineffectiveness of managing village funds, especially in empowering the community, is also in line with the news of The Jakarta Post (2020) that the management of village funds for community empowerment is still prolonged because some of the funds are used not under the purpose of providing village funds. Likewise, the results of Jenasti Viona's research; Asrinaldi; Tengku Rika Valentina (2020) that the management of village funds is not optimal because of the constantly changing rules, which are ambiguous and conflicting so that it becomes the biggest challenge in managing village funds.

Other research on the failure in managing village funds has also been stated by Fannidya Hamdani Zeho, Ardian Prabowo, Roro Ayu Estiningtyas, Mahadiansar Mahadiansar, I Gede Eko Putra Sri Sentanu (2020) that the management of village funds is not optimal because it does not involve more stakeholders. Thus the program designed is not entirely based on data and field information. The same thing was also stated by Robby Soetanto, Ferry Hermawan, Alistair Milne, Jati Utomo Dwi Hatmoko, Sholihin As'ad and Chusu He (2020) that the delay in managing village funds was also caused by institutional factors, culture, lack of awareness and knowledge of employees, and a low level of trust. It is also supported by the results of research by Odwa Mazele and Christopher Amoah (2021) that the failure of ineffective village fund management is caused by a lack of capacity, poor planning and supervision.

Based on several descriptions of the effectiveness of village fund management, especially in the aspect of empowerment, it shows that several factors are the cause because the village government does not have complete and sustainable information about the types of businesses that can be developed based on the potential possessed by the village and the village government does not have information regularly about the types of community businesses and their development. It is also in line with the situation of other village governments, as stated by the research results of Mufid Fathul Mas'ud (2020), that village funds have not been appropriately managed because they are more concerned with infrastructure development, unsustainable activities in the capacity building stage for programs that will be empowered because they do not have accurate information on the state of the business to be empowered.

The importance of applying the management accounting information model, which is expected to produce accurate information both at the input stage, process stages and output stages that are routine or ad hoc/phased with the nature of information reports, analysis reports and proposal reports. The management accounting model, which is very important for organizational leaders in internal decision-making, is not fully applied to the village government in Bone Bolango Regency, so it impacts the level of empowerment of the community. It is in line with what was stated by Merlan (2021) that what needs to be considered is the acceleration of village government services through information channels obtained for the empowerment of the community so that village funds can be managed effectively, efficiently, and economically.

A model is said to be effective if every stakeholder can use it in completing every program that has been designed based on the vision and mission of the organization. Likewise, the management accounting information model is applied in every organization, and according to Joel and David (1982), management accounting information is vital in organizational decision-making. It is in line with Langfield-Smith, Thome, & Hilton (1995), management accounting information obtained from a model is expected to produce information reports on progress reports of each plan, operation, and activity. In addition, the application of the management accounting information model is intended so that organizational leaders can obtain quality information regarding good organizational conditions related to organizational potential, decision making, budgets and problems faced and how to solve them (Drury, 2006).

Based on some of the descriptions that have been put forward regarding the management accounting model, which is expected to produce management accounting information regarding budgeting, reporting and control, performance measurement, and costing of products and services, which in turn, according to Jones and Pendlebury (1996) can assist in managerial decision making. Management accounting information derived from a model is structured differently across organizations and uses different techniques to collect, process, store, and report financial information, in line with agency theory.

The role of management accountants in producing accounting information through the model used, which can be used for decision making, is also in line with Deswanto, Vero; Mulyani, Sri; Ritchi, Hamzah; and Susanto (2021) that the quality of management accounting information is very decisive for organizational leaders in making better and quality decisions and reflecting organizational conditions. Regarding the importance of applying the management accounting information model, Malik Muneer Abu Afifa has also stated, Saleh, Isam (2022); Meek-Teresa (2022); Berisha, Vlora, Miftari & Iliriana (2022); Soderstrom & Stewart (2017) that the characteristics of management accounting information are expected to be fulfilled so that it is relevant in making decisions about managerial planning and control; reduced waste of business resources; value creation through the effective use of resources.

Regarding the importance of management accounting, information obtained from the model used according to Shirinashihama (2022) & Zhou, Zhang, Chen, Zeng & Chen (2020) needs to understand more deeply information related to management accounting so that accounting knowledge is needed for every leader. Likewise, the results of research by Guo (2022) and Ferdous, Adams, & Boyce (2019) and Irfan, Neel & Babatunde (2022) that using management accounting information is an innovation to obtain helpful accounting information for internal organizations in achieving organization's vision (Ahmed Al-Dmour; Hala- Zaidan; Abdul Rahman Al Natour, 2021; Fahlevi, Irsyadillah, Indriani, & Oktari, (2022).

Management of data into information, especially for internal organizational information, according to Hansen & Mowen (2013), is expected to be carried out continuously so that it can be the basis for every decision making, both manually generated and managed based on information technology so that the information can be used quickly and accurately. It has been stated by Céu and Gaspar (2010) that management accounting information based on information technology will have an impact on accuracy in the presentation of information so that management can make timely decisions, but emphasized by Ndiweni (2010) so that the management accounting information produced is not intended to commit fraud. The results of Sawsan Saadi Halbouni and Mostafa Kamal Hassan (2012) say that appropriate management accounting information is beneficial in organizational decision-making. In this regard, Cristo'bal Sa'nchez-Rodríguez and Gary Spraakman (2012) emphasize that organizational leaders can use various models to obtain more accurate information on internal organizations, including using Enterprise Resource

Planning (ERP) and may also use Enterprise Resource Planning (ERP). Activity-Based Costing (Fletcher & Ridley-Duff, 2018).

The use of management accounting information can impact organizational financial performance (Hariyati; Tjahjadi; and Soewarno, 2019) and Cinquini, Lino & Mitchell, Falconer, 2007). Regarding organizational performance also stated by Wei Qian, Roger L. Burritt, and Gary S. Monroe (2018) that the application of the management accounting model, in addition to planning and assessing also, according to Schiller (2010), management accounting information generated from a measurement model is expected to provide a solution to an organizational problem.

Other researchers such as Zaleha Abdul Rasid; Rahim Abdul Rahman; Khairuzzaman Wan Ismail (2011), and Nizar Mohammad Alsharari (2021) stated that in decision making, management accounting information could be integrated with other systems so that the decisions obtained are better, because of Nartey (2018) and Yigitbasioglu, Ogan. (2016) view management accounting information used in organizations can improve organizational performance.

Based on some of the descriptions that have been put forward showing that management accounting information is generated from a model of applying management accounting information, some research results suggest, such as Vedde and Kouhy (2005), that accounting practitioners in companies are expected to be able to develop capacity in the development of management accounting science so that can produce useful accounting information for the organization. The same thing was also stated by Jakobsen and Morten (2012) that management accounting practices must be maximized to track every cost in the organization.

## METHODS

Based on field phenomena and several previous studies, this research is related to the utilization of management accounting information obtained from a management accounting model in the use of village funds, especially at the stage of empowering the community. To know whether the accounting information used by the village government in maximizing village funds for the empowerment of the community, the researchers conducted interviews with several informants so that more comprehensive data and information could be obtained about the object under study (Cresswell, 2013).

To obtain information about the use of village funds, especially in empowering the community, the researchers used source triangulation and method triangulation, as suggested by (Miles, Huberman and Saldana, 2013; Yin, 2009, Patton, 1994; Cresswell, 2013). Triangulation of sources was obtained from the village head, chairman, village secretary and each hamlet head. Meanwhile, the triangulation method was obtained from document data and interview data.

## RESULT AND DISCUSSION

The background and research phenomena show that the management of village funds for community empowerment has been managed. At the preparation stage for using village funds, especially empowerment in the economic field, the village government has prepared officers to identify economic potentials that can be developed in each village through the hamlet head. As stated by WB, NPM said, "*Before village funds are disbursed, especially in economic empowerment, village officials, especially hamlet heads, are given the task of collecting data on village potentials that can be empowered*".

The FM and FA informants considered that "*Every village official, especially the hamlet head, should have entered data on the potential of the village before planning for the use of village funds for economic empowerment is carried out*". Regarding the preparation for the use of village funds, both the

preparation of the work team in carrying out potential data collection and the preparation of objects to be financed, according to informants YI and PS and SY said that: *"Before the village development plan deliberation is carried out, then in each village a team is formed to collect data on resources. economic resources that can be empowered"*. Based on some of the descriptions put forward, it shows that the use of village funds begins with preparations by preparing regional potential data collection officers.

Management of village funds by taking into account the potential reports each team has reported to the village government, then the information will be reviewed by village officials and the Village Consultative Body (BPD). Getting the priority scale of each program to be implemented is vital. It is in line with the opinion of FK, YA, and FR informants: *"The programs proposed by the data collection team for the village's economic potential are studied more deeply for each program, and the team will determine the priority programs for the current year."*

An assessment of village potential is compiled through programs proposed at village meetings the district government will attend, sub-district government, BPD and village communities. According to informants ML, LB and ZI stated, *"Each hamlet will be studied in more depth to obtain a program that can truly improve the welfare of the community in the economic field"*.

In managing village funds, after the preparation process by conducting data collection and assessment, each proposed program will be submitted to the village government to discuss in the Musrembangdes and will finally be included as a village program in the current year. It is in line with informants LM and YJ, who said; *"In the village Musrembang, every village government program including empowerment programs for the community, especially in the economic field that the team of each hamlet has proposed, will be designated as the current year's program if approved by the participants"*. Regarding program planning, other informants, such as SR and IL as village heads, stated that, *"The program details, especially community empowerment in the economic sector, are decided in the Musrembang, and the results will become the village program planning unit for the current year."*

In the stages of using village funds, especially for empowering the community at the implementation plan stage, the village apparatus will also hold a meeting regarding the technical implementation of activities based on the predetermined plan. It is in line with the description of the informants RMS, RT and IA and SR, *"Before the community carries out any planned activities, the community is given education so that the program to be implemented is under the organization's vision"*.

The LM informant also stated a similar thing; IL and YJ said, *"Every business actor is expected to be able to manage their respective businesses well so that it is hoped that the village funds provided can improve the quality of life of the community through the business income they manage"*. In improving the quality of empowerment of village funds to the community, it is hoped that village officials will evaluate the programs that have been implemented. It is in line with informants ML and LB and informants FR, who stated, *"Village officials are given the task of evaluating empowerment programs that have been implemented, especially in the economic field, which is carried out at the end of each aid period"*. Regarding the evaluation of activities, it has also been stated by RMS, RT and FK that *"It is necessary to evaluate the programs that have been implemented by the community based on the village funds that have been given."*

Based on some information obtained from informants, it shows that the model of applying management accounting information in village fund management, especially in empowerment, has not been implemented because the activities only include program preparation and review, planning, implementation and evaluation. In the preparation and assessment stage, it was found that the village government had formed a team to conduct data collection and assessment in each hamlet; the study results have been reported to the village government to be used as an annual program. However, in the implementation phase of the program, there has not been a program for monitoring the use of funds and the involvement of entrepreneurs to provide information through regular monthly reports and ad hoc reports at certain times if needed.

The study results show that the management accounting information model in managing village funds has not been applied optimally, so it has an impact on decision-making by organizational leaders, which until now, village funds have not contributed to the village's original income (Pades). This study's results differ from those of Sawsan Saadi Halbouni and Mostafa Kamal Hassan (2012), which state that management accounting information obtained from a model is expected to provide fast and accurate information for organizational management decision-making.

Other researchers, such as Joel and David (1982) and Langfield-Smith, Thome, and Hilton (1995), are also not in tune with the results of this study. They state that a model applied specifically to the management accounting information model is not only used for internal organizational decision-making on the success of a program but can also be used to make continuous improvements to empowered programs.

Other researchers such as Deswanto, Vero; Mulyani, Sri; Ritchi, Hamzah; and Susanto (2021) stated that the quality of management accounting information is very decisive for organizational leaders in making better and quality decisions as a reflection of the condition of the organization. Regarding the importance of applying the management accounting information model, Malik Muneer Abu Afifa has also stated; Saleh, Isam (2022); Meek-Teresa (2022); Berisha, Vlora; Miftari, Iliriana (2022) , Soderstrom, & Stewart, (2017) that the characteristics of management accounting information are expected to be fulfilled so that it is relevant in organizational decision making.

The results of program implementation, which only emphasizes disbursement of funds and reporting of results without monitoring and evaluating the use of funding sources and not sustainably involving the community in providing information to leaders both routinely and on an ad hoc/specific basis is also not in line with the results of previous research. Research by Shirinashihama (2022) and Zhou et al. (2020) need to understand more deeply about management accounting so that accounting knowledge is needed for every leader. Likewise, the results of research by Guo (2022) and Ferdous; Adams; & Boyce (2019) and Irfan; Neel & Babatunde (2022) that using management accounting information is an innovation to obtain helpful accounting information for internal organizations in achieving organization's vision.

## CONCLUSION

Based on the results of the study shows that the application of management accounting in managing village funds, especially for community empowerment, has not been practical because the village government does not require reporting on business activities regarding business development after receiving village funds, whether it is carried out regular monthly, quarterly and semi-annually. It makes it difficult for the village government to control the effectiveness of the assistance provided.

The management of village funds, especially in empowering the community, has been carried out. However, the village government does not have much accounting information from business actors both in the implementation of activities, the evaluation stage and the reporting stage, so it is recommended that business actors are required to report several reports as information to the village government in doing it regularly or continuously so that it can be evaluated at any time.

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