The Pattern of Village Democratic Institutionalization in Managing Village Funds

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Abstract—This study intends to find out the pattern of institutionalizing village democracy in managing village funds. The aim is to find out why a village is prosperous, and some are not successful in managing funds so that it has an impact on the size of the village's original income. This study conducted in three villages, namely Pujon Kidul Village, Krebet Village, and Sanankerto Village in Malang Regency, East Java. Through the case study method, the research concluded that the pattern of democratic institutionalization based on the rational choice institutionalism approach in managing village funds proved to be successful in managing village funds whereas the design of institutionalizing democracy that uses a normative institutional approach has proven to be a failure in managing village funds.

Keywords—democracy, institutionalization, village, village funds

I. INTRODUCTION

This study is motivated by a thesis of democratic studies which agrees that democracy is a prerequisite for economic development. The assumption is that economic growth departs from the political involvement of citizens in making decisions so that the outcome of these decisions is a representation of the interests of the community [1]. This representative decision then drives the realization of sound policies and impacts on economic development. This thesis needs to be tested in seeing how villages manage village funds. If departing from this thesis, it can be assumed that villages with proper economic development, village fund planning show good institutionalization of democracy. Conversely, villages, where economic growth is not appropriate, believes poor village fund planning and shows the institutionalization of weak village democracy.

This study is exciting because so far, the study of village governance always departs from the phenomenon of the failure of village democratization in the old institutionalism approach. In the old institutionalization approach, the study of democracy in the village was often considered "failed" because it was considered that citizens did not participate in overseeing the policy process in the village, particularly in managing village funds [2].

Even so, it needs to be further studied whether the villages that have succeeded in managing village funds have also experienced problems of "participation" by the community. In this study, based on preliminary findings, it shows that villages that are considered successful in managing village funds, also experience problems of "participation" of the community in the decision-making process in managing village funds.

This research tries to use a new institutional institution or new institutionalization in analyzing how the pattern of village democracy in several villages in Malang Regency in managing village funds, namely Pujon Kidul Village, Sanankerto Village, and Krebet Village. So far, the way researchers have looked at democracy at the village level, specifically in managing village funds, has always used the old institutionalization approach. As translates Peters (2006) who discusses the old institutionalization, it can divert the way the institution operates in a normative frame[3]. Institutional behavior that is often considered by standard instruments procedurally. Using participation in village democratization studies always use tools of community participation in democratic procedures. Mastering the original, most studies about village revolution failed because there was no direct community participation in planning and control over village funds. Failure to build a village which was drawn by the conclusion "village funds" failed to improve village economic development.

The use of the old institutionalization approach is often used by scholars in administration, law, and management. During this time, studies on village democratization in managing village funds have been mostly studied by these scholars. The study of village democratization in managing village funds can be mapped into three groups. The first group is those who use formal administrative and legal approaches in village fund management procedures. The second group is those who use a financial management approach in managing village funds. The third group is those who treat village institutions’ behavior normatively so as to produce an assessment conclusion regarding whether village fund management practices are ideal or not.

While the study of village democratization in the management approach can be traced through several studies as follows. First, the Hatmoko study (2017) in the Analysis of the Effectiveness of Internal Control in the Use of Village Funds in Sinar Luas Village, Bangunrejo Subdistrict, Central Lampung Regency, states that village fund management is considered not optimal because it fails to carry out internal control with evidence that the SISKUDES (Village Financial System) has not been implemented [4]. Secondly, it is still related to internal control systems, Widyatama, et al (2017) study on the Effect of Competence and Internal Control Systems on Village Government Accountability in Managing Village Fund Allocation (ADD), also concludes that the low level of village government accountability is influenced by the competence of village officials and systems internal control in the village [5]. Third, related to the accountability...
of village fund management, the study of Arifiyanto, et al (2014) in Accountability Management of Village Fund Allocation in Jember Regency, concluded that the accountability system of village fund allocation management in Umbulsari Village, Jember Regency was considered successful because it showed an accountable and transparent village financial management [6].

The three studies have in common in assessing the management of village funds in terms of financial management by focusing on the study of internal control systems so as to give birth to financial accountability and transparency. However, this study does not at all look at how relations between actors in the village governance system have an impact on internal control systems. The study of village democratization on formal administrative and legal approaches can be traced from the following publications. First, a study conducted by Istiqomah (2013) in the Effectiveness of the Performance of the Village Consultative Body in Improving Village Financial Management Accountability, states that the role of the BPD as a legislative body at the village level whose function is to oversee village financial management is considered not optimal so that the performance of village financial management is deemed not accountable [7]. Second, Aziz’s study (2016) in Village Autonomy and the Effectiveness of Village Funds, states that the management of village funds has not been effective due to the inadequate capacity of the village apparatus and also the problem of community involvement in managing village funds [8]. Third, as Aziz’s study, Putra’s study, et al (2013) in Management of Village Fund Allocation in Village Community Empowerment (Study in Wonorejo Village, Songo sari District, Malang Regency), states that the failure in managing village fund allocation in community empowerment is caused by lack of community participation so that the allocation ADD for community empowerment is actually used for the operational needs of the village government and BPD [9]. Fourth, still related to citizen participation, the Tumbel study (2017) in Community Participation in the Management of Village Funds in Tumaluntung One Village, Tareran Subdistrict, South Minahasa Regency, also concluded that the management of village funds in Simalungun Village was constrained by the lack of community participation [10]. Fifth, the Syamsi study (2014) in Community Participation in Controlling the Use of the Village Fund Budget, also concluded that the failure of the management of village funds has so far been hampered by the probability of community participation [11]. These five studies have similarities in explaining the control of village finances based on the problem of village governance structures that cannot run as expected. However, there is no explanation for why the problem arose and how the institutional strategy to overcome the problem

To uncover how the pattern of democracy in the village in managing village funds, this study tries to use a new institutionalism approach. In this approach, the pattern of democracy is not only seen in the structural approach that focuses exclusively on the way democracy procedures work but also looks at how the relationship between actors and structures in building village institutionalization. With this approach, hopefully, variations in the pattern of democratic institutionalization in the village would be found so that it could answer why villages with the same democratic structure, namely the absence of community participation, had a different impact on village economic development.

II. RESEARCH METHOD

To answer the pattern of institutionalizing village democracy in managing village funds, the study uses a case study method. The use of case studies is considered suitable in this study for several reasons. First, the focus of this study aims to explain the unique social phenomena that are limited by the specific area coverage, namely in three villages in Malang Regency, Pujon Kidul, Sanankerto, and Kretet Village. The assumption is that the three villages have many unique patterns that differ from one another. Second, the unit of analysis in this study is not limited to one individual but concerns the interaction between actors in the organization [12]. This study tries to communicate the formal rules and behavior of actors in the process of managing village funds.First, confirm that you have the correct template for your paper size. This template has been tailored for output on the A4 paper size. If you are using US letter-sized paper, please close this file and download the Microsoft Word, Letter file.

III. RESULT AND DISCUSSION

A. New Institutional Approach in Village Democracy

A new institutionalization is a new approach to institutional studies. This approach has developed in the American academic tradition after World War II due to the influence of the development of behaviorism and rational choice approaches. In the culture of the old institutional approach, according to Peter (1999), this approach has several characteristics. First, legalism, where the way the institution works, is always influenced by rules and procedures (legal-formal). Second, structuralism, namely the institutional behavior, is inseparable from the existing political system that eliminates aspects of individual behavior. Third, normative analysis, namely how to treat institutional behavior is always placed within the frame of norms of good governance.

To discuss the pattern of institutionalizing village democracy in managing village funds, discussing the new institutionalization to support the practice of democracy that was born from the structure-actor relation in the local village. How to explain Peter (1999) in Institutional Theory in Political Science, the main characters in the discussion of new institutions are (1) anti-bias normative, (2) discussing individualism, and (3) inputism.

- Anti-Bias Normative

Assumptions built in the new institutional approach in analyzing institutional behavior always avoid focusing on the normative aspects of good governance (Peters, 1999). This is contrary to the old institutionalization assumptions, which are fixated on indicators of good governance, so the focus of the study is to talk about how institutional behavior should be formed. In the new institutionalization approach, the study of village democracy is understood not in terms of indicators of good governance, but rather on how the habits or culture of the village in managing governance. The characteristics of
village culture in the decision-making process that arises from the relationship of structure and actors in the village community are the main focus of attention in the new institutionalization approach. Through this approach, the way to understand village institutions is not focused on how Law No. 6 of 2014 on Villages is practiced or not, whether BPD operates according to the mandate of the law or not, but rather looks at how village institutions in establishing agreements in managing village funds. The assumption is that village democratization is not always as expected in the village law which envisions village fund planning departing from the function of the BPD (Village Consultative Body) in holding village deliberations which ideally see village community groups. However, it assumes the village chooses its own distinctive mechanism in establishing joint agreements in the fund planning process so that the implementation of village fund planning. Avoid combining SI and CGS units, such as current in amperes and magnetic field in oersteds. This often leads to confusion because equations do not balance dimensionally. If you must use mixed units, clearly state the units for each quantity that you use in an equation.

- **Individualism Methodology**

  In the new institutionalization approach, the methodology used is not as in the old approach which focuses on structural analysis which assumes the behavior of the institution is based on the political system and government (Peters, 1999). In the structural-functional analysis, the behavior of the institution is envisioned as the way the system works in a machine where each sub-unit component works automatically according to its main function. However, in the new institutionalization approach, institutional behavior is not only influenced by the structure but also the behavior of individual actors. The assumption is that individuals in institutions have behavioral considerations that are based on many factors, such as interests, norms, and ideology. As in the rational institutionalism approach, institutional behavior is influenced by factor maximizing utility or maximizing personal profit in carrying out the functions of the institution. This is a critical basis for bureaucratic studies which are then concluded to have an anomaly because it turns out that the workings of bureaucrats are not based on rules, but try to find loopholes for the rules for their personal interests. With this new institutionalization approach, the way to analyze village institutions is not only based on the political system and governance in the village, but looks at how the behavior of individuals in the village institutional structure in carrying out their functions is influenced by individual interest factors in the rational institutionalism approach, or other factors such as logic of appropriateness or logic of appropriateness in normative institutionalism approaches, or historical trace factors of the behavior of previous people in managing institutions in historical institutionalism, or ideological factors as in the approach of historical institutionalism.

- **Inputism**

  In the new institutionalization approach, the focus of study is no longer talking about how the institution behaves in the framework of the political system and government as in the old institutionalization approach, but rather focuses on input from the community or society before entering into the process of the political system and government (Peters, 1999). Due to the assumption of a new institutionalization, the output generated from the political system and government is very dependent on the activities of the community in reaching agreement so that it is brought into the process of proliferation and governance. In the context of village democratization, the character of this inputism is useful in analyzing how the existing conditions of village community activities before entering into the political system and village governance. The assumption is that community participation is no longer interpreted as the activity of formal meetings in the village, but rather how the behavior of the village community in shaping the structure of policy making. With this approach, it will be captured that community participation can be in the form of representatives who informally agree that the behavior or actions of individuals played by social leaders in the village in influencing village policy are part of Equations

B. **Normative Institutionalism in the Institutionalization of Democracy in the Krebet Village**

Normative institutionalism can be understood as an institutional behavior that is based on aspects of moral values, culture, and beliefs. Guy Peter (1999) even called it "mythic institutionalism", which is understanding organizational behavior that is based on "myths" as a factor in shaping the behavior of individuals who are in it. In more detail, March and Olsen (1989) understand "institutions" or "institutions" in this approach do not have to use formal structures, but are understood more informally, that is, an "understanding" that has been agreed upon by members of the organization as a set of norms, rules, beliefs, and whatever behavior has been "understood" as a habit. In their explanation pieces March and Olsen explain the following:

"Collections of interrelated rules and routines that define appropriate actions in terms of relations between roles and situations. "The process involves determining what the situation is, what roles are being fulfilled, and what obligations of the role in that situation is."

In this definition, March and Olsen (1989) emphasize the keyword "logic appropriateness" or "logic of appropriateness" in the normative institutionalism approach. It is this appropriateness that is intended as the behavior of organizational members based on the structure of noma, rules, and beliefs so that what is usually done is a habit that is "appropriate" to do. In this approach, we no longer talk about rational principles as in rational institutionalism which bases on the principle of utility and usefulness, but rather on the values of "appropriateness" regardless of whether the behavior is beneficial or adversely affects the organization.

C. **The institutionalization of "joining the leadership" in the Krebet Village democracy**

Krebet Village is one of the villages in Bululawang District, which is famous for its religious community. This
is evidenced by the many Islamic boarding schools in this village that have been established for a long time. In fact, one pesantren in Krebet has a "sholawatan association" whose activities are once a week from one village to another, namely "Majlis Sholawat Al-Ihsani". It is this religious structure of society, which plays a significant role in the pattern of institutionalizing democracy in the Krebet Village.

Religious leadership as a superstructure in the Krebet Village greatly influences the democratic culture in the village. On several occasions, religious scholars or religious leaders often spread ethical values in the life of the community. One of the fundamental values in Islamic leadership is to follow all the decisions of government leaders because they are considered to be the actors who have the authority and at the same time understand the issues related to governance. The impact is a kind of shared understanding among the community that everything that is decided by the village government is the "ulil amri" (the term the government in Islam) decision so it must be followed [13].

Almost all decisions in village development planning that depart from village funds in Krebet Village are the result of the conclusion of the village head and other village officials. In fact, in the process of appointing village officials, the role of village heads tends to be significant in determining who is part of the village government. It is such a shock to the people like they don't know anything related to matters of filling positions in the village government. This is why, almost all jobs in the village office, including the BPD (Village Representative Body) are people who are considered loyal to the village head [14].

Also, in several village meetings or deliberations attended by all village government officials and RT / RW representatives, the practice so far has not been any formal proposals from below relating to the determination of activity options that will be included in the Village Fund activities planning. All village deliberations have received a list of development plans derived from village funds so that it seems only to ask for approval from the village deliberations without any dialogue process that can be proposed to enter the RKPDes (Village Development Work Plan) that are valid for one year.

D. The institutionalization of "reciprocation" in village fund planning

There is a strong tradition in the Krebet Village that has taken root that village development priorities are carried out more in the area of the sound bag that used to be the basis of support for the elected village head during the Pilkades (Village Head's Choice). This has been found in a number of programs for infrastructure development activities, as well as assistance for community education and health funds, which seem to be focused only on the pockets of the village chief's voice base. This was confirmed by many sources outside the village government structure which felt that there was a lot of infrastructure development that was supposed to be for the general public but instead prioritized for the interests of the group. One of them is the construction of access roads that tend to be outside the public area, namely the boarding school area. After investigating it turned out that the cottage was one of the active bearers of the elected village head.

Besides, the assistance program for organizing village education, according to the opinion of MI (Madrasah Ibtidaiyah) school principals in Krebet Village, is considered to be village fund planning that tends only to be channeled to people or institutions that are considered to support the village head during Pilkades. For several periods of the former village head, one of the MI always received grants from the village for school operational needs. However, only in the current administration period did the agency no longer get a budget from the village government [15].

Even so, no one in the Krebet Village dared protest against the policies taken by the village government. There is a kind of "affinity" that develops in the Krebet village community that every time there is a new village head, there will be a particular priority for the community groups that support it. So what is happening now, it also happened to the village government in the previous period which was considered for prioritizing the interests of the supporting community groups.

E. The institutionalization of "avoiding conflict" in dealing with differences

Although the majority of the Krebet Village community does not question the irregularities in village fund management programs, there are some people who clandestinely criticize the village government which tends to absorb the aspirations of the local community in planning village funds. However, when it was confirmed why there was no written protest or movement to the streets, the answer was because it did not want a conflict with the village government [16].

It is this factor that causes the process of village fund planning cannot be maximized because the people do not dare to take the risk to take a stand when something is considered wrong in spending village funds. Irregularity here is not considered in the context of a fictitious program, but the program of activities is considered not to represent the interests of the village community as broadly as possible and is impressed by the benefits of certain groups.

The impact of the behavior of the people who are not willing to control the authority of the village government has caused the development of village fund management which should not have an impact on improving the economy in the village. With the assistance of the Village Fund, which amounts to almost 1 billion every year, it should be able to have a direct impact on economic growth in the village of Krebet so that it can increase PAdes (Village Original Income). During this time, the PADes only came from the money from the rent of "crooked land" which became an asset of the village [17].

F. Rational Choice Institutionalism in the Institutionalization of Democracy in Pujon Kidul and Sanankerto Villages

Rational Choice Institutionalism (RCI) is an institutional study approach that focuses on how the behavior of actors in
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using institutions for utility-maximizing or maximizing the usefulness or benefits of an institution (Peter, 1999). RCI emerged as an institutionalized approach that departed from the study of the behavior of members of Congress in the USA in the late 1970s where borrowed neo-classic economic analysis tools in explaining how the institution was formed, how the behavior of political actors in it, and the extent of the results of individual interaction in it.

This RCI is suitable to be used in explaining the institutionalization of democracy in the villages of Pujon Kidul and Sanan Kerto in managing village funds because some data shows this. In this section, we will talk about how village fund planning used in the two villages has utility-maximizing consideration. Hence, the plan gives a positive impact on economic growth in the two villages. In the end, each year in both villages PADes (Original Village Revenues) reach hundreds of millions of rupiah. It all departs from investments made by the village head informing the Bumdes (Village-Owned Enterprises) so that planning in village development is maximized for the benefit of the Bumdes. Generally, much of the village funds managed by the village government are used more for the benefit of village infrastructure development and development. It does not matter whether the infrastructure development has an impact on the value of future economic growth or not. At least, village funds have been spent annually and have been correctly accounted for and there is no charge of misappropriation of funds. That is approximately the normal standard carried out in many villages in Malang Regency so that the amount of village fund assistance does not have multiple effects on economic growth in the village.

However, it is different from the pattern of village democracy in Pujon Kidul and Sanankerto. The two villages are pilot villages in Malang Regency with many awards that have been obtained both from the Provincial Government and the central government through the Ministry of Villages. Both villages are considered to be successful in managing village funds because village fund management is able to stimulate economic growth that has far greater benefits for the welfare of the community, and is also able to provide assistance to the income of the village up to hundreds of also annually.

The method used by the village head of Pujon Kidul when the community complained about the availability of clean water was not by budgeting village funds to build a well that could be accessed by the village community, but by maximizing the source of springs to be managed as village-level PDAM as HIPAM (Drinking Water Entrepreneurs Association) managed by Bumdes Pujon Kidul. Capital in managing clean water through HIPAM comes from 100% of the Village Fund. For accessing clean water, the Pujon Kidul community can subscribe to HIPAM with a monthly fee that is much cheaper than when they directly accepted to clean water through the PDAM. The advantage of this clean water management village gets a 40% profit sharing to be part of the original opinion of the village [18].

Like Pujon Kidul Village, the same thing is also done in Sanankerto Village. In 2013, this village was still classified as IDT Village (Impres Desa Tertinggal). In fact, according to the confession of the Head of the Village of Sanankerto when he first stated that year, the village had difficulty in carrying out village programs because of the limited budget of the village. At that time, the original income of the village was only zero rupiahs. However, with the assistance of the Village Fund in 2014 and 2015, planning for the use of village funds is focused on infrastructure development leading to the tourism route. With access road to Kebon Pring tourism, which was previously named “Sumber Andeman.” When the infrastructure of access to tourism is maximized, then in 2016 the village will form a Bumdes in managing all activities in the tour. Profit-sharing from all business units managed by Bumdes including Kebun Pring tourism in 2018, which entered the PADes has reached 340 million [19].

IV. CONCLUSION

The pattern of institutionalizing village democracy in managing village funds in three villages in Malang Regency, namely Desa Pujon Kidul, Sanankerto, and Krebet shows a different mode of institutionalization approaches. The institutionalization of the Krebet Village is more directed towards the normative institutionalism model. Whereas in the other two villages, namely Pujon Kidul, and Sanankerto, it is more directed at rational choice institutionalism. The conclusion in this study shows that the pattern of village democracy in managing village funds has very implications for the development or failure of economic growth. Not always villages with significant funding sources as in the Village Fund program initiated by the government since 2014 always have high economic growth implications. Through this study, how the relationship between village fund management and economic growth can be concluded.

First, the pattern of village institutionalization, which tends to lead to normative institutionalism as happened in Krebet Village shows a stagnant economic growth. This is due to the democratic pattern in village fund planning, which tends to be based on aspects of values that develop in the village in the village fund planning process. Village Funds are only spent for the benefit of certain community groups in return for supporting the election. The impact is that the village government does not use rational considerations so that the planning has added value in economic development, but only spends the interests of certain groups of infrastructure that are loyal to the village head. Its what makes the presence of the Village Fund does not have an impact on economic development in the Krebet Village.

Second, the pattern of village institutionalization, which tends to lead to Rational Choice Institutionalism as in Pujon Kidul Village and Sanankerto Village shows an increase in economic growth. The democratic model that focuses on achieving village economic improvement has an impact on village fund planning patterns that tend to be tactical and strategic. The Village Fund is no longer funded administratively which only focuses on infrastructure development, but is also based on considerations to get added value from existing funds. By planning village funds for infrastructure that support long-term investment, and then managed by Bumdes, Pujon Kidul Village and Sanankerto
Village have experienced rapid economic growth. Thus, the management of the Village Fund can provide direct benefits to the village by increasing the village's original income to hundreds of millions each year.

ACKNOWLEDGMENT
This paper has been presented in international conference on Democratisation in southeast asia and thank you for the committee.

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