

CHAPTER I

INTRODUCTION

A. Research Background

Villages are important elements in Indonesia's governance framework, not only as administrative units, but also as unique social, economic, and cultural landscapes. Villages play a strategic role in national economic development and community economic empowerment. The government has made economic empowerment at the village level a key focus in its efforts to reduce poverty, improve welfare, and promote sustainable development (Sumodiningrat, 2018; World Bank, 2020). Villages also have an important role in determining policy effectiveness because they are a component of the government system that is directly related to the community. Thus, every policy implementation initiative from the government or regions must go through the village (Fathony et al., 2019). In the context of a changing development paradigm that increasingly emphasizes social inclusion, equality, and community welfare, the role of villages as motors of local economic becomes increasingly important (Todaro & Smith, 2015).

The development and economic empowerment of village communities are a focus for the government to achieve sustainable development. However, economic empowerment at the village level cannot

be achieved automatically. In surah At-Taubah verse 105, Allah SWT. commands His servants to always work.

وَقُلِ اعْمَلُوا فَسَيَرَى اللَّهُ عَمَلَكُمْ وَرَسُولُهُ وَالْمُؤْمِنُونَ وَسَتُرَدُّونَ إِلَى
عِلْمِ الْغَيْبِ وَالشَّهَادَةِ فَيُنَبِّئُكُمْ بِمَا كُنْتُمْ تَعْمَلُونَ

“And say: “Work (righteousness): Soon will Allah observe your work, and His Messenger, and the Believers: Soon will ye be brought back to the knower of what is hidden and what is open: then will He show you the truth of all that ye did.” (Q.S. At-Taubah: 105)

Based on the Qur'anic verse above, it can be concluded that Allah SWT has ordered humans to work to get as much good deeds as possible. In carrying out their duties and efforts in achieving sustainable development, village officials must be aware that every person's actions are supervised by Allah SWT. Allah SWT knows everything in the world, even the smallest things that are deliberately hidden by humans. In the end, humans will return to Allah SWT and will be judged for all their actions. Those who do good deeds will be rewarded, and those who have evil intentions will be tortured for their actions. Therefore, every human being should try as much as possible in carrying out his duties and must pay maximum attention to his movements and actions because everything he does will be watched and accounted for.

Economic empowerment at the village level requires various factors working in tandem, and one of the key factors that can have a major effect on economic empowerment in villages is the implementation of village accounting. Village accounting is a system that includes a variety of processes, such as recording, reporting, and financial control, used by village governments to manage their resources and assess their financial performance (Siahaan, 2017; Akhmadi & Widanarko, 2020). Village accounting is not just an administrative tool; rather, it serves as a tool capable of improving transparency, accuracy, and efficiency in the management of village funds and assets (Kusnendi, 2015; Devi & Laksmi, 2018). Therefore, the effective implementation of village accounting has great potential to have a positive impact on improving the welfare of village communities.

In addition to the effective implementation of village accounting, a good village leadership system can mobilize community participation. Sumitro Maskun (in Zuliyah, 2010) explains that the leadership system in the village, both based on religion and community organizations, is a system that can mobilize community participation and revive, initiative, creativity, and productivity of the village community. Zuliyah (2010) argues that a good leader is a leader who has a positive attitude, is responsible, and has a desire to improve the welfare of the community and has the ability to succeed in a program. Therefore, leaders who have a positive and

responsible attitude are expected to support and improve community welfare.

In empowering the economy of rural communities, innovation is also needed from the village government itself. Innovation is a process or something that starts from a desire to be better which is then followed by effort to realize it and make it work well (Juliarso & Hidayat, 2017). Therefore, an innovation within the scope of a government organization is one of the efforts to improve welfare for the community and economic empowerment itself.

Bulukumba Regency, like many other regions in Indonesia, is a home to various villages that have significant economic potential. Based on the data of the Central Bureau of Statistics (BPS) in 2020, Bulukumba Regency, one of the regencies in South Sulawesi Province, has an area of 1,154.58 km² and a population of 437,607 people. Economic structure created from value added of each industry described how much the region's dependency on production capability of each industry. Over last three years (2021-2023) economic structure in Bulukumba dominated by five category of industry, such as: Agriculture, Forestry and Fishery, Wholesale and Retail, Trade, Repair of Vehicles, Construction, Manufacturing, and Public Administration, Defence, and Compulsory Social Security.

Gross Regional Domestic Product (GDRP) is the gross value added of all good and services that are created or produced in the domestic territory of a country that arise from a variety of economic activities in a given

period. This GDRP or national income data is one of the macro indicators can indicate the condition of the national economy every year (BPS, 2024). Economic growth is one of the indicator of the macro to see the real performance of the economy in a region. Economic growth rate is calculated based on changes in GRDP at constant prices for the year against the previous year.

Table 1. 1 Growth Rate of GDRP of Bulukumba Regency at 2010 Constant Market by Industry (Percent), 2021-2023

Industry	2021	2022	2023
Agriculture, Forestry and Fishing	3.65	0.61	1.07
Mining and Quarrying	3.06	-2.31	7.17
Manufacturing	5.72	8.41	5.09
Electricity and Gas	8.91	12.63	10.57
Water Supply, Sewerage, Waste Management and Remediation Activities	0.01	9.89	2.04
Construction	5.12	7.12	10.77
Wholesale and Retail Trade	6.51	5.37	4.25
Transportation and Storage	5.95	10.17	5.57
Accomodation and Food Service Activities	5.88	19.98	7.67
Information and Communication	4.42	6.79	5.17
Financial and Insurance Activities	7.54	7.80	7.89
Real Estate Activities	3.28	6.19	4.98
Business Activities	6.80	-3.11	8.19
Public Administration and Defence; Compulsory Social Security	4.36	-0.41	2.24
Education	4.12	-0.19	3.54
Human Health and Social Work Activities	6.39	10.07	7.28
Other Services Activities	8.81	17.62	11.64
Gross Regional Domestic Product	4.76	3.81	4.11

Source: Official Website BPS Bulukumba Regency, 2024

Based on 2010 constant market prices, the value of GDRP Bulukumba Regency in 2023 increased. The increase was influenced by the

increased production in several field of business that is free from the effect of the inflation.

Bulukumba Regency has 10 sub-districts, each of which has characteristics that show the potential of diverse natural resources and potential sectors to encourage regional economic growth (Syawal et al., 2022). However, to achieve the expected level of economic empowerment, the role of village accounting implementation, leadership, and village government innovation is very important. These three factors in Bulukumba Regency are an important pillar in the effort to manage resources and optimize existing economic potential.

While the importance of village accounting implementation, leadership, and village government innovation in economic empowerment at the village level is clear, this issue has not been fully explored in the academic literature. Mardiana and Yuniarta's research (2021) states that there is still a lack of in-depth understanding of the extent to which the implementation of village accounting contributes to economic empowerment at the village level.

Endah (2020) revealed that, as the focus of development, community empowerment is a tactic within the framework of person-centered development. Under current conditions, rural communities are plagued by underdevelopment and poverty. Therefore, improvements are needed so that rural communities can be independent and empowered.

Therefore, based on the background description above, research conducted with the title "**An Analysis on the Effect of Village Accounting Implementation, Leadership, and Village Government Innovation on the Economic Empowerment of Village Communities: Case Study of Bulukumba Regency**". This research aims to fill the existing knowledge gap by answering key questions relating to the impact and factors that influence the economic empowerment of village communities in several villages in Bulukumba Regency.

B. Research Problem

Based on the main problems that have been identified, then the research problems in this study are: Does the village accounting implementation affect the economic empowerment of village communities in Bulukumba Regency?; Does the leadership affect the economic empowerment of village communities in Bulukumba Regency?; and Does the village government innovation affect the economic empowerment of village communities in Bulukumba Regency?

C. Research Objectives

Based on the research problem described above, the aim of this research is to analyze the influence of village accounting implementation, leadership, and village government innovation on the economic empowerment of village communities in Bulukumba Regency.

D. Research Benefits

1. Theoretical Benefit

This study is expected to provide an explanation of the influence of village accounting implementation, leadership, and village government innovation in empowering the economy of village communities for further researchers.

2. Practical Benefits

- a. For village accounting officials/managers; This study expected to help the work of village accounting managers in analysing the factors that influence the economic empowerment of village communities.
- b. For the government; With this research, it is expected that the village government can make this research as a reference and benchmark about the factors affecting the economic empowerment of village communities in village government.