

CHAPTER I

INTRODUCTION

A. Background

At this time, the world is experiencing in a bad health problem that is the presence of covid-19 virus (corona virus disease 2019) which is declared by the World Health Organization (WHO). This virus can be transmitted or spread to the human body and has caused greater casualties and material losses, especially in the financial economic problems and rural communities. Even the corona virus outbreak had been established as a global pandemic by the World Health Organization (WHO) some time ago.

This has now become the public discussion and conversation that takes place throughout the world. After the statement stipulated by WHO, this certainly becomes a problem that must be a serious concern by governments and communities throughout the world. Starting from the economic sector, education, social, tourism, and some of these activities become very hindered. If the spread of the corona virus is not taken seriously, it is feared it can have a worse impact going forward.

The village government is part of the smallest regional government sub-system and directly touches the community. In the case of dealing with a Covid-19 pandemic in the region, aside from being the responsibility of the regional head, the village head should take the same role and responsibility in dealing with Covid-19 in his area.

Corona virus disease 2019 (COVID-19) has had a serious impact on the economic and health joints of rural communities, as well as following up on directions. Related to the priority of using village funds to strengthen economic joints through Padat Karya Tunai Desa (PKTD) and strengthening public health through prevention and handling of Covid-19, the president of the Republic of Indonesia issued a Circular Letter of the Minister of the Village, PDT and Transmigration.

The president of the Republic of Indonesia through presidential instruction No. 4 of 2020 instructs, first, for Ministries / Institutions to prioritize the use of existing budget allocations for activities that accelerate the handling of Covid-19 (Refocusing activities, and budget reallocation) by referring to the handling protocol Covid-19. The second president's instruction is related to the acceleration of refocusing activities and budget reallocation through the budget revision mechanism and immediately submits the budget revision proposal to the Minister of Finance in accordance with his main duties and functions. This acceleration has a function as a form of support for each Ministry / Institution by formulating programs and activities that support the acceleration of the handling of the Covid-19 outbreak. As formulated by the experts that the magnitude level of a pandemic is closely related to how quickly or effectively the policies issued by the government. Rapid policies will reduce the impact caused by the pandemic or the outbreak.

For the affected villages, anticipating the protocol the village government must follow the instructions for implementing the Covid-19 Task Force. One program that the villages must prioritize in the face of the corona virus outbreak is the Cash Intensive Work Program in the Village (PKTD) to help underprivileged or unemployed people survive in an economic slowdown that is very likely to occur in this situation. Other steps include the adoption of social distancing by rural communities and a healthy lifestyle (Nirwandar, 2020).

Measurement of government performance is very important because the performance measurement of government agencies is intended to increase accountability, transparency, organizational management and improvement of services to the community (Laurensius and Halim, 2005). Performance is a picture of the level of achievement of the implementation of an activity, program or policy to realize the goals, objectives, mission and vision of the organization in the formulation of the organization's strategic scheme, in general it can be said that performance is an achievement that can be achieved by an organization within a certain period (Bastian, 2001).

The purpose of measuring local government performance is to motivate local government officials to improve their performance in realizing good government and providing public services. In relation to the performance of public services, Thoha (2002) in Tuasikal (2007) asserts that public service is an activity that must prioritize the public interest, provide good service, low cost, facilitate political affairs, shorten service time, and provide decisions to the public so that they have the trust of the people.

The village governance in Indonesia has changed dramatically since the issuance of Law number 6 of 2014 concerning villages, which in their explanation places villages

as autonomous regions (Sofyani, Suryanto, et al., 2018). The village government is the smallest administration and government level in Indonesia so that the village has a strategic role to assist local governments in the process of governance including in handling this covid-19. Village autonomy is a strength for the village government to manage, organize and run its own households and take responsibility for it. The responsibility that must be done is the responsibility of managing the village budget, in accordance with Law number 6 of 2014 concerning villages. This means that, with the mandate in the Act, the village has the right to regulate and manage its government affairs based original rights and/or traditional rights recognized and respected in the government system of the Republic of Indonesia.

The principle adopted the management of village funds is that the money follows function means that funding follows the functions of government which become the obligations and responsibilities of each level of government (Simanjuntak, 2002). The village becomes a unit of the local community based on local origins and customs that are recognized in the national government system and are located in the district area. The village also has the authority to make regulations regarding the allocation of village funds which are part of the fiscal authority to regulate and manage its finances (Law No. 12 of 2008).

The government is also preparing village funds in the amount of Rp 46.909,13 billion to deal with the pandemic and impacts of the Covid-19. Village funds are divided into several parts such as profit sharing funds of Rp 463,12 billion and general allocation funds of Rp 4.000 billion for spending 25% DTU can be used partly / entirely for handling Covid-19, regional incentive funds of Rp 4.181,22 billion for the reallocation of

the plan to use DID for all categories, especially in the health sector, Physical Allocation Fund (DAK) of Rp 9.357,90 billion for the construction of isolation rooms and ventilators procurement, Non-Physical DAK of Rp 3.540 billion for puskesmas (primary health care), health center, including health centers various Covid-19 surveillance and the cost of sending samples to the laboratory, additional Non-Physical DAK of Rp 3.700 billion for regional medical personnel incentives, and village funds of Rp 21.659,44 billion for the prevention or handling of Covid-19 pandemic and for Direct Cash Assistance Rp 600 thousand / month for 3 months (covid19.go.id, 2020).

New funding and expanding authority sources are expected to improve handling Covid-19 in the village. For this reason, it is important that even at the village level a good organizational management system is known as good governance (Jones and Pendlebury, 2015; Mardiasmo, 2015; Ulum and Sofyani, 2016). The suggestion for the implementation of good governance practices aims to oversee and guarantee that village funds of considerable value can be managed well and be able to bring added value in village development in particular and the Indonesian State in general.

Muaro Jambi Regency is one of the areas affected by the corona virus. On May 3, 2020, based on the distribution of patients released by the Gugus Tugas (Task Force), Jambi City was the area with the most positive patients reaching 13, Merangin Regency with 10 patients, and followed by West Tanjungjabung Regency with 5 patients. In addition, Bungo and Muaro Jambi districts each had 2 patients. Meanwhile, for Sungaipenuh, Kerinci, Tebo, Sarolangun, Batanghari, and Tanjungjabung Timur districts each has 1 patient (muarojambikab.go.id, 2020).

Madjid, T (2020) states that there are 5 government policies in dealing with the Covid-19 pandemic; the reduction of electricity costs as a form of assistance to the community, large-scale social restrictions (PSBB), prohibition of going home, a number of credit reliefs, and a budget of Rp. 405.1 trillion to meet a number of needs in the midst of the Covid-19 pandemic this time.

The impact of the Covid-19 pandemic aside from the health aspect is firstly in terms of UMKM with difficulty in financing other operational and non-operational costs so that it can result in closing down. Secondly, in the sector of tourism with physical distancing regulations from the government results in limited traveling activity. As a result, tourism this year has decreased. Thirdly, it impacts the manufacturing. The impact of the corona virus on the economy is forcing manufacturing companies to reduce production costs and fire some of their employees or layoffs. If this pandemic situation continues, food security will be disrupted and a crisis will happen in Indonesia (Permana, I., 2020).

The Food and Agriculture Organization (FAO) has issued a warning that there is a potential for global food scarcity as a long-term impact of the Covid-19 pandemic (Majdid, T., 2020). Domestically, we have taken steps and prepared early to ensure food security in the regions during the pandemic. An example is providing subsidized food transportation assistance from surplus to minus areas. It is intended that farmers' crops can be absorbed by the market at fair prices.

The village government can carry out the task of village development properly if it is supported by the active participation of the community or village (Sofyani et al., 2018). Village development initiatives must adopt the mindset that village communities

are no longer objects but the subject of development (Sofyani, Suryanto, et al., 2018). Thus, community participation in village development can have a positive impact both on achieving performance and accelerating village development (Faulina, 2015).

Expected forms of community participation include the involvement of community leaders and village heads in village development planning meetings (or *Musrembangdes*), village budgeting, routine evaluation of village government performance, and implementation of activities programmed in the village (Faulina, 2015; Sofyani, Suryanto, et al. , 2018). In addition to community participation, the competence of village officials is also an important element in village financial management. Therefore, competent village officials will have an impact on good financial management which can be seen from the accountability and innovation of good village development as well.

Accountability and transparency are closely linked in good governance, so accountability and transparency must go hand in hand with government so that everyone can believe in the government's responsibility in carrying out its responsibilities. The word described above also corresponds to paragraph 58 of Q.S An-Nissa, namely:

إِنَّ اللَّهَ يَأْمُرُكُمْ أَنْ تُؤَدُّوا الْأَمَانَاتِ إِلَىٰ أَهْلِهَا وَإِذَا حَكَمْتُمْ بَيْنَ النَّاسِ أَنْ تَحْكُمُوا بِالْعَدْلِ ۗ إِنَّ اللَّهَ نِعِمَّا يَعِظُكُمْ بِهِ ۗ إِنَّ اللَّهَ كَانَ سَمِيعًا بَصِيرًا

This means, “In fact, Allah has commanded you to send a message to those who have the right to receive it and (ask you) whether to formulate a rule among men to define it fairly. Indeed, Allah tells the best reward: Verily, Allah Almighty, comprehensive.”

Although community participation and the quality of fund disbursement system are high, there are two factors that are not able to create a good quality of handling Covid-19, then it will not contribute to public trust. This idea is in line with the perspective of the institutional isomorphism mechanism of DiMaggio & Powell (1983) as further elaborated by (Sofyani, Akbar, et al., 2018). Proponents of institutional theory believe that organizations will not be able to achieve the substance expected from policies adopted if they are not based on substantive objectives. Thus, the quality of handling covid-19 which is substantive oriented can be seen as a prerequisite variable to achieve public trust referred to as an intervention variable. To this day, studies related to village accounting that examine the role of the quality of handling covid-19 intervention are still limited.

Accounting reform is one of the important agendas of regional financial management reform. To increase transparency and public accountability in order to support the implementation of regional autonomy and fiscal decentralization, public sector accounting reform is needed in Indonesia. The aspects needed in accounting reform are the need to have government accounting standards and the need to change the accounting system, namely the change from single entry to double entry (Mahmudi, 2009). Furthermore, the application of recording with a double entry system is intended to produce financial statements that are easier to carry out audits and tracking. With a double entry system, performance measurement can be done more comprehensively.

Kahnerman and Tversky (1979) in Herminingsih (2009) explained that based on prospect theory, it can be said that regional financial management (PKD) and take an active role in every government policy when they feel that the implementation of the

policy is beneficial. On the contrary, it will show that the attitude is less supportive or less instrumental or even refused in every policy implementation when they feel that the policy is considered detrimental. This attitude will affect overall organizational performance.

Establishment of Permendagri No. 22 of 2011 concerning guidelines for preparing the 2012 regional revenue and expenditure budget is intended so that regional financial management activities are carried out in an orderly, obedient to the regulations and laws that apply efficiently, effectively, transparently and responsibly with due regard to the principles of justice and compliance. The government also issued law no. 17 of 2003 concerning State finance which requires local governments to prepare financial reports as a form of financial management accountability. Furthermore, article 32 mandates the form and content of APBD financial statements prepared and presented in accordance with government accounting standards (SAP) established by government regulations namely Permendagri No. 13 of 2006 concerning regional financial accounting systems. The purpose of accounting in regional financial management is very reasonable because accounting can be one of the example tools that can be used to achieve government goals, namely improving people's welfare through community empowerment. Suwardjono (2005) asserts that from the perspective of accounting, especially in the financial accounting system, accounting must be able to play a role in controlling the wheels of government in the form of regional management based on applicable rules.

Implementation of public accountability is very necessary in budget management. Public accountability can be intended that the budgeting process that starts from the process of planning, preparing, and implementing the budget can be reported and

accounted to the government and the public. The public has the right to know information about the budget and accountability for budget implementation so that the local government will carry out all budget planning properly.

In writing, the village government reports the details of the realization of the APBDes for one year. Transparency and accountability of financial reports and effective performance reports can be used to increase public satisfaction (Rasheli, 2016). The rise and fall of the level of public trust in the village government is influenced by the quality of accountability in village financial management. This is in accordance with what was stated by Aucoin & Heintzman (2000) that to bridge the community and government and ensure the level of public trust, accountability is used.

Accountability to the community is important to do as a party that is in direct contact with the policies carried out by the village government. Therefore, the public must be provided with information related to the direction and achievements in making a policy. This is done so that the community is responsible for the success of a village development program/activity. Subjects as individuals or organizations that carry out public activities and actions must prepare accountability as a medium to gain public trust (Albrecht, 2017).

Therefore, the real role of the government and all its staff are needed to quickly, accurately and maximally seek and find solutions in efforts to prevent and handle cases of the spread of this corona virus. However, it is not enough just to the role of the government with all its ranks, awareness of the community to maintain personal and family health and safety must also be increased in order to prevent transmission of the

corona virus. In other words, synergy between the government and the community is needed to jointly solve the Covid-19 problem that is happening.

Based on the research of (Pratolo, 2020) also examined Community participation has a positive influence on village fund management, which shows that Community participation also has a significant effect on village management. According to research (Pratama, 2018) on determinants of effectiveness of performance-based budget implementation and budget absorption in local government and the result shows that understanding, training, and external pressure have a significant effect on the effectiveness of performance budgeting implementation. According to research by (Dungga, 2017) concerning the implementation of good governance principles in village governance in district telaga jaya, gorontalo district, which shows that the principles of good governance have been implemented in the implementation of village governance. While different results are shown by research conducted by (Gayatri., 2017) regarding transparency and accountability of village fund financial management to encourage the independence of rural communities which shows that there is a relationship between the implementation of transparency and accountability for financial management. village funds and there is a strong relationship with the variables of transparency, accountability and management of village funds.

This study is a reapplication of the study of Mada et al., (2017). The difference between the study and previous researchers is in the research method and add the quality of handling Covid-19 as intervening variable. This is due to the Covid-19 pandemic that occurred suddenly where community participation and the quality of Covis-19

disbursement system in the village government must be carried out as well as possible so that the performance of the apparatus can be seen by the community.

Based on the above description, the researcher is interested in a study entitled "THE EFFECTS OF THE COMMUNITY PARTICIPATION AND THE QUALITY OF DISBURSEMENT SYSTEM TOWARDS PUBLIC TRUST WITH THE QUALITY OF HANDLING COVID-19 AS THE INTERVENING VARIABLE" (AN EMPIRICAL STUDY OF VILLAGE GOVERNMENT IN MUARO JAMBI REGENCY).

B. Research Question

Based on the background description that has been written, the researcher sets out of the following research questions :

1. Does community participation have a positive effect on public trust?
2. Does the quality of fund disbursement system have a positive effect on public trust?
3. Does community participation have a positive effect on the quality of handling Covid-19?
4. Does the quality of fund disbursement system have a positive effect on the quality of handling Covid-19?
5. Does the quality of handling Covid-19 have a positive effect on public trust?
6. Does community participation and the quality of fund disbursement system have a positive effect on public trust with the quality of handling Covid-19 as the intervening variable?

C. Research Objectives

Based on the elaboration of the research questions above, the research objectives are as follows :

1. Find out the community participation have a positive effect on public trust.
2. Find out the quality of fund disbursement system have a positive effect on public trust.
3. Find out community participation have a positive effect on the quality of handling Covid-19.
4. Find out the quality of fund disbursement system have a positive effect on the quality of handling Covid-19.
5. Find out the quality of handling Covid-19 have a positive effect on public trust.
6. Find out the community participation and the quality of fund disbursement system have a positive effect on public trust with the quality of handling Covid-19 as the intervening variable.

D. Benefits of Research

1. Theoretical

- a. This research is expected to provide accurate evidence of the factors that affect the quality of handling Covid-19 on the public trust.
- b. This research is expected to increase knowledge about the effect of the community participation and the quality of fund disbursement system on the quality of handling Covid-19.
- c. This research is expected to be a reference for future research in terms of providing more accurate and detailed information.

2. Practical

- a. This research is expected to give significance to the influence of community participation on the quality of handling Covid-19.
- b. This research is expected to trigger community participation and the quality of disbursement system to get public trust so that the goals in the quality of handling Covid-19 can be achieved.
- c. This research can have a positive impact on the community regarding changes made by the local government in contributing to helping the community.