

## **Economic and Social Factors' Impact on Desa Kebun Kelapa's Financial Performance**

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### **Abstract**

This case study examines the influence of economic and social components on village financial performance. At the village level, economic and social factors are two important components that can influence financial welfare and efficiency. In this context, this research focuses on villages in areas inhabited kebun kelapa village. Quantitative analysis is used for both primary and secondary data. Primary data was collected through direct interviews with the head, treasurer and other related staff in the village. Secondary data consists of village financial documents and relevant economic statistics. Multiple linear regression was used to analyze data to determine the influence of economic and social factors on cooperative performance. These results can provide a better understanding of how economic and societal factors influence village financial performance. They can also provide policy recommendations that can help villages with coconut plantations improve their economic performance. In terms of local resource management and rural development, this research is very important.

### **Keywords:**

Economic factors, social factors, village financial performance, village progress, Desa Kebun Kepala

### **Introduction**

Central and regional governments have begun implementing public accountability as a result of high stakeholder demands for effective governance. Accountability basically means providing information and disclosure to the authorities about the actions and financial performance of the government through media accountabilities on a regular basis. The village apparatus is an important part of the system of service to the community as a whole and has a responsibility as an extension of the hands of the central government to the villagers. According to the Act No. 6 of 2014, village finances cover all the rights and obligations of the

village that can be valued in monetary terms, as well as all the money and goods related to the implementation of such rights and responsibilities. In the case of village finance, the village government must prepare the Report on the Implementation of the APBDes and the Report of the Responsibility of the Improvement of the ApBDes, which consists of the



planning and maintenance phases, implementation and entrepreneurship, and the reporting and accountability of village financial management. (BPKP, 2015).

Figure. 1 The area of Desa Kebun Kelapa

The village is located on the north side of the town of Secanggang with a distance of 3.5 km and from the city of Langkat district 11.5 km, bordered by the Lined Hinai Kelurahan on the south side, bounded with the Snake River Village and the Ibus Tanjung on the east side, borders with the Karya Maju Village (Kecamatan Tanjung Pura) on the North side and borders on the Muka Paya Village on the west side.

Data Source: Processed by researchers, 2023

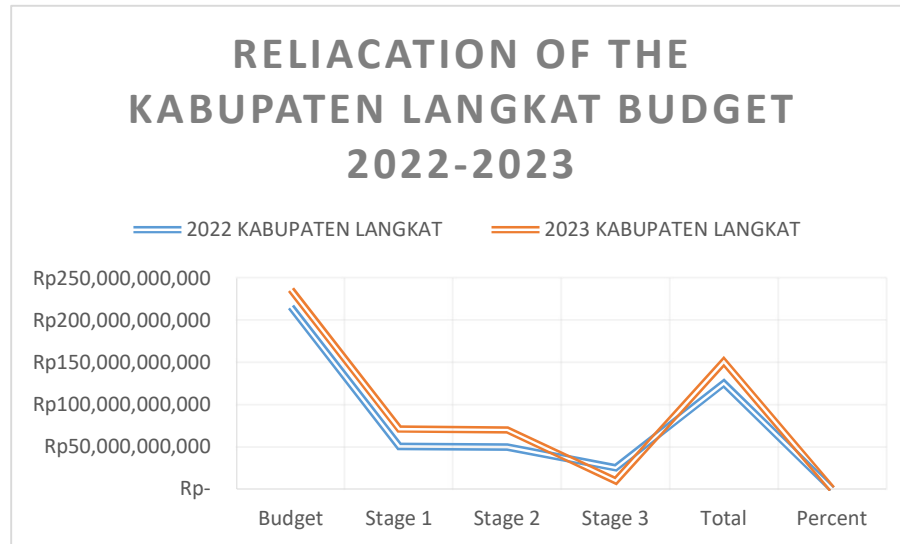


Figure. 2 Reliacation Budget of Kabupaten Langkat(2015).

## Literature Review

### Financial Performance

To achieve balanced development and prosperity for rural communities, village financial performance is very important. Villages, as the most advanced part of government, are responsible for providing public services, building infrastructure, and improving the welfare of their residents. We will discuss how village financial performance can influence development and how certain elements can be improved to achieve the broader goals in this story.

According to Bastian (2017), financial performance in public sector accounting is defined as the number of activities, programs and policies that have been implemented to achieve the goals, objectives, mission and vision of the organization. These activities are included in the organization's strategic plan over a certain period of time.

Sebastian (2017) also said that performance indicators function to explain what, how much, and when an activity is carried out, and build agreements with various related parties to prevent wrong interpretations during the implementation of activities when assessing performance. Building a basis for measurement, analysis and evaluation of organizational or work unit performance is an additional task.

### Economics



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In much of the literature on economics, the term "economics" or "economy" comes from the Greek, "Oikos" or "Oiku" and "Nomos", which means "household rules". In other words, the meaning of "economics" includes all matters relating to domestic life. Over time, the term "household" has evolved to refer to Economics generally defined as the science that investigates how individuals, societies, and countries manage material resources to improve human well-being. This is because economics is the science of how humans act to meet their different life needs and thrive with existing resources by making the right choices. A village's dependence on one or several particular sources of income, such as government transfer funds, can make the village's financial performance vulnerable to fluctuations and policy changes.

### Social

Social according to the KBBI are matters relating to society or social characteristics that pay attention to the general public. So social can be said to be human behavior that relates or cooperates with one another in social life, with the aim of fulfilling the needs and desires in their respective lives, including the need for clothing, shelter and also food. Meanwhile, economics can be interpreted as human behavior in seeking means of satisfying needs to achieve prosperity and happiness in their lives.

### Methods

This research uses quantitative research methods. As far as the object of this research is the opinion of the farm farm farmers of the Secanggang district of Langkat about the economic and social factors to then be analyzed in order to know the significance of its relationship with the financial performance of the village. As for the sample used in this study, it's an entire population of 25 people. To obtain valid, relevant and accurate data, the data collection techniques in this study are performed using a questionnaire.

Tabel. 1 Operational definition of variables

Variable	Dimensions	Indicator	Measurement Scale
<b>Financial Performance</b>	Efficiency	- Resource	Likert
		- Budget	
	Effectiveness	- On Target	Likert
		- Right on Tager	
		- According to objectives	

Economic	Appropriate reporting	- Accuracy - Timeliness of reporting - Reporting in accordance with regulations	Likert
	Income	- Monthly salary of village officials	Likert
	Well Being	- Employment social security	Likert
Social	Competence	- Ability to manage village finances - Ability to analyze planning and financial evaluation	Likert
	Village social	- Customs t - Local ethnic groups	Likert
	Village autonomy	- Local village regulations	Likert

Data Source: Processed by researchers, 2023

This research is used to test hypotheses using statistical calculations that test the influence of the independent variable on the dependent variable studied. The data analysis methods used are classical assumption testing, multiple linear regression analysis and hypothesis testing using the Statistical Package for Social Science (SPSS) Ver 26.

Data Source: Processed by researchers, 2023

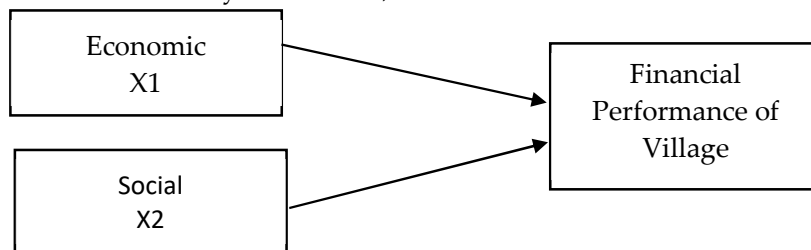


Figure. 1 Framework of thinking

## Results

This study uses statistical analysis such as double linear regression to analyze data and find the influence of economic and social factors on village financial performance. These results can also provide a better insight into how economic and societal factors affect village finance performance and provide policy recommendations that can help coconut garden

villages improve their financial performance. Rural development and local resource management are significant research topics.

Tabel. 2 The Result of Multiple Linear Test

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	21.974	5.180		5.033	.000
	Economic	0.013	0.012	0.045	2.269	0.042
	Social	0.035	0.087	0.086	3.711	0.012
a. Dependent Variable: Financial Performance						

Source:

SPSS Processing Results Vers. 26 (2023)

$$Y = 21,974 + 0.013X_1 + 0.035X_2 + \epsilon$$

- 1) The constant value of 21,974 states that if the free variable X<sub>1</sub> (economic), the variable x<sub>2</sub> (social) is considered zero (0), then the value of the bound variable Y (district financial performance) is 21,974. A positive value coefficient means that there is a positive relationship between the economic variable (X<sub>1</sub>), the social variables (X<sub>2</sub>) and the district financial performance (Y), the higher the value of the work discipline to the maximum limit, the higher it will be.
- 2) The value of the X<sub>1</sub> (economic) regression coefficient of 0.013 indicates that each addition of one economic variable, will improve district financial performance by 0.013.

### Partial Test

- 1) That tcount > ttable is 2,269 < 1,686 and a significance of 0,042 > 0,05 then it is concluded that H<sub>a</sub> accepted and H<sub>0</sub> rejected means that the economic variable (X<sub>1</sub>) has no significant influence on the village's financial performance.



- 2) That  $t_{count} > t_{table}$  is  $3,711 < 1,686$  and significance  $0.012 > 0.05$  then it is concluded that  $H_a$  accepted and  $H_0$  rejected means the social variable ( $X_2$ ) has no significant influence on the village's financial performance
- 3) The value of the  $X_2$  (social) regression coefficient of 0.035 indicates that each addition of one social variable, will improve the village's financial performance by 0.035.

### Simultaneous Test

Tabel. 3 The Result of Simultaneous Test

ANOVA <sup>a</sup>					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	160.480	2	55.187	5.682	.009 <sup>b</sup>
Residual	398.635	25	15.814		
Total	559.115	27			
a. Dependent Variable: District Financial Performance					
b. Predictors: (Constant), Economic, Social					

From the table above, the result is that the value of the calculus is 5,682. Then you need to search the  $F_{table}$ . If the  $\alpha$  or alpha value (error) = 5% = 0.05 then the  $F_{table}$  value at the confidence level of significance 0.05 is 5.682. The test results found a calculation value of  $1.116 < F_{table} 2.866$ , and a significance value of  $0.008 < 0.05$  this means that  $H_0$  is rejected and  $H_a$  is accepted. This means that the variables  $X_1$  (economic),  $X_2$  (social), are simultaneously influential and significant in the financial performance of the village.

### Discussion

#### 1) Economic Influence on the Financial Performance of Kebun Kelapa Village

Economics is generally defined as a science that investigates how individuals, communities and countries manage material resources to improve human welfare. This is because economics is the science of how humans act to meet their different life needs and thrive with existing resources by making the right choices. The results of the Economic variable with a  $t_{count}$  value are 0.254 with a significant value of 0.801 while  $t_{table}$  is 1.686 with a significance of 0.05 so it can be concluded that  $t_{count} > t_{table}$ , namely  $0.254 < 1.686$  and a significance of

$0.801 > 0.05$ , so it can be concluded that  $H_0$  is accepted and  $H_a$  is rejected. This means that the Economic variable ( $X_1$ ) does not have a significant effect on the financial performance of Kebun Kelapa village.

## 2) Social Influence on the Financial Performance of Kebun Kelapa Village

Social according to the KBBI are matters relating to society or social characteristics that pay attention to the general public. So social can be said to be human behavior that relates or cooperates with one another in social life, with the aim of fulfilling the needs and desires in their respective lives, including the need for clothing, shelter and also food. Meanwhile, economics can be interpreted as human behavior in seeking means of satisfying needs to achieve prosperity and happiness in their lives. The results of the social variables with a tcount value are 0.924 with a significant value of 0.362 while ttable is 1.686 with a significance of 0.05 so it can be concluded that  $tcount < ttable$ , namely  $0.924 < 1.686$  and a significance of  $0.001 < 0.05$ , so it can be concluded that  $H_0$  is rejected and  $H_a$  is accepted. This means that the work discipline variable ( $X_2$ ) has a significant effect on the finances of Kebun Kelapa village.

## 3) Economic and Social Influence on the Finances of Kebun Kelapa Village

From the table above, the results show that the Fcount value is 3.433. Next, you need to do a search on Ftable. It is known that  $Ftable_{Df1=k=4, Df2=40-4=36}$ . The value of  $\alpha$  or alpha (error) =  $5\% = 0.05$ , so the Ftable value at the 0.05 significance confidence level is 3.433. The test results showed that the Fcount value was  $1.116 < Ftable 2.866$  and the significance value was  $0.002 < 0.05$ , this means that  $H_0$  was rejected and  $H_a$  was accepted. This means that variables  $X_1$  (Economic),  $X_2$  (Social) have a simultaneous and significant influence on Village Financial Performance.

## Conclusion

- 1) In the economic variable That  $tcount > ttable$  is  $2.269 < 1.686$  and a significance of  $0.042 > 0.05$  then it is concluded that  $H_a$  accepted and  $H_0$  rejected means that the economic variable ( $X_1$ ) has no significant influence on the village's financial performance.
- 2) In the social variable 2) That  $tcount > ttable$  is  $3.711 < 1.686$  and significance  $0.012 > 0.05$  then it is concluded that  $H_a$  accepted and  $H_0$  rejected means the social variable ( $X_2$ ) has no significant influence on the village's financial performance.



- 3) Simultaneously The test results found a calculation value of  $1.116 < F_{table} 2.866$ , and a significance value of  $0.008 < 0.05$  this means that  $H_0$  is rejected and  $H_a$  is accepted. This means that the variables  $X_1$  (economic),  $X_2$  (social), are simultaneously influential and significant in the financial performance of the village

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