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## Village Asset Empowerment: Efforts to Increase Village Local Revenue

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### ABSTRACT

*This research aims to reveal the optimal empowerment of village assets to increase revenue. This research uses a qualitative descriptive approach, a research method to provide an objective description of the aim reality that occurs in a condition or environment. The data collection techniques were observation, in-depth interviews, literature study, and documentation. The data collection method led researchers to identify and understand the objective reality of the research location. The context of this research describes the utilization of assets owned by the village government to increase village revenue. The results show that in the context of certain village governments, there are indications that managing village assets still relies on administrative activities. The economic value potentially generated from assets could be more optimal because the focus of asset management is still limited to fulfilling administrative obligations. This research encourages that the management of village assets needs to be carried out intensively through asset empowerment schemes by third parties to provide economic value compensation for increasing village revenue.*



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## 1. INTRODUCTION

Village funds originating from the central government are a new source of income for the village government that is large enough to increase the village's financial capacity so that the village government can maximize services to the community through village development using the village budget. Successful processing of village funds depends on human resource capacity and elaboration with village governments (Saputra et al., 2019). The trend of growing village funds over the last few

years should be followed by an increase in the number of assets owned by the village. The significant value of assets requires efficient and effective management to benefit the community (Syahrizal & Meirinawati, 2018).

Since the Village Law No. 06/2014 came into effect, the village has a new face where the town, through the village government, can manage its wealth independently according to the community's needs. Village wealth can be physical (hard) and non-physical (soft) (Masrurroh et al., 2021). Agricultural irrigation, village treasury land (some villages call it differently), village roads, village offices, village meeting halls, and village markets are examples of physical village wealth. Non-physical village wealth can be in the form of local artistic traditions, religious ceremonies, and local culture, or it can also be in the form of mythological stories that live in the habits of the village community, which are then transformed into the local wisdom of the community (Arcana et al., 2021).

The village owns wealth, the management of which is then handed over to the village government or to a local entity that has received recognition and approval from the local community. "Village wealth" can also be termed as village assets. Physical wealth is equivalent to tangible assets, while non-physical wealth is equivalent to intangible assets.

Village assets should be used for the benefit of rural communities. The use of agricultural infrastructure by farmers to support agricultural activities, as well as access roads for smallholder plantations, are used to support plantation activities, including several other types of assets that are used for the benefit of the community (Mustofa, 2013). Assets owned by the village government are used to improve the welfare of the village community.

Village asset management is not limited to conducting inventories aimed at securing assets but, more importantly, optimizing the use of assets. Every purchase owned by the village government can provide benefits in the form of economics for the village government itself (Village Original Income).

Based on the explanation above, asset management is not only administrative but, more than that, it requires efforts that impact optimizing village government revenue. Therefore, the purpose of this research is to reveal optimal village asset-based empowerment to increase village revenue.

## Literature Review

Assets are the backbone of public service delivery for public institutions such as the government. Most of the government budget is allocated for capital expenditure, which turns into government assets. The government allocates a large enough asset expenditure budget so that all elements of society can enjoy assets in the form of public facilities. Roads, bridges, irrigation, and other assets are public facilities for every citizen to support daily activities. The need for assets encourages the government to manage them accountably, efficiently, and effectively. As stated by Mardiasmo et al. (2010), government assets need to prioritize efficiency considerations to meet the needs of all community elements. Likewise, regarding the effectiveness of village government asset management, according to Rachmawati et al. (2018) achieving effectiveness in village asset management requires competence for asset managers. In line with this statement. Ekayanti et al. (2018), argued that the quality of local resources can create effectiveness in asset management. "local" means the resources of regional apparatus in the district. Regarding the competence of human resources in asset management, both studies recognize that it is needed even though they conduct research in different government entities.

The distribution of village assets in several places is an obstacle for managers in supervising and monitoring the physical condition of assets. The competence of apparatus resources is vital in monitoring government assets. As revealed by Pekei et al. (2014), their empirical research found that the quality of monitoring in regional asset management requires adequate human resource support.

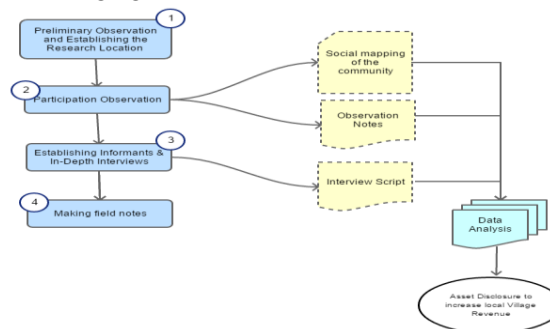
Arlini et al. (2014) stated that human resources' quality statistically influences asset management quality. However, the same research also explained that material compensation factors play a role in shaping the quality of asset management. Dewi *et al* (2017), through their research in the Village Government, found that the professionalism factor of the apparatus and the optimization of the utilization of village assets can encourage an increase in village revenue.. Risnawati (2017), by applying qualitative methods, found that village asset management has been running according to applicable regulations and has the potential of economists to improve welfare.

Understanding village government assets from the perspective of stewardship theory, Wijayanti et al. (2016) outlined the formal legal aspects of government-owned assets. The research successfully found that the assets owned by government entities still have properties that are not supported by formal legality evidence. Obstacles to formal legality evidence make it difficult for the government to recognize property assets that belong to the government. The implementation of village government and asset management regulations led to the conclusion that it has been unable to run optimally. Likewise, properties owned by village governments should have attribution of acquisition or market value (Deviantari et al., 2019) ; on the contrary, some properties have not been attributed with monetary value.

## 2. METHOD (12 pt)

This research uses a qualitative descriptive approach, a research method to provide an objective description of the aim reality that occurs in a condition or environment. The context of this research describes the utilization of assets owned by the village government and then utilized to increase village revenue. The data collection techniques were observation, in-depth interviews, literature study, and documentation.

Gathering information in the context of the environment in which the research location is located is a stage in fieldwork. Visiting and directly observing village asset management activities within the village government. Researchers can show sensitivity to social issues when in the field to obtain information to gain an in-depth understanding of village asset governance. Such conditions require researchers to be amid the village government's bureaucratic environment.



**Figure 1: Flow of Field Research**

### Informants

Each informant is a source of information and clues (gatekeeper) to lead to the next informant, so it continues to roll (snowball) until finding key informants (key informants). The standard procedure in conducting qualitative research is to conduct in-depth interviews with several informants. Researchers conducted unstructured interviews with elements of village institutions consisting of village officials, members of the Village Representative Council (BPD), the Village Community Empowerment Agency (LPMD), the Management of Village-Owned Enterprises, all of which are located in the administrative area of the Village Government.

Table. 1. List of Research Informants

No.	Informant
1.	Head of Village Government
2.	Village Government Secretary
3.	Head of Planning Affairs
4.	Head of Financial Affairs
5.	Village Asset Management
6.	Chairman of the Village Representative Body
7.	Chairman of the Village Community Empowerment Organisation
8.	Chairman of Village-Owned Enterprises
9.	Community Economic Business Group

Processed by the researcher

Researchers conducted in-depth interviews related to the policies applied by the village head to village assets. The village government manages assets by emphasising administrative activities such as recording, administration and reporting in the village asset inventory book. Similar information was expressed by the asset management officer that so far, he has been responsible for the administrative management of assets as guided by regulatory provisions.

In the planning aspect, interviews with the head of planning revealed that asset procurement aims to fulfil the needs for supporting the implementation of village government in addition to fulfilling the aspirations of the village community for infrastructure procurement. This section of village assets focuses on administrative plans, and the planning section needs to pay attention to efforts to utilise village assets that are legally owned but do not provide optimal economic value.

### 3. RESULTS AND DISCUSSION

#### Results

The improved and successful village budget capacity has led to many changes in rural areas. The development budget for infrastructure continues to increase, and rural communities have enjoyed the results. Agricultural distribution channels have helped farmers mobilize their crops to commodity sales points. Likewise, residents who run small businesses in rural areas have benefited from village road infrastructure when channeling processed food products, handicrafts, and other business products to marketing places.

Village infrastructure is one of the various assets owned by the village government. In contrast to village roads, other types of assets such as village land, village-owned springs, village-owned forests, and several others have yet to provide optimal results for the economic interests of the village community. Village assets have been managed merely to fulfill administrative demands by management regulations. Other aspects, such as utilization efforts, have yet to be touched upon, even though these aspects can benefit the village economy.

Field observations show that the village government has several types of assets that do not function in supporting operational activities and, at the same time, do not provide economic benefits. In addition to not providing economic value, it causes maintenance and security expenses every budget period. The burden component attached to an asset that does not compensate for the value of economic, social, or cultural benefits creates inefficiency, and the accuracy of budget targets has yet to be achieved. This situation is different from the principle of the public budget as a control tool (Nugroho, 2012) and an instrument of economic growth (Siswati, 2019).

Village assets in the form of land are properly recorded but still need to provide economic benefits to the village government or local communities. Land assets still leave formal legality issues for some village governments.

In another dimension, village asset management regulations allow village governments to utilize assets to benefit the rural economy. The space for asset utilization is expected to contribute revenue to the village government. Professionalism in utilizing village assets is unity and complementary to realizing quality village revenue. Dewi et al. (2018) stated that efforts to optimize the management of village assets professionally can have a positive impact on village revenue.

Innovative steps taken by the village government by optimally utilizing assets can generate village revenue. Innovative efforts are an essential factor in encouraging asset utilization to generate income for the village. Village officials can explore economic potential by utilizing village assets as a stimulation in encouraging village income. In certain areas, village officials with innovative abilities can have economic implications for village government institutions and local village communities (Juliarso & Hidayat, 2017).

Empirically, the utilization of village assets can have an impact on village revenue. The government, as the asset manager, obtains economic benefits from asset utilization. In addition to the benefits for the government, the existence of assets is also directed to provide economic benefits for rural communities. Thus, village assets provide two-way implications to the village government while providing economic benefits to local communities.

Available resources encourage the implementation of village government to run well. Resources in this sense are not limited to budget availability but can be understood as the ability and competence of village government apparatus resources. The competence of the apparatus is expected to have implications for the implementation of village government in a reasonable and accountable manner. "Good" can manage all village government assets economically and efficiently.

The economic utilization of village assets means that the assets can generate income if the management is in the hands of other parties. The utilization of assets by other parties creates an obligation to compensate the asset owner, namely the village government. This opportunity provides an opportunity for the village government to increase revenue through the utilization of village assets (Eka et al., 2017).

Communities have equal opportunities to earn income through village government assets. Using village assets through villagers provides opportunities for village small businesses to develop better. The village government encourages the improvement of village small businesses by utilizing the potential resources of village assets by establishing tourism villages. The participation of local businesses in tourism village activities encourages an increase in village community income, as is being done by the Ponggok village government through the Embung Ponggok tourism village concept. (Rahajeng & Suprpto, 2019; Sofi & Mutiarin, 2018; Zakiyah et al., 2017).

Village-owned enterprises as social enterprise institutions have a business orientation aimed at the economic interests of village communities. The business activities of the enterprise are run to stimulate the economic activities of local rural communities. This perspective is expected so that village small businesses can develop by the development of family economic needs. Thus, village-owned enterprises are present to support family business activities in the countryside together.

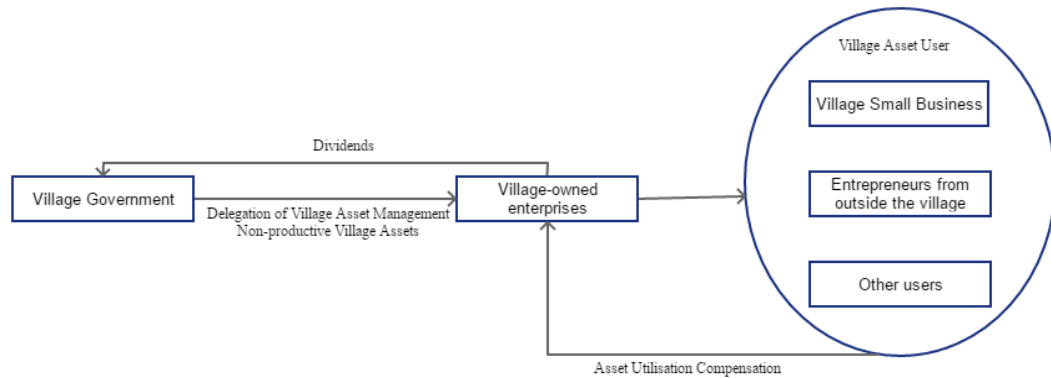


Figure 2. Scheme of Asset Utilisation Through Village-Owned Enterprises

Increasing the economic value contribution of village assets through utilisation schemes for other parties allows village governments to generate revenue through village-owned enterprises. Village-owned enterprises have the authority to manage assets for utilisation by other parties. Economic compensation for utilising village assets received by the village-owned enterprises in a certain percentage will become dividends for the village government. This utilisation remains under the auspices of applicable regulations related to managing village assets.

The users of village assets come from small business actors, entrepreneurs from outside the village or other business actors with business development plans that touch rural areas. Business actors can utilise village assets to support business activities in rural areas. The collaboration of village-owned enterprises and business actors utilising village government assets encourages economic stimulation for communities in rural areas.

#### 4. CONCLUSION

Village assets are significant to the government in supporting community service activities. The village government is also at the forefront of providing public services, and the existence of assets is essential. Although the existence of assets is recognized as impacting community services and supporting government activities, many of these assets have yet to be used functionally. Village governments with such assets face the problem of budget implications or at least the burden of asset depreciation. The decrease in asset value every year but not providing service implications has an excellent opportunity for public losses. Village assets with conditions that cannot provide service benefits have space for utilization that has the potential to open up opportunities for increasing village revenue. The regulation of village asset management is a gateway for the village government to encourage the increase of village revenue by utilizing village government assets. This research is expected to provide academic considerations for village government officials to increase village revenue by utilizing village assets. This research is a qualitative study with a contextual nature, so the results of this research have limited generalization.

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