

## **The Influence Of Financial Literacy On The Effectiveness Of Village Fund Management In Tompobulu District, Gowa Regency**

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### **Abstract**

*This research is a type of quantitative research with the aim of determining the influence of financial literacy on the effectiveness of village fund management in Tompobulu District, Gowa Regency. The type of data used is quantitative analysis with data collection through observation and questionnaires using data collection techniques: validity and reliability tests, classical assumption tests and simple regression analysis. The research results that can be written show that financial literacy for the t count of 6,489 is greater than the t table of 1,691 ( $6,489 > 1,691$ ) has a significant effect on the effectiveness of village fund management. Based on the results of research conducted at the data collection, data management and data analysis stages regarding the influence of financial literacy on the effectiveness of village fund management in Tompobulu District, Gowa Regency, it can be concluded that financial literacy has a positive and significant effect on the effectiveness of village fund management in Tompobulu District, Gowa Regency.*

**Keywords:** *Financial Literacy, Effectiveness of Fund Management, Village*

## **INTRODUCTION**

The Republic of Indonesia depends on the countryside. Most of Indonesia's population was built in the sense of building villages, and the country was established following village development. More than 80% of Indonesia's population lives in villages throughout Indonesia, so this is easy to understand (Sumarsono & Effendi Purnomo, 2019).

Public financial governance starts from the central, regional and village governments. On the smallest scale, villages have a strategic role because they function as a link between the government and the community and are directly related to community needs. Basically, the progress of a village can be compared with the progress of a country. In this case, the government implemented a Village Fund Allocation (ADD) policy to distribute funds with the aim of creating an independent village (Boedijono et al., 2019).

An organization achieving its targets is greatly influenced by its level of effectiveness. The focus on effectiveness is achieving goals, or desired results. Achievement of goals usually indicates the level of effectiveness. If the achievement of regional government goals is in accordance with the level of needs desired by the regional government, it is considered an effective achievement. The effectiveness of village fund management shows how well the village government manages their funds (Gea et al., 2022).

Regulation of the Minister of Finance of the Republic of Indonesia Number 199/PMK.07/2017 concerning Procedures for Allocating Village Funds for Each Regency/City and Calculating Details of Funds for Each Village, which refers to geographic location, population and death rate, was used in 2018 to regulate allocations village funds fairly by taking into account the minimum amount of distribution that is evenly distributed to each village. Furthermore, the basic and formula allocations will be allocated proportionally.

In terms of development planning, implementation of activities, administration, and reporting and accountability for managing village funds, village government plays an important role for the community. The distribution of village funds begins with a transfer from the APBN to the city/district APBD and then forwarded to the APBDes, which is managed and supervised by the village government. Village funds can be said to come from the central government. The use of village funds can improve the welfare of village communities and reduce poverty levels (Gea et al., 2022).

According to Article 1 Paragraph 6 of 2014 of Law of the Republic of Indonesia Number 6 of 2014 and Regulation of the Minister of Home Affairs of the Republic of Indonesia Number 113 concerning village fund management, all activities related to village fund management are referred to as Village Financial Management. This activity includes planning, implementation, administration, reporting and accountability for village finances. This regulation provides a breath of fresh air for villages in Indonesia and shows that the government is truly committed to developing the Indonesian economy. They also protect and empower villages to become more prosperous and democratic. Every quarter, village funds are given in fantastic amounts to show the welfare and quality of Indonesia's human resources.

Financial literacy is defined as the level of understanding a person or society has about how they manage their finances efficiently according to their economic circumstances. The Indonesian Financial Services Authority (OJK) has established a vision, mission and principles of financial literacy. The vision is for Indonesian people to understand how to manage finances intelligently so that they can choose and utilize finances to achieve prosperity. Its mission is to increase public access to information and the use of money (Septiani & Wuryani, 2020).

According to OJK Regulation Number 76/POJK.07/2016 concerning Increasing Financial Literacy and Inclusion in the Financial Services Sector for Consumers and/or the Community, financial literacy covers all aspects of attitudes and behavior related to finance, not just knowledge, skills and beliefs.

Financial skills are essential to avoid financial problems. Because they have a strong understanding of finances, this generation will be happy living with the money they have. The purpose of this financial knowledge is to achieve prosperity. Financial literacy is key. Financial literacy means the ability to plan for the future, the ability to discuss money and financial issues, the ability to make the right financial choices, and the ability to make daily financial decisions related to various matters, including those related to the economy in general (Saraswati & Nugroho, 2021). Based on the description above, researchers are interested in conducting research with the title: "The Influence of Financial Literacy on the Effectiveness of Village Fund Management in Tompobulu District, Gowa Regency".

## **RESEARCH METHODS**

The type of research used is a quantitative approach using secondary data sources and primary data. The population in this study are all officials who manage village finances in Tompobulu District, Gowa Regency (6 villages). The number of samples used in this research was 36 people using the saturated sample method. The data collection methods used were observation and questionnaires.

## RESULTS AND DISCUSSION

### A. Research Result

The characteristics of respondents obtained through a questionnaire of 36 officers were used to find out general respondent data. Respondent characteristics were classified based on gender, age, highest level of education and years of work of respondents in this study. The following is data on the characteristics of respondents:

#### a. Characteristics of Respondents Based on Gender

Respondents by gender can be seen in the following table:

Table 1 Characteristics of Respondents Based on Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Man	27	75,0	75,0	75,0
	Women	9	25,0	25,0	100,0
	Total	36	100,0	100,0	

Source: SPSS 27 Data Processing Results, (2024)

Based on the data in table 4.1, it shows that the gender characteristics of the majority of respondents are dominated by men with 27 respondents or (75.0%) while there are 9 respondents with women or (25.0%). So the number of male and female respondents is relatively unequal.

#### b. Characteristics of Respondents Based on Age

Respondents based on age can be seen in the following table:

Table 2 Characteristics of Respondents Based on Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-25	0	0	0	0
	26-35	11	30,6	30,6	30,6
	36-55	16	44,4	44,4	75,0
	>55	9	25,0	25,0	100,0
	Total	36	100,0	100,0	

Source: SPSS 27 Data Processing Results, (2024)

Based on data from table 4.2, it shows that the characteristics of respondents based on age are 11 respondents aged 26-35 years or (30.6%), 16 respondents aged 36-55 years (44.4%), and respondents aged >55 namely 9 respondents or (25.0%).

From 36 respondents, it was found that village government officials in Tompobulu District dominated the age group who were still considered productive for work. Where the ability of officers who are of productive age is considered to be more energetic so that they are able to develop problems in the world of work, especially those that deal directly with society.

#### c. Characteristics of Respondents Based on Last Education

Respondents based on their last education can be seen in the following table:

Table 3 Characteristics of Respondents Based on Last Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	S3	0	0	0	0
	S2	0	0	0	0
	S1	17	47,2	47,2	47,1
	D3	4	11,1	11,1	58,3
	SMA	15	41,7	41,7	100,0
	Total	36	100,0	100,0	

Source: SPSS 27 Data Processing Results, (2024)

Based on data from table 4.3, it shows that the characteristics of respondents are based on their latest education, namely 17 respondents or (47.2%) have a history of a bachelor's degree, 15 respondents or (41.7%) have a history of a high school education, and 4 respondents or (11.1%) have a recent educational history of D3. Of the 36 respondents, it was found that none of the village government officials in Tompobulu District had a history of Masters or Doctoral degrees.

d. Characteristics of Respondents Based on Years of Work

Respondents based on length of service can be seen in the following table:

Table 4 Characteristics of Respondents Based on Time

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<1 Year	0	0	0	0
	Between 1-5 Years	9	25,0	25,0	25,0
	Between 6-10 Years	18	50,0	50,0	75,0
	>10 Years	9	25,0	25,0	100,0
	Total	36	100,0	100,0	

Source: SPSS 27 Data Processing Results, (2024)

Based on the data in table 4.4, it shows that the characteristics of respondents are based on length of service, namely that of the 40 respondents who had a service period of between 1-5 years, 9 respondents or (25.0%), 18 respondents had a service period of between 6-10 years or (50.0%). %, and work period >10 years as many as 9 respondents or (25.0%). Where

From 36 respondents, it was found that none of the village government officials in Tompobulu District had a service period of <1 year.

#### B. Descriptive Statistical Analysis

The data used in this research is primary data. Primary data in this research was obtained by distributing questionnaires to obtain assessment data from officials at the Tompobulu District Village Office, Gowa Regency regarding financial literacy and the effectiveness of managing village funds. The sample in this study was 36 people.

Table 5 Results of Descriptive Statistical Analysis

N		Minimum	Maximum	Mean	Std. Deviation
X	36	19,00	30,00	25,66	3,189
AND	36	16,00	30,00	24,80	3,151
Valid N (listwise)	36				

Source: SPSS 27 Data Processing Results, (2024)

Based on the table above, descriptive statistical analysis of variables can be explained as follows:

- Variable X has a minimum value of 19.00 and a maximum value of 30.00. Meanwhile, the average value is 25.66 and the standard deviation is 3.189.
- Variable Y has a minimum value of 16.00 and a maximum value of 30.00. Meanwhile, the average value is 24.80 and the standard deviation is 3.151.

#### C. Test Research Instruments

##### a. Validity test

The validity test is used to find out whether the question items in the questionnaire are valid or not. The trial was carried out by comparing  $r_{count}$  with  $r_{table}$ . If the results show that  $r_{count} > r_{table}$  declared valid, whereas if  $r_{count} < r_{table}$  declared invalid. With  $N=36$  and 5% significance in the distribution of  $r$  values  $r_{table}$  statistics, then the  $r$  value  $r_{table}$  is 0.329.

##### 1. Financial Literacy (X)

Table 6 X Validity Test Results

Question	$r_{count}$	$r_{table}$	Information
X.1	0,495	0,329	Valid
X.2	0,811	0,329	Valid
X.3	0,645	0,329	Valid
X.4	0,791	0,329	Valid
X.5	0,773	0,329	Valid
X.6	0,660	0,329	Valid

Source: SPSS 27 Data Processing Results, (2024)

The table shows all valid instruments to be used as instruments or questions to measure the financial literacy variables being studied.

## 2. Effectiveness of Village Fund Management (Y)

Table 7 Y Validity Test Results

Question	$r_{count}$	$r_{table}$	Information
Y.1	0,485	0,329	Valid
Y.2	0,663	0,329	Valid
Y.3	0,585	0,329	Valid
Y.4	0,640	0,329	Valid
Y.5	0,624	0,329	Valid
Y.6	0,747	0,329	Valid

Source: SPSS 27 Data Processing Results, (2024)

The table shows all valid instruments to be used as instruments or statements to measure the variable effectiveness of village fund management under study.

### b. Reliability Test

Reliability tests were carried out to ensure that respondents' answers were consistent with their statements. The results of reliability testing are used to determine whether the research instrument can be used repeatedly at different times. To carry out this test, researchers used statistical methods *cronbach alpha* significant of 0.6, which means that if the value *cronbach alpha* > 0.6, then the statement items proposed in the measurement instrument have adequate reliability.

Table 8 Reliability Test Results

Variable	Number of Statement Items	Cronbach Alpha
Financial Literacy (X)	6 item	0,777
Effectiveness of Village Fund Management (Y)	6 item	0,662

Source: SPSS 27 Data Processing Results, (2024)

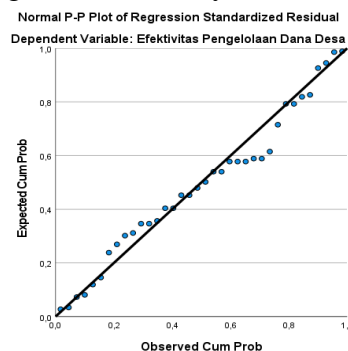
Based on table 4.8, the results of the reliability test can be concluded that the value *cronbach alpha* > 0.6, which means that all statement items from the variable are declared reliable.

## D. Classic Assumption Test

### a. Normality test

The normality test is used to determine whether the distribution of the independent variables and dependent variables in the data is normal. To find out about the normality of the data in this research by using the distribution on the graph *P-P Plot*.

Figure 1 Normality Test Results



Based on the image above, it can be seen that the data image actually follows the normal line, so it can be concluded that the regression model has a normal distribution.

**b. Autocorrelation Test**

In this research, the autocorrelation test uses the Durbin Watson test to determine whether or not there is a correlation between user errors in period t-1 or the previous period in the linear regression model.

Table 9 Autocorrelation Test Results  
Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,744 <sup>a</sup>	,553	,540	2,137	2,105
a. Predictors: (Constant), Financial Literacy					
b. Dependent Variable: Effectiveness of Village Fund Management					

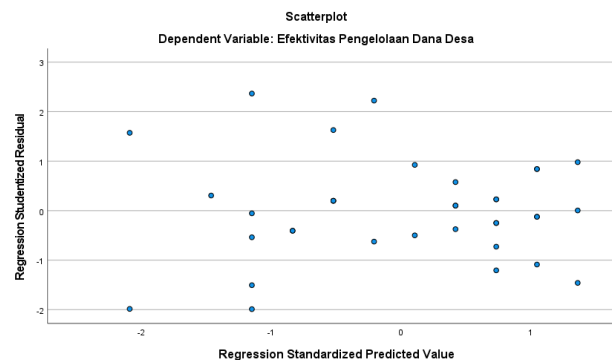
Source: SPSS 27 Data Processing Results, (2024)

Based on the results of the autocorrelation test using the Durbin Watson test, a value of 2.105 was obtained. If the Durbin Watson statistical test value is smaller than one or greater than three, then the residuals or errors in the simple regression model are not independent or autocorrelation occurs. Therefore, there is no autocorrelation because the Durbin Watson statistical test value is above one and below three.

**c. Heteroscedasticity Test**

The heteroscedasticity test aims to test whether in the regression model there is inequality in the residual variance from observation to other observations. In this research, the heteroscedasticity test was carried out using a graph plot test. Plot graphs are used to test heteroscedasticity in this study. If there is no clear pattern, and the points spread above and below the number 0 on the Y axis, it can be concluded that there are no symptoms of heteroscedasticity.

Figure 2 Heteroscedasticity Test Results



Source: SPSS 27 Data Processing Results, (2024)

Based on figure 4.3, it is known that the results of the regression analysis calculations appear to spread randomly, without forming a clear pattern or spread either above or below, as shown in the figure. This shows that the model does not show heteroscedasticity.

**E. Simple Regression Statistical Analysis**

The analytical tool used in this research is simple regression which is used to test the influence of an independent variable on the dependent variable, namely the influence of financial literacy

on the effectiveness of village fund management. The following are the results of a simple regression analysis test.

Table 10 Simple Regression Analysis Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Say.
	B	Std. Error	Beta		
1 (Constant)	5,940	2,929		2,028	,050
financial literacy	,735	,113	,744	6,489	,000
a. Dependent Variable: Effectiveness of Village Fund Management					

Source: SPSS 27 Data Processing Results, (2024)

Based on the results of the simple regression analysis test in the table above, it can be seen that the Constant value (a) = 5.940 and the Financial Literacy value (b) = 0.735, so the regression equation is as follows:

$$Y = a + bX$$

$$= 5,940 + 0,735 X$$

The equation can be described as follows:

- The constant of 5.940 states that if financial literacy is 0 then the effectiveness of village fund management remains at 5.940.
- The regression coefficient  $X = 0.735$  states that for every additional 1 financial literacy value, the effectiveness of village fund management increases by 0.735.

In the equation above, Y is the effectiveness of village fund management, and X is financial literacy. The X coefficient shows a positive sign, indicating that financial literacy is proportional to the effectiveness of village fund management. In other words, financial literacy influences the effectiveness of village fund management.

#### F. Hypothesis Testing

##### a. t Test (Partial)

The partial test (t test) is used to determine the hypothesis to determine how similar the two variables are. The t test was carried out at a significance level of 0.05% to ensure that  $t_{count} > t_{table}$  and the independent variable is considered significant. The following table provides further insight.

Table 11 Results Of T Test Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	T	Say.
	B	Std. Error	Beta		
1 (Constant)	5,940	2,929		2,028	,050
Financial Literacy	,735	,113	,744	6,489	,000
a. Dependent Variable: Effectiveness of Village Fund Management					

Source: SPSS 27 Data Processing Results, (2024)

Based on the results shown in table 4.11 above, it is known that Financial Literacy (X) was obtained  $t_{count} 6,489 > t_{table} 1,691$ . Thus, the hypothesis in this research is proven, meaning that



there is a significant influence of financial literacy on the effectiveness of village fund management in Tompobulu District, Gowa Regency.

b. Test  $R^2$  (Determination)

The coefficient of determination shows how much influence the independent variable (X) has on the variable (Y), which is indicated by the determinant value (adjusted R-square). How much influence the independent variable (X) has on the variable (Y) is shown by the coefficient of determination, whose value is between zero and one. The following table provides further insight.

Table 12 R Test Analysis Results<sup>2</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,744 <sup>a</sup>	,553	,540	2,137
a. Predictors: (Constant), financial literacy				
b. Dependent Variable: effectiveness of Village Fund Management				

Source: SPSS 27 Data Processing Results, (2024)

Based on table 4.12, it explains that the R Square value is 0.553 or 55.3%. This means that the ability of the independent variable is 55.3% while the remaining 44.7% (1 - 0.553) explains that this research is influenced by variables outside this research.

G. Discussion

This research was conducted to determine the influence of financial literacy on the effectiveness of village fund management in Tompobulu District, Gowa Regency.

Based on the results of this research, it provides evidence that financial literacy has a partially significant effect on the effectiveness of village fund management. It is proven that for  $t_{count} 6,489 > t_{table} 1.691$  coefficient has a positive effect on village officials in managing village fund finances in Tompobulu District, Gowa Regency.

From the research results described above, it appears that the independent variable, namely financial literacy, has a positive and significant influence on the dependent variable, effectiveness of village fund management, this is because good financial literacy can encourage good and effective financial management, because rural areas have good financial management. Both can make long-term and short-term plans by first looking at financial conditions.

The results of this research support the results of research conducted by I Wayan Kerthayasa & Ni Putu Ayu Darmayanti (2023) which stated that financial literacy has a positive and significant effect on financial inclusion in Pengaton Village, and technology has a significant positive effect on financial inclusion. This shows that with good financial literacy, village officials can become more proficient and professional in managing village finances.

**CONCLUSION**

Based on the results of the analysis and discussion carried out, it can be concluded that financial literacy has a positive and significant effect on the effectiveness of village fund management. This is proven because  $t_{count} 6,489 > t_{table} 1.691$  so the coefficient has a positive

effect on village officials in managing village fund finances in Tompobulu District, Gowa Regency.

Good financial literacy can encourage good and effective financial management so that you can make long-term and short-term plans by first looking at financial conditions.

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