



Influence of Village Funds on Capital Accumulation and Community Empowerment

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Abstract

This study aims at determining the effectiveness of the distribution and use of the Village Funds and their impacts on the increase in capital accumulation in Bondowoso Regency. This research is a quantitative research with a confirmatory approach because the researchers confirm the relationship between the research variables and test the hypotheses previously formulated. The analytical tool used is Structural Equity Modeling with the help of Lisrel 8.8 software. Respondents in this research amount to 75 villages in Bondowoso Regency that are selected based on purposive sampling (to select the subdistricts) and simple random sampling (to select villages/respondents). The results of research state that the effectiveness of the use of village funds has a significant influence on capital accumulation and empowerment of rural communities in Bondowoso Regency. Whereas capital accumulation has no significant influence on the empowerment of rural communities in Bondowoso Regency.

INTRODUCTION

Economic development in a region is an activity that must be conducted together and continuously either by the government, society, or private parties to realize the fair and equitable community welfare. Economic development is conducted as a step to realize the equitable development and the economic growth in a region to be better. Economic growth is one indicator frequently used in measuring the development level of a region. The economic growth of a region can be reflected through a change in the state and a structure of the economy that leads to an increase in the income of the society in general.

Based on the Acts No. 32 in 2004, a region is given the widest possible autonomy to take care of all government operations outside the authority of the central government to make regional policies related to the improvement in services and community empowerment, and also the real responsible autonomy. Decentralization is not only limited in the level of Regency or City but also Village as the legal community unit that has regional boundaries authorized to regulate and manage the interests of the local community, based on the local origin and customs recognized and respected in the government system of The Unitary State of the Republic of Indonesia (Government Regulation No. 72 of 2005).

As a consequence of giving an autonomous authority to the village in regulating and managing the interests of the local community, it is necessary to regulate the funding sources to support these activities, either from the Regency/City Governments, the Province Governments and the Central Government or from the funding sources from Village Original Income. To support such things above, now many programs either from the central government or the local government appear that aim at encouraging the rural community's ability to increase the local wisdom values and the social capital in the form of community empowerment, one of which is Village Fund Program, which is the realization of the right of village autonomy. From year to year

the use of Village Funds keep increasing, in 2015 the amount of village funds was 20.76 trillions and increased in 2016 to be 46.98 trillions. This village fund program has been planned to be improved to support the development in village level. It is necessary to manage a budget that is participatory, transparent, accountable and sustainable to run effectively the implementation of the Village Fund Program.

Based on the explanation of article 72 letter b of the Acts No. 6/2014, Village Fund is the funds sourced from the State Budget, which are transferred through the Regional Revenue and Expenditure Budget of the Regency/City used to fund the rural development activities, empowerment, rural government and social community. Although the Village has the right to manage its authority, it remains a part of the Regency/City and is not a separate autonomous region. In Article 25 PMK 247, Village Fund is prioritized to fund the development and the empowerment, implementation prioritized in self-management by using local resources/raw materials, and is sought by absorbing more labors from the local village community, so that this may create the capital accumulation from the Village Fund disbursed.

According to Marx, the first requirement of capital accumulation is in the capitalist plan to sell its commodities and to change back the greatest part of the money received to become capital. Marx's description of the process of capital accumulation, according to Turner (1981), comes from the nature of the added value as follows: First, simple reproduction focusing on the way of sustainability of capitalist social relations recreated by the hired laborers. Second, the conversion of the added value into capital, which focuses on the way in which the added value is used to accumulate the capital. Furthermore, capital accumulation will give a multiplier effect on the community empowerment. According to Sumaryadi (2005), the object of community empowerment is basically to help the authentic and integral human development from the weak, poor, marginal, and small communities and to

empower these community groups socio-economically so that they can be more independent and can fulfill their basic needs of life, but they are also able to participate in community development. The indicators of community empowerment are job opportunities, business opportunities, increased community participation, and increased public facilities and infrastructure.

A research conducted by Juniardi et al. (2015) shows that participatory, transparent, accountable and sustainable variables have significant influence on the effectiveness variable of the Village Fund distribution, then the sustainable variable has the most dominant impact on the effectiveness of village fund distribution. To manage the Village Funds, a village should prepare an institution consisting of the implementation team, the supervisor team, and the evaluation team specifically. The teams are so required that the Village Funds can be well managed and in accordance with the interests of the community (Juniardi et. Al., 2015). In the practice of village financial management it should involve the community participation to prevent the community to be suspicions of the village finance management. Villagers understand that accounting is an instrument of accountability and transparency in managing the village finances (Komang et.al. 2014).

In addition, a research conducted by Mahfud (2012) states that most of the use of the Village Funds is directed more towards physical activities (construction of physical facilities and infrastructure) followed by later for the welfare of village officials. Whereas the percentage of Village Fund use for the community institutions is not in accordance with the existing regulations. Other research states that Village Fund Allocation has the positive impact and the significant effect labor absorption, improvement in public infrastructure, increased community knowledge, increased community participation in village development (Riska, 2012).

Bondowoso Regency is one the regencies in Indonesia that has received and distributed Village Funds. Since the existence of the Village

Fund Program in 2015 the Government of Bondowoso Regency has continued supporting the programs launched by the central government in realizing more equitable development to the village level. Considering the large amount of the budget spent by the government in Village Fund distribution program, the Government of Bondowoso Regency needs to conduct regular evaluations on the effectiveness of distribution, management systems and the use of Village Funds so they can be more targeted. In addition, it also needs to be examined more deeply whether the Village Funds may increase the capital accumulation in the Village, and also whether the Village Fund is also able to increase the community empowerment that can be seen from the level of absorption, business opportunities, increased community participation, and improvement public facilities and infrastructure owned by the Village.

Based on the study of theory and phenomena above, the researcher is interested in conducting a research on the effectiveness of the Village Fund distribution towards the increased capital accumulation, community empowerment in Bondowoso Regency. This research aims at determining the factors that influence the effectiveness of Village Fund distribution and its impact on capital accumulation and community empowerment in Bondowoso Regency.

RESEARCH METHODS

This research is an explanatory research with quantitative approach. Explanatory research is a research that aims at explaining the existing phenomena and functioning to examine the hypothesis formulated previously. The result of research explains the causal relationship among the variables through the hypothesis testing. Variables in this research consist of one exogenous variable that is the effectiveness of Village Fund program (X1); one intervening variable that is Capital Accumulation (Y) and one endogenous variable that is Community Empowerment (Z). The site of research is located in Bondowoso Regency in which the population

used in this research is the whole rural government in Bondowoso Regency.

The type of data used is quantitative data, which is collected from the answers of questionnaire distributed to a number of respondents about written explanations on the problem of effectiveness of village funds, capital accumulation, and community empowerment. The type of data is the primary data, which is the data directly obtained from the site of research. While to support the discussion of research needs the source of secondary data that can be obtained from the Central Bureau of Statistics of Bondowoso Regency, the Ministry of Village, District Office, and Villages/Sub Districts in Bondowoso Regency.

The sampling method uses Double sampling or sampling withdrawal conducted in two steps; First, the sampling selection to the population of the districts in Bondowoso Regency using the purposive sampling technique. Second, the Villages/respondents from the District selected using the simple random sampling. The sample in this research is amounted 72 respondents.

The determination of the number of samples is based on opinions (Malhotra, 2005)

stating that the number of samples taken can be determined by the number of samples by minimally multiplying the sub-indicators with 5 to 10. The research consists of 12 sub-indicators including: 1) Village Fund Variables consisting of participatory, transparent, accountable and sustainable indicators. 2) Capital Accumulation Variables consisting of investment, production, income and savings indicators. 3) Community Empowerment Variables consisting of employment opportunity, business opportunity, increased community participation, and increased infrastructure indicators. Data analysis in this research uses Structural Equation Modeling (SEM). using Lisrel 8.8 software. According to Maruyama (1998) in Wijaya (2009), SEM is a statistical model that gives the estimation of calculation of the power of hypothesis relationships among variables in a theoretical model, either directly or through intermediate variables (Intervening or moderating). The variable of research consists of one exogenous variable that is the Effectiveness of Village Fund program (X1); one intervening variable that is Capital Accumulation (Y), and one endogenous variable that is Community Empowerment (Z).

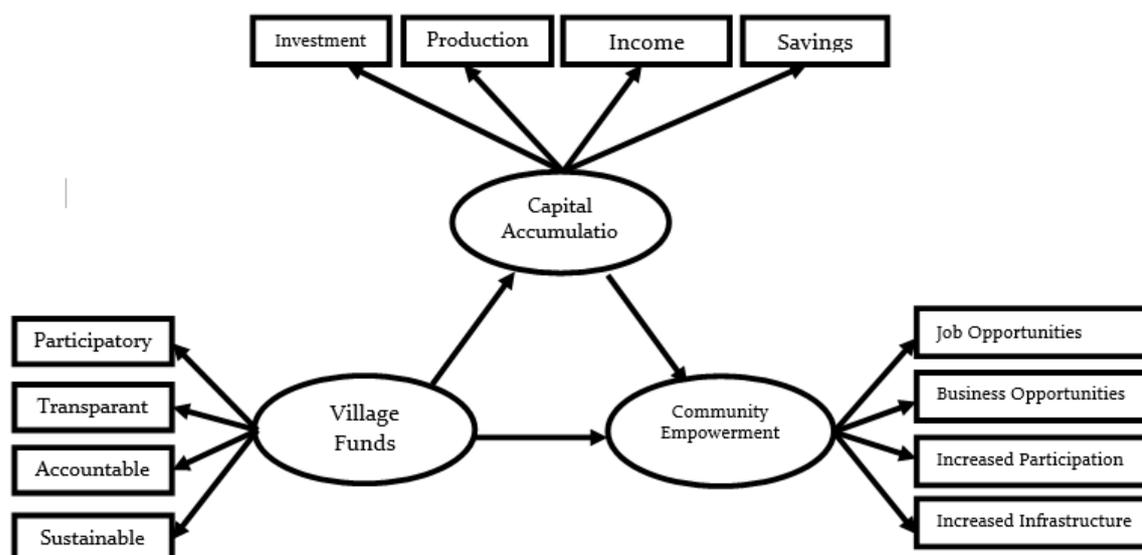


Figure 1. Design of Research

These three variables form a pattern of relationship as follows: a relationship between Village Fund and Capital Accumulation variables, a relationship between Village Fund and Community Empowerment variables, and a relationship between Village Fund variable and Community Empowerment variables through Capital Accumulation Variables. The structural equation model describing the pattern of relationship among variables can be seen in the following figure.

RESULTS AND DISCUSSION

In order to find out what kinds of factors influencing the Capital Accumulation and the Community Empowerment, the questionnaires are distributed to the existing villages in Bondowoso Regency. The team of research has distributed questionnaires to 100 villages in Bondowoso Regency and 75 questionnaires have successfully been collected. After the data analysis has been conducted, the result of respondents' characteristics is as follows: the majority of respondents are male amounted 82.7 %, the respondents aged 21-30 years old amounted 13.3%, the respondents aged 31-40 years old amounted 58.7%, the respondents aged 41-50 years old amounted 25.3 %, and the respondents above 50 years old amounted 2.7%, while the level of education of most respondents is Senior High School amounted 73.3 %.

The validity test is conducted to see the questions that are representative to use to represent the free variables used in the research. The test is conducted using the confirmatory factor analysis (CFA) in each latent variable using the Lisrel 8.72 program. The indicators of a variable is called to be valid if having the significant loading factor in ($\alpha = 5\%$). The instrument is called to be uni-dimensional if having goodness of fit index (GFI) ≥ 0.90 (Ferdinand, 2002).

The instrument is called to be reliable if the measuring tool obtains the consistent results. Thus, this instrument can be used safely because it works well in different condition and time. The reliability in this study is calculated using the composite

(construct reliability) in cut off value minimal 0.6 (Ghozali, 2008).

From the result of CFA test, it can be proved that the whole indicators of the constructor of variables have the t-value greater than 1.96 (95% level of confidence). Besides all indicators of constructor of village funds, the capital accumulation and the community empowerment have the Loading Factor value greater than 0.50 so that it can be concluded that all indicators are significant in relation with the village fund construct, the capital accumulation, and the community empowerment or all indicators can be said to be valid. Besides, the Construct reliability value for all variables having value above the recommended value of 0.60. Thus, all indicators of constructors of village funds, capital accumulation, and community empowerment are reliable.

After the tests of validity and reliability have been conducted on each of latent variable, the assumption test is conducted to see whether the pre requirement needs in the SEM modelling can be fulfilled. The pre requirement that should be fulfilled is normal multivariate assumption, there is no multicollinearity or singularity and outlier. The result of normality test or the assessment of normality (*CR*) gives *CR* value amounted 1.321 between $-1.96 \leq CR \leq 1.96$ ($\alpha = 0.05$), so that it can be said that the data is multivariately normal. Besides, the data is normally univariately distributed, which is indicated by the critical ratio for all indicators between $-1.96 \leq CR \leq 1.96$. Besides, in the result of multicollinearity rest there is no multicollinearity because the correlation value of X1 and Y1 is less than 0.90. It is similar to the result of outlier test. It seems that the Chi Square value in level $p < 0.01$ (X^2 0.001) is 36.123 (tabel df *chi-square*). So the data having mahalanobis distance that is greater than 36.123 is multivariate outlier.

This method is used to find out how much is the influence of X1 variable on Y1 and of X1 and Y1 variables on Y2 with the following formulation:

$$Y2 = \lambda_1 X1 + \lambda_2 Y1 + e$$

Description:

$$Y2 = \text{Community Empowerment}$$

- λ_1 = Loading Factor of X1
- X1 = Village Funds
- λ_2 = Loading Factor of Y1
- e = error

From the result of Structural Equation Modeling analysis using the Lisrel 8.72 program, it can obtain the following equation form: $Y_2 = 0.65$

$X_1 + 0.29 Y_1 + e$. The test result using the Lisrel 8.72 program gives the result of structural modeling of latent variable as seen in the figure, which indicates the influence of the effectiveness of village fund use on the capital accumulation and the community empowerment in Bondowoso Regency.

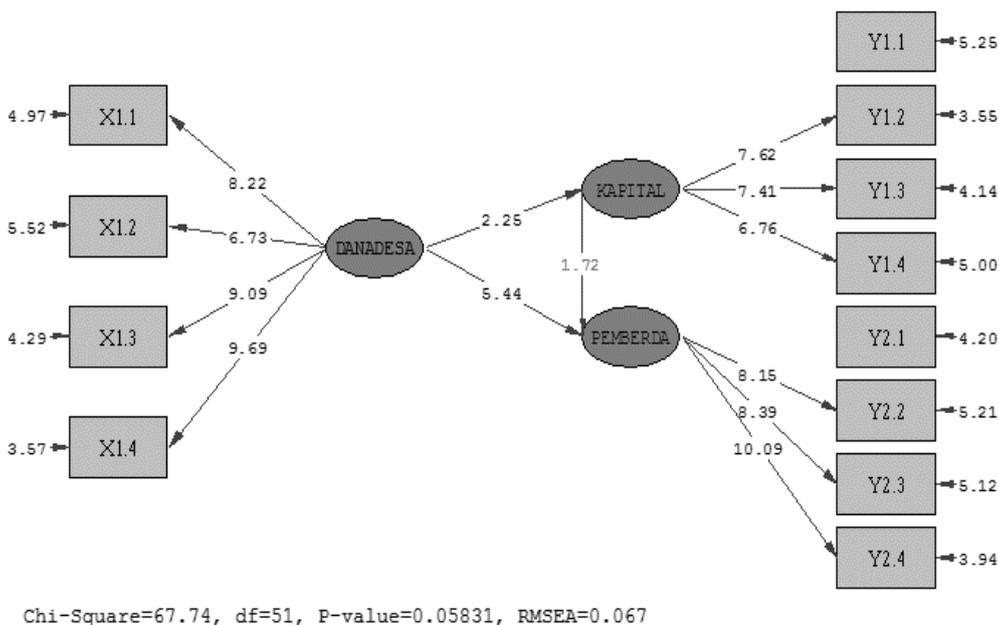


Figure 2. Structural Equation Modeling (T-Value)

Broadly speaking, the structural equation modeling above shows the relationships between the village fund variable and the capital accumulation variable, between the village fund variable and the community empowerment variable, and between the capital accumulation variable with the community empowerment variable. The results of SEM analysis can be seen from the output of the results of syntax process in the equation formula processed by the researcher and also on the path diagram. In a significant relationship the t-value should be greater than the t-table. A significant relationship will be marked with a black t-value on the path diagram in which the t-value is greater than 1.96. While the insignificant relationship is indicated by the red t-value on the path diagram with the t-value smaller than 1.96. The path diagram gives a description of

the relationship between the constructs of village funds and capital accumulation towards the community empowerment in Bondowoso Regency. The figure of structural equation modeling above shows that the relationship between the use of village funds and the capital accumulation is considered to have a significant influence. It is because the result of model test shows that the t-value is 2.26 greater than the t-table (1.96) (95% confidence level) with black numbers. It means that the effective use of village funds may increase the capital accumulation in Bondowoso Regency. It is similar to the relationship between the use of village funds and the community empowerment that can also be considered to have a significant influence because it has the t-value of 5.44 greater than the t-table (1.96) (95% confidence level) with black numbers.

It means that the effective use of village funds may increase the community empowerment in Bondowoso Regency. Whereas the relationship between the capital accumulation variable and the community empowerment variable is considered not to have a significant influence because the result of model test shows that the t-value is 1.72 smaller than the t-table (1.96) (95% confidence level) with red numbers. It means that the capital accumulation cannot increase the community empowerment in Bondowoso Regency. The

estimation results of the structural model of this research obtain a number of possible modifications to the model that may give a model conformity index that is closer to the recommended limit. The o test of overall model aims at finding out whether the model produced is a fit model or not. The overall test of model is related to the analysis of the Goodness of Fit (GOF) statistics produced by the Lisrel program that can be seen briefly in the following table.

Table 1. Goodness of Fit of Model

GOF Size	Levels of conformity	Estimation Result	Conformity Level
Chi square	Smaller value	67.74	Good (close fit)
p-value	$P > 0.05$	$P = 0.00$	
RMSEA	$RMSEA < 0.08$	0.67	Good (close fit)
P (close fit)	$P > 0.05$	$P = 0.26$	
ECVI	Values that are small and close to saturated	$M^* = 1.65$ $S^* = 2.11$ $I^* = 14.42$	Good (close fit)
AIC	Values that are small and close to saturated	$M^* = 1042.99$ $S^* = 156.00$ $I^* = 1066.99$	Less Good
CAIC	Values that are small and close to saturated	$M^* = 211.31$ $S^* = 414.76$ $I^* = 1106.80$	Good (close fit)
NFI	$NFI > 0.90$	0.92	Good (close fit)
NNFI	$NNFI > 0.90$	0.96	Good (close fit)
CFI	$CFI > 0.90$	0.96	Good (close fit)
IFI	$IFI > 0.90$	0.97	Good (close fit)
RFI	$RFI > 0.90$	0.90	Good (close fit)
GFI	$GFI > 0.90$	0.87	Less Good
AGFI	$AGFI > 0.90$	0.80	Less Good

Source : Data Processed

From the printed output produced by the Lisrel program in accordance with the table above, the conformity analysis of the whole structural model can be explained as follows: Chi-square value is great enough that is 67.74 and $P = 0.058 < 0.05$. So it can be concluded that the chi-square value has goodness of fit value, because the chi-square value is relative small and the P-value is greater than 0.05

The RMSEA value of 0.067 smaller than 0.08 shows that the conformity of the overall

models is in good fit. The good RMSEA value is < 0.05 close fit and $0.05 < RMSEA < 0.08$ good fit. And 90% of confidence interval is about 0.0-0.11. The RMSEA value of 0.067 is inside the interval. It means that the estimation of RMSEA value has good degree of precision. And the value of 0.067 shows that RMSEA shows good fit. While the p-value for test of close fit ($RMSEA < 0.05$) = $0.26 > 0.05$. So it can be concluded that the conformity of the overall models is very good, the p-value for test of close fit is > 0.05 .

ECVI is used to measure the deviation between the fitted model of the covariance matrix of the analyzed sample compared to the covariance matrix that will be obtained if using another sample. The values of ECVI model of 1.65, ECVI Saturated model of 2.11 and ECVI Independence model of 14.42 indicate that ECVI models are closer to the ECVI saturated model rather than to the ECVI Independence model. While the 90% confidence interval of ECVI = (1.42; 1.99), which means that the ECVI model is in 90% confidence interval, which means that the ECVI value estimation has a good precision, so it can be concluded that the conformity of the ECVI of the whole model is good. This is supported by the statement that the ECVI saturated model represents 'best-fit' and the ECVI independent model represents 'worst-fit', so the ECVI value expected by the model is as close as possible to the ECVI saturated model.

AIC is also used for model comparison, with the values of AIC Model 1042.99, AIC saturated model 156.00 and AIC independence model 1066.99. Thus it can be said that the AIC model is closer to the Independence AIC model rather than to the AIC Saturated model. So the conformity of the whole model is less good.

The comparison test of the model with the CAIC Model value is closer to the saturated model showing that the conformity of the whole model is good, in which the CAIC Model value is 211.31, the CAIC saturated model is 414.76 and the CAIC Independence model is 1106.80.

The RMR test aims at calculating the residual value or the value difference of the sample covariance with the covariance estimate. A model is said to be fit if the standard value of RMR is less

than 0.08. The result of the conformity test of the model above shows that the standard value of the RMR is $0.064 < 0.08$ or indicates a fit model.

The values of GFI and AGFI being close to number 1 indicate that the conformity of the whole model has been fit. The result of the conformity test of the model above shows that the GFI value is 0.87 and the AGFI value is 0.80, so this model is good at explaining the existing data.

The NFI, CFI, IFI and RFI tests are non-centrality parameter that see the comparison of default model (hypothesized models) with the independence model of the four tests to see whether the existing data shows whether the model is fit or not. A model is said to be fit if it has a value above 0.90. The result of the conformity test of model above indicates the values of NFI, CFI, IFI and RFI, each of which is above the value of 0.90. Thus the model can be said to be fit with existing data.

The result of hypothesis test can be seen from the output of the results of the syntax process in the equation formula processed by the researcher and also in the path diagram. In a significant relationship the t-value should be greater than the t-table. The significant relationship will be marked with the black t-value on the path diagram in which the t-value is greater than 1.96 while the insignificant relationship is marked with the red t-value on the SEM analysis result in which the t-value is smaller than 1.96. The path diagram can give a description of the relationship between the construct of village funds and capital accumulation towards the community empowerment in Bondowoso Regency. The brief result of hypothesis test on the structural model can be seen in the following table:

Table 2. Hypothesis Testing

Hyphothesis	Standardized solution	T-value	T-Table	Description
H1	0.29	2.26	1.96	Accepted
H2	0.65	5.44	1.96	Accepted
H3	0.18	1.72	1.96	Rejected

Source : Data Processed

Influence of use of village funds on capital accumulation, based on the table of hypothesis testing and the figure of structural equation model above, it can be seen that village funds consisting of four indicators those are participatory, transparent, accountable and sustainable have a significant influence on the increased capital accumulation in Bondowoso Regency because the t-value produced of 2.26 is greater than the t-table (1.96) with the factor loading of 0.29. The results indicate that the greater the amount of village funds is given for the village development, it may increase the capital accumulation that can be seen from the growth of investment, production, income and savings in villages in Bondowoso Regency.

The result is in line with the object of the village fund program, which says that the provision of money (village funds) may create the capital accumulation through a cycle of investment, production, employment, income, consumption, savings and reinvestment (Kemendes, 2016). This cycle will increase the money or capital that can be obtained from the added value from the production process. In addition to the effectiveness of its implementation, village funds must be managed based on the principles of participatory, transparent, accountable and sustainable. A research conducted by Juniardi et.al. (2015) shows that the participatory, transparent, accountable and sustainable variables have significant influence on the effectiveness of the Village Fund distribution.

Village funds have an important role in increasing the village economic growth. Village funds aim at financing the physical infrastructure development, the economic facilities, the social facilities, and at improving the business capacity of the rural communities who have the final goal of reducing the urban-rural inequality, reducing the number of poor people, and improving the welfare of rural communities. This goal can certainly be realized if the distribution of village funds is carried out in a participatory, transparent, accountable and sustainable manner.

From the results of research, the majority of village fund administrators have distributed the village funds in a participatory manner by involving all village officials in the preparation of the use of village funds. Every policy made and applied to the use of village funds is the result of proposals from the society and village officials, because the village fund administrator thinks that the contribution/view of the entire society is very much required to support the achievement of the village development goals. Besides, as the realization of transparency and accountability in the implementation of village fund program, the village government always gives information to the community about the implementation of village fund use policies and the reports on the implementation of village funds that meet the ethical and value standards based on proper administrative principles. To ensure the sustainability of a program, village fund administrators are committed to implementing the village fund distribution program that has been a deal in a sustainable manner and that always coordinates in the implementation of village fund distribution and is integrated in accordance with their operational standard procedures (SOP).

The use of village funds in participatory, transparent, accountable and sustainable manner becomes very significant to increase the investment and production considering the great amount of the funds received by each village. Investment here is the increase in public facilities and infrastructure, the improvement of access to roads and bridges, the establishment of public market, the increase in BUMDes role, and the increase in village cooperative function. This is the starting point for the formation of a cycle of investment and production that is able to encourage an increase in people's income and savings that form a strong purchasing power in the community in the long period. This may then create capital accumulation because the village funds used are able to form a cycle that can be reused as the capital for long-term interests.

Influence of Village Fund Use on Community Empowerment, based hypothesis

testing table and the figure of structural equation model above, it can be seen that village funds consisting of four indicators those are participatory, transparent, accountable and sustainable have a significant effect on community empowerment in Bondowoso Regency because the value of the resulting t-value of 5.44 is greater than t-table (1.96) with a factor loading of 0.65. These results indicate that the greater the amount of village funds is given to village development, it may increase the community empowerment that can be seen from the increase in employment opportunities, and in business opportunities, the increase in community participation and in existing infrastructure in Bondowoso Regency.

These results support the results of research conducted by Mahfud (2012) stating that most of the use of village funds is directed towards physical activities (construction of facilities and infrastructure) followed by later for the welfare of village officials. Whereas for the percentage of village fund use for community institutions, the size is not in accordance with the existing rules. These results also support the research findings of Riska (2012) stating that the allocation of village funds has a positive and significant effect on the community empowerment including the employment absorption, the improvement in public infrastructure, the increase in community knowledge and the increase in community participation in rural development.

The findings in the research show that the majority of respondents stating that the village fund program has increased the rate of growth of investment in the village that may encourage the employment opportunities and the increase in community income. In addition, in managing the village funds, the rural government always involves all elements of the society in the discussion of village planning and structuring through village funds. Village funds are also used to finance the development activities and the community empowerment organized in self-management. This may help to realize one of the objectives of the village fund program, which is to increase the income distribution, employment

opportunities and business opportunities as the manifestation of community empowerment.

Influence of capital accumulation on community empowerment, based on the table of hypothesis testing and the figure of structural equation model above, it can be seen that capital accumulation consisting of four indicators those are investment, production, income and savings has no significant influence on community empowerment in Bondowoso Regency because the t-value of 1.72 is smaller than the t-table (1.96) with the loading factor of 0.18. The results indicate that the use of village funds has not been able to obtain the added value from the money given to be capital so that it will impact on the low level of community empowerment activities in Bondowoso Regency. In other words, the rural government in Bondowoso Regency still utilizes the village funds for community empowerment activities in low level or the use of village funds in Bondowoso Regency is still directed at village infrastructure development activities.

This is consistent with the research findings in the field that there are only a few rural governments that use the village funds for community empowerment activities. Since the village fund program was disbursed in 2015-2017, it was proved that the village fund use for village infrastructure development reached 89.4%, the rest of 5.4% was used for village administration, 2.6% community empowerment and 2.6% for community development. (Ministry of Finance 2017). To increase the use of village funds in community empowerment activities, the rural government should allocate the village fund programs for activities that may increase the cycle of investment and production such as the construction of economic centers (markets), the improvement of BUMDes business units, the establishment of village cooperatives, the increase in training and extension activities for agricultural groups, plantations and community business groups. This is intended to support the achievement of the objectives of the village fund program through increasing the added value obtained from the investment activities and the sustainable production (capital accumulation). So in a long period it will increase the village

economic growth because there is an increase in demand for goods and services accompanied by an increase in the purchasing power of rural communities.

CONCLUSION

From the results of research activities, it can be concluded that the use of village funds has a significant influence on capital accumulation and community empowerment in Bondowoso Regency. While capital accumulation has no significant influence community empowerment in Bondowoso Regency. Village funds are mostly used for village infrastructure development activities including the construction of roads, bridges and other facilities. While the use of village funds for community empowerment activities is still low. The results of research indicate that the use of village funds has not been able to obtain the added value from the money given to be the capital having impact on the low level of the community empowerment activities in Bondowoso Regency.

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