

**Innovation of Village Financial System Application
(Seskeudes) in the Perspective Of Herbert A. Stepard
Theory
(Study in Sempu Village, Ponorogo Regency, Indonesia)**

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Abstract

Village Law Number 6 of 2014 as a strategic policy for village governments to improve the welfare of village communities. The purpose of this research is to describe and analyze the innovation process of the Village Financial System (Siskeudes) in Sempu Village, Ngebel sub-district, Ponorogo Regency. To achieve these objectives, this study uses a qualitative descriptive research method with data collection techniques through observation, interviews and documentation. The results of this study indicate that judging from the process of implementing Siskeudes in Sempu Village, Ngebel sub-district, Ponorogo Regency, it has fulfilled the innovation requirements based on Herbert A. Shepard's theory which consists of: finding ideas (problem identification, information gathering, interpretation, statements and attitudes), adoption (socialization and modification) and application (resource preparation, personnel placement, education and training, monitoring and evaluation) of Law Number 6 of 2014 concerning Villages.

Keywords: Innovation, village government, village financial system (Siskeudes)

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Introduction

The emergence of the Village Law marks the presence of villages as autonomous regions. The birth of Law No. 6/2014 on Villages was motivated by the imbalance of the strategic role of villages and their functions in the implementation of the government cycle, which was not matched by adequate authority for villages to actively participate in national development. This makes villages only exist physically, but when viewed from their function, villages seem to disappear in the midst of society. Therefore, this law provides extensive opportunities for villages to manage their own governance, including the implementation of development aimed at improving the welfare and standard of living of the village community. As part of the implementation of village financial management at the village level by the village government, Government Regulation No. 20/2018 on Village Financial Management has been established. Given that the amount of central budget used in rural areas continues to increase and the amount is very large, it is necessary to manage funds at the village level properly. In order to standardize the management of village funds (DD), the Ministry of Finance issued "Minister of Finance Regulation No. 93/2015 on Procedures for Allocation, Allocation, Use, Monitoring, and Evaluation of Village Funds". The purpose of this regulation is to ensure that the village fund budget issued by the central government is accurate, and there are arrangements from distribution to evaluation. The government set the 2022 Village Fund budget at IDR 68 trillion. Funds

This amount of funds will be distributed to 74 thousand villages throughout Indonesia. The Village BLT is given Rp300,000 per month for each categorized family. According to the Minister of Villages, Disadvantaged Regions and Transmigration (Mendes PDDT) Halim Iskandar explained that 40 percent of the Village Fund will be used for BLT, while the rest will be used for community empowerment such as food security programs, handling Covid-19, and village development. The policy of focusing the Village Fund budget on BLT refers to Presidential Regulation (Pepres) Number 104 of 2021 concerning Details of the State Budget for Fiscal Year 2022. This Presidential Regulation, said Halim Iskandar, must be interpreted as being present during an emergency period, where villagers affected by the Covid-19 pandemic need a social safety net, one of which is in the form of Village BLT. (<https://www.republika.co.id>, Sunday, December 12, 2021)

However, as stated by Rachmat (2017), aspects of supervision and control in the management of village funds need to be improved, as well as improving the ability of managers. This is to create innovation in village financial management as mandated in Law No. 6/2014. Based on ICW monitoring results, during 2021, the most corruption cases occurred in the village budget sector, totaling 154 cases. As in previous years, this sector often ranks as the sector most handled by law enforcement. In 2021, the potential value of state losses is also quite massive, namely IDR 233,310,616,052 (233.3 billion). (2021 Corruption Case Enforcement Trends Monitoring Report). It should be noted that the definition of corruption of the village budget itself when referring to the Minister of Home Affairs Regulation Number 113 of 2014 concerning Village Financial Management Article 9 paragraph (2) is that village income is grouped into 3 (three), 1). Original Village Revenue (PADes); 2). Transfers include: Village Fund, share of local tax revenue,

Village Fund Allocation (ADD), financial assistance from provincial and district/city APBD;11 and 3). Other revenues. Therefore, corruption in the village budget sector is not entirely related to central government disbursements through the Village Fund (DD) program. However, since the advent of Law No. 6/2014 on Villages, ICW has noted a fairly consistent increase in corruption cases occurring in villages and prosecuted by law enforcement institutions. Corruption of village funds since 2015 has continued to increase significantly both in terms of the number of cases, the number of suspects and the value of state financial losses. (2021 Corruption Case Prosecution Trend Monitoring Report).

This statement is unfortunate because the total budget ceiling for village funds in 2021 is very high, namely IDR 72 trillion which will be distributed at IDR 74.961 billion. If this management is not accompanied by a strict supervision process, the implementation of development and the welfare of rural communities will not be able to achieve its goals. (<https://setkab.go.id> accessed on April 5, 2022)

Seeing this problem, the government, especially the Ministry of Village, Development According to Marten Bunga, et.al (2018), the government, especially the Ministry of Villages, Development of Disadvantaged Regions and Transmigration (Kemendes PDTT), needs to take concrete steps to prevent corruption more strategically. Prevention of corruption of village funds can be done with 4 (four) steps, namely, making an MoU between the community and village officials to commit to building the village, forming an independent supervisory team that oversees the management of village funds, swearing in village officials using holy books, and strict sanctions for misuse of village funds. This is important to do considering that in 2022, the budget ceiling for around 74,961 villages is also not small, namely Rp68 Trillion.

The word innovation can be defined as the "process" or "result" of the development and/or utilization or mobilization of knowledge, skills (including technological skills) and experience aimed at creating or improving products or processes that can provide more meaningful value. Rosenfeld (in Sutarno, 2012) states that innovation is the transformation of knowledge into new products, processes and services, the act of using something new. The definition of innovation itself is very diverse and comes from various points of view.

Traditionally, the public sector has been relatively unfamiliar with the concept of innovation compared to the private sector with which it is synonymous. Mulgan and Albury (2003: 3) define innovation in the public sector as "the creation and application of new processes, products, services and their delivery methods that result in significant improvements in efficiency, effectiveness or quality of outcomes". Innovation is a means to an end, hence the need for synergy between leadership, management, human resources and technology. (Lewis et al., 2001: 479). In general, innovation in the public sector aims to improve efficiency, such as cost per service, and to speed up administrative processes, increase transparency, improve service quality and increase public satisfaction.

Davenport (1993:5) states that the innovation process in an organization is the organization of work activities that span space and time, from start to finish, and are clearly defined from start to finish. There are different framework models that describe the innovation process that occurs in an organization, both in the private and public sectors. There is an innovation process model developed by Herbert A. Shepard (1967: 470-477) which states that organizations go through 3 (three) stages

of innovation. The first phase, the innovation process begins with idea generation, the phase where innovation ideas emerge.

There are several activities in this phase, namely: identifying the problem; information collection; interpretation; and stating the organization's attitude towards the innovation idea. The second phase is the acceptance of the selection of the innovation to be implemented.

In this phase, the activities carried out by the organization consist of transferring the innovation made to other subjects such as users or systems within the organization, including the community or internal organization, specifically: feasibility study; adaptation/modification; objectives; building support; demonstration/conviction; and processing decisions. The third phase, implementation, consists of several activities included in this phase of the innovation process, namely: resource collection; personnel allocation; shaping; structure and construction methods; and evaluation and monitoring.

Richard Heeks in LAN (2007) categorizes the benefits of information and communication technology in two groups, namely: Benefits at the process level such as saving costs, saving time, reducing limitations, and making better decisions. While benefits at the management level such as changes in apparatus behavior, changes in community behavior, and empowerment.

In this context, to realize transparent, participatory, and accountable village financial management as well as orderly and disciplined budgeting, it is necessary to encourage the implementation of Information Technology into village financial management. The implementation of IT as mandated in the Home Affairs Regulation No. 113/2014 and refers to Law No. 6/2014 and the encouragement from the Ministry of Home Affairs through the Directorate General of Regional Development. The form of information technology adoption in village financial management is the emergence of the Village Financial System (Siskeudes). Through this system, village financial management can be done in one simple application but is able to fulfill its needs.

Siskeudes was developed by BPKP with a local government approach, making it easier to compile the financial reports of all villages into LKPD attachments in accordance with the regulations. Local governments have an important role in fostering its implementation through regulatory arrangements in accordance with regulations. The Siskeudes application has accommodated all regulations related to village finances, designed in an integrated, user friendly, and desktop application and has an internal control system that is inherent and effective in producing financial information.

This will certainly provide a sense of comfort for financial managers in the village in realizing the accountability of village financial management (Firdausy, Suryana, Nugroho, & Suhartoko, 2019). The Village Financial System (Siskeudes) application, previously known as SIMDA Desa, is a simple application developed by the Financial and Development Supervisory Agency (BPKP) together with the Directorate General of Village Administration of the Ministry of Home Affairs. This application was developed in order to improve the quality of village financial governance. The features in the Siskeudes application are made simple and user friendly, making it easier for users to operate the Siskeudes application (Puspasari & Purnama, 2018).

According to data from the Financial and Development Supervisory Agency (BPKP), to date the Siskeudes implementation rate has reached 33.17% or 24,853 out of 74,954 villages in Indonesia, and it is expected that by 2019 all villages will have used the application. One of the regions that has implemented the Siskeudes application in village financial management is Ponorogo Regency. Based on data from the Directorate General of Fiscal Balance in 2017, the amount of Village Funds for 281 villages in the Ponorogo Regency area reached more than 202 billion Rupiah with an average acquisition of Village Funds of 720.442 million Rupiah per village. With these funds, the source of funds to support village development programs is quite large and requires good and proper management according to the needs of each village. This is the background of the Ponorogo Regent's decision to implement Siskeudes in his region. Based on this background, the research objective is to describe and analyze the innovation process in the Village Financial System (Siskeudes), Sempu Village, Ngebel District, Ponorogo Regency.

Methodology

This research used descriptive qualitative methods with data collection techniques through observation, interviews, and documentation. This research uses qualitative data analysis based on the Creswell model. The researcher chose Creswell's data analysis model because before the data is analyzed, the data needs to be organized.

The data analysis component of the Creswell model (2014) consists of six stages or flow activities, including: 1) Data processing and preparation for analysis; 2) Reading through the data; 3) Analyzing in more detail by coding the data; 4) Applying the coding process to describe settings, people, categories and themes for later analysis; 5) Indicating how these descriptions and themes will be restated in a qualitative narrative or report, and; 6) Interpreting the data.

Result and Discussion

The results showed that one of the villages in Ponorogo Regency that has implemented the Siskeudes application is Sempu Village, which is located in the Ngebel District. Researchers are interested in conducting research in this village because according to the story of the Sempu Village Head, before Siskeudes, village financial management experienced various problems. These problems include the time-consuming process of administering village finances because it uses a manual mechanism that is less efficient. In addition, from the accountability aspect, difficulties in monitoring village financial management were also an obstacle. Monitoring here is conducted by internal (from the village government itself) and external (district) parties. In addition, errors in recording village finances often occur due to inadvertence on the part of village officials, so that village financial reports to the kabupaten are often returned to be fixed again. Village financial reports that often have errors in them show that there are obstacles in the process of accountability for village financial management so that improvements need to be made.

Innovation arises from a problem that then stimulates individuals and organizations to solve it. In other words, before the realization of an innovation must begin with an effort to find ideas. However, innovation does not mean having

to create something new, but can also be done by adopting what already exists, of course by providing certain updates. After these two processes are fulfilled, then an innovation can be implemented to see the extent of its benefits.

As an innovation in general, Siskeudes is not a coincidence but a series of processes that can be called innovation. There are three processes in Siskeudes innovation based on Herbert A. Shepard's theory.

1. Idea Discovery

In identifying the problem, the background of the Siskeudes application idea was to anticipate the flow of Village Funds in 2016. Furthermore, data collection is carried out by looking for complaints from village governments about village financial management and the existence of corruption cases that often occur within the scope of local government. Then, the interpretation of the findings of this idea resulted in support from various parties ranging from the president, ministries, BPKP and the village government itself. Finally, the organization's statement of attitude towards the findings of this idea is shown by the central government's agreement to continue the development of this Siskeudes application through BPKP.

2. Adoption

In the adoption process, the socialization of the Siskeudes application in Ponorogo District went smoothly with the agreement of all village governments to implement the application even though initially there were village governments that refused. Meanwhile, in terms of modification, the Ponorogo District Government and Sempu Village itself did not modify this application at all because it was prohibited. The party authorized to modify the application is BPKP itself as the developer, which therefore always releases the latest version of Siskeudes at the beginning of the year.

3. Implementation

First, the collection of resources in Sempu Village was carried out by appointing operators to operate Siskeudes. Second, the placement of apparatus in village financial management in Sempu Village is appropriate even though the treasurer's duties must be replaced by the operator. Third, training and mentoring conducted by the Community and Village Empowerment Office is good by providing appropriate direction to village government organizers who still do not understand. Fourth, the existing monitoring and evaluation has also gone well, each party, both from the Community and Village Empowerment Agency, the sub-district, and the inspectorate.

Related to innovation studies, Lawson and Samson (2001) provide a model of organizational capability (in innovation) consisting of 7 (seven) elements: vision and strategy, competency base, organizational intelligence, creativity and idea management, organizational structure and systems, culture and climate, and technology management.

First, vision and strategy are important steps in the process of institutionalizing innovation. The articulation of a shared vision and the formulation of a successful strategy determine the duration of innovation. Strategies to prevent the dispersion of attention and interest, and the realization of innovation strategies

with new ways of doing things can increase organizational attention that is crucial for innovation strategies.

Second, leveraging the competency base involves the organization's ability to manage and allocate resources appropriately in the required areas which is the basis for ensuring innovative outcomes. To maintain an efficient competence base, organizations must develop 3 (three) key aspects of organizational capability:

- encouraging risk-taking by mobilizing resources;
- stimulating innovation potential and enhancing innovation initiatives;
- creating new innovative practices and models and spreading local innovations globally.

Third, organizational intelligence; this is the ability to process, interpret and access information in a goal-directed manner, so as to increase adaptive potential in the environment. **Fourth**, creativity and idea management; by making it possible to accept untested, unrealized and different thinking and by accommodating radical ideas capable of creating new businesses or changing existing business strategies, it can harness long-term organizational innovation. Idea management can increase the success of innovative business implementation.

Fifth, organizational structures and systems that support innovation systems must be developed to increase the scope of innovation within the organization. **Sixth**, the success of innovation is largely determined by the culture and climate of the organization. Leaders/managers need to introduce and shape a culture and climate conducive to innovation development. **Seventh**, the ability to accelerate technological competence to meet overall organizational goals can improve the organization's ability to act innovatively

Conclusion

Based on the results of research on Siskeudes innovation in Sempu Village, Ngebel District, Ponorogo Regency, it can be concluded that the process consists of:

1. Idea Discovery

According to Shepard, the initial stage of innovation is to find ideas first, for the innovation itself. Usually, ideas will arise when there is a problem that needs solving. At this stage of idea generation, there are several activities carried out. These consist of: Problem Identification, Information Gathering, Interpretation, Statement and organizational attitude towards idea discovery.

2. Adoption

In this adoption process, there are two main activities, namely socialization and modification. Since the initial introduction of the Siskeudes application in local governments, Ponorogo District has been committed to adopting the application. Through the Ponorogo Regent, the decision to implement the Siskeudes application in the Ponorogo region was agreed at the end of 2015.

3. Implementation

The third and final stage of the innovation process according to Shepard is implementation. The activities carried out at this stage are as follows: Resource Gathering, Personnel Deployment, Training and Assistance, Monitoring and Evaluation

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