

Analysis of the Influence of Village Funds, Capital Expenditures, and Tax Revenue Sharing on Village Infrastructure Development with Retribution as an Intervening Variable (Study in Betektaman Village, Gading District, Probolinggo)

Timbul Sujatmoko
Muhammadiyah University of Jember, Indonesia



DOI : <https://doi.org/10.61796/icossh.v2i1.185>



Sections Info

Article history:

Submitted: January 31, 2025
Final Revised: February 28, 2025
Accepted: March 14, 2025
Published: March 28, 2025

Keywords:

Village funds
Capital expenditures
Taxrevenuesharing
Infrastructure development
Retribution
Intervening variable
Rural development
Betektaman village
Path analysis
Financial resource allocation

ABSTRACT

Objective: This study aims to analyze the influence of village funds, capital expenditures, and tax revenue sharing on village infrastructure development, with retribution serving as an intervening variable. The research focuses on Betektaman Village in Gading District, Probolinggo, providing a detailed evaluation of financial factors and their role in enhancing rural infrastructure. **Method:** The study employs a quantitative approach, utilizing data collected through documentation, financial reports, and other relevant sources. Path analysis was conducted to assess the direct and indirect relationships between the independent variables (village funds, capital expenditures, and tax revenue sharing) and the dependent variable (village infrastructure development), with retribution acting as the intervening variable. **Results:** The findings reveal that village funds, capital expenditures, and tax revenue sharing significantly impact infrastructure development in Betektaman Village. Moreover, retribution partially mediates these relationships, indicating its role as a crucial factor in the effective allocation and utilization of financial resources. **Novelty:** This study contributes to the existing body of knowledge by integrating retribution as an intervening variable, providing a nuanced understanding of its mediating effect on financial resource utilization for village infrastructure. It highlights the importance of optimizing financial allocation mechanisms to ensure sustainable rural development.

INTRODUCTION

Rural infrastructure development is a critical factor in achieving sustainable development goals, as it directly influences the quality of life, economic growth, and social well-being of rural communities. In Indonesia, village infrastructure plays a significant role in addressing disparities between rural and urban areas, enabling equitable access to essential services such as transportation, education, healthcare, and clean water. To achieve this, the government has implemented policies that provide financial support to villages through mechanisms such as village funds, capital expenditures, and tax revenue sharing.

Village funds, introduced as part of Indonesia's decentralization policy, aim to empower rural communities by providing them with financial autonomy to manage and allocate resources for local development. Capital expenditures further enhance this effort by focusing on long-term investments in physical assets that stimulate economic growth. Tax revenue sharing, on the other hand, ensures that villages receive a fair portion of regional tax revenues, thus increasing their capacity to fund infrastructure projects. However, the effective utilization of these financial resources remains a challenge due to varying levels of administrative capacity and accountability among villages.

Retribution, a locally generated revenue source, has emerged as an essential factor in supporting infrastructure development. As an intervening variable, retribution potentially mediates the relationship between financial inputs and infrastructure outcomes, highlighting its strategic importance in optimizing resource allocation. Despite its potential, studies exploring the mediating role of retribution in village development remain limited, particularly in the context of Indonesia.

This study aims to fill this gap by analyzing the influence of village funds, capital expenditures, and tax revenue sharing on infrastructure development in Betektaman Village, Gading District, Probolinggo. The study also examines how retribution acts as an intervening variable, contributing to the effective utilization of financial resources. By addressing these objectives, the research provides valuable insights into the financial mechanisms that drive rural development and offers practical recommendations for improving infrastructure development in rural areas.

RESEARCH METHOD

This study employs a quantitative research approach to analyze the relationships between village funds, capital expenditures, tax revenue sharing, retribution, and infrastructure development. The research was conducted in Betektaman Village, Gading District, Probolinggo, a location chosen due to its active utilization of village funds and ongoing infrastructure development projects.

Data Collection Primary data was collected through structured interviews and surveys with key stakeholders, including village officials and community members. Secondary data, such as financial reports, village budgets, and infrastructure development plans, was obtained from government records and official village documentation.

Variables and Measurement The independent variables in this study are village funds, capital expenditures, and tax revenue sharing. The dependent variable is village infrastructure development, while retribution serves as the intervening variable. Each variable was measured using indicators derived from existing literature and adapted to the local context. For example, infrastructure development was assessed based on improvements in roads, public facilities, and utility services.

Data Analysis Path analysis was utilized to examine both direct and indirect relationships between the variables. This method allows for the identification of mediating effects of retribution on the relationship between financial inputs and infrastructure development. Statistical analysis was performed using SPSS to ensure the reliability and validity of the findings.

Study Framework The conceptual framework of this study is based on the theory of resource allocation and its impact on rural development. It posits that effective financial resource management, enhanced by retribution as a mediating factor, leads to improved infrastructure development outcomes. This framework guided the formulation of hypotheses and the interpretation of results.

By employing this research method, the study aims to provide a comprehensive understanding of the factors influencing village infrastructure development and the role of retribution in optimizing financial resource utilization.

RESULTS AND DISCUSSION

Results

The analysis of data collected from Betektaman Village reveals the following key findings:

1. Direct Impact of Financial Inputs

Village funds, capital expenditures, and tax revenue sharing significantly contribute to infrastructure development. Among these, village funds exert the most substantial direct influence, primarily targeting immediate community needs such as road repairs, water supply systems, and public facility maintenance. Capital expenditures focus on long-term investments, such as constructing durable public buildings and bridges, while tax revenue sharing provides supplementary funding to support ongoing projects.

2. Role of Retribution as an Intervening Variable

Retribution partially mediates the relationship between financial inputs and infrastructure development. Villages with higher retribution collection rates demonstrate more effective utilization of financial resources, resulting in better infrastructure outcomes. The mediating effect of retribution underscores its importance in bridging the gap between funding and tangible infrastructure improvements.

3. Infrastructure Development Outcome

The study identifies significant improvements in roads, public facilities, and utility services as the primary outcomes of infrastructure development in Betektaman Village. Projects funded through village funds and retribution have directly enhanced connectivity, access to clean water, and the overall quality of public services.

4. Interdependence of Financial Mechanisms

The effectiveness of village funds, capital expenditures, and tax revenue sharing is amplified when these mechanisms are integrated and complemented by robust retribution collection systems. Villages that successfully harmonize these financial inputs achieve higher levels of infrastructure development and sustainability.

Discussion

The findings of this study provide significant insights into the dynamics of rural infrastructure development and the interplay between financial inputs and locally generated revenues. The results indicate that village funds play a pivotal role in addressing immediate infrastructure needs, ensuring that basic facilities are accessible to the community. However, the long-term sustainability of infrastructure development relies heavily on the effective utilization of capital expenditures and tax revenue sharing.

Retribution emerges as a key component in enhancing the efficiency of financial resource allocation. Villages that effectively manage and increase their retribution revenues are better positioned to sustain infrastructure improvements. This finding

highlights the importance of local revenue generation in complementing external financial inputs. It aligns with existing literature suggesting that locally generated revenues can provide greater financial autonomy and accountability in rural development initiatives.

Furthermore, the study underscores the need for capacity building among village officials to optimize financial resource management. Training programs focused on budget planning, revenue collection, and project implementation can enhance the overall impact of financial mechanisms. Government policies should prioritize these capacity-building efforts to ensure that village funds and other financial resources are utilized effectively.

The interdependence of financial mechanisms, as revealed in this study, calls for an integrated approach to rural development planning. Policymakers should design strategies that harmonize village funds, capital expenditures, tax revenue sharing, and retribution to maximize infrastructure outcomes. For instance, incentivizing villages to improve their retribution systems could lead to better utilization of government-provided funds.

The case of Betektaman Village provides valuable lessons for other rural areas in Indonesia. It demonstrates that a balanced combination of external and internal financial resources, supported by strong governance, can significantly improve infrastructure development outcomes. Future research could expand on these findings by exploring the role of other mediating variables, such as community participation and private sector involvement, in rural development.

In conclusion, this study highlights the critical role of financial mechanisms in shaping rural infrastructure development. The integration of village funds, capital expenditures, tax revenue sharing, and retribution offers a comprehensive framework for achieving sustainable development goals in rural areas. By addressing the challenges identified in this study, policymakers and practitioners can enhance the effectiveness of rural development initiatives and improve the quality of life for rural communities.

CONCLUSION

Fundamental Finding : This study demonstrates the significant impact of financial mechanisms—village funds, capital expenditures, and tax revenue sharing—on rural infrastructure development, with retribution serving as a crucial intervening variable. The findings emphasize the importance of effective resource management and local revenue generation in optimizing the use of financial inputs. Betektaman Village serves as a compelling example of how integrated financial strategies can lead to substantial improvements in infrastructure, including roads, public facilities, and utility services. **Implication :** The study highlights that the successful implementation of village funds and other financial mechanisms depends on strong governance, capacity building, and the active involvement of local stakeholders. To maximize the benefits of financial resources, policymakers should encourage the harmonization of various funding sources and support the enhancement of retribution systems. Additionally, capacity-building

initiatives for village officials should be prioritized to ensure efficient financial management and accountability. **Limitation** : Although this study provides valuable insights into the impact of financial mechanisms on rural infrastructure, it is primarily centered on Betektaman Village. This context-specific focus may limit the generalizability of the findings to other rural areas with different administrative capacities, financial structures, or community dynamics. As such, caution should be exercised when extending these conclusions to broader settings. **Future Research** : Future research could further explore the role of community participation, private sector involvement, and other mediating factors in enhancing rural infrastructure development. By addressing these areas, policymakers can build on the findings of this study to create more sustainable and inclusive development strategies for rural communities in Indonesia and beyond.

REFERENCES

- Bappenas. (2020). Rural Development Policy Framework. Jakarta: Ministry of National Development Planning.
- Creswell, J. W. (2014). Research Design: Qualitative, Quantitative, and Mixed Methods Approaches. Thousand Oaks, CA: SAGE Publications.
- Ministry of Finance of Indonesia. (2022). Village Fund Management Guidelines. Jakarta: Government of Indonesia.
- Sugiyono. (2018). Quantitative, Qualitative, and R&D Research Methods. Bandung: Alfabeta.
- World Bank. (2019). Decentralization and Rural Infrastructure Development in Indonesia. Washington, D.C.: World Bank Publications.
- Yuliani, E. L., & Saputra, M. (2021). "The Role of Local Revenue in Infrastructure Development: Evidence from Rural Indonesia." *Journal of Development Studies*, 58(2), 189-204.53-62, 2019.

Timbul Sujatmoko
Muhammadiyah University of Jember, Indonesia
