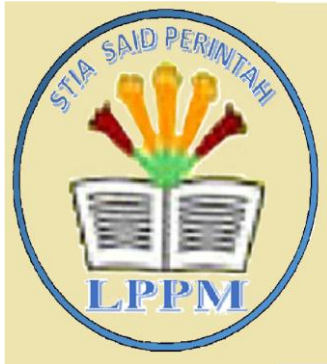


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The Role of Public Policy in Optimizing Village Original Income

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Abstract

Village Original Revenue Management (PADesa) is very important for village development and is regulated in Article 71 of Law No. 6 of 2014. This research uses a qualitative approach, analyzing the capacity of village apparatus in income planning, source identification, and overall management. The findings reveal that the Horale State government has not effectively allocated PADesa funds. To improve revenue management, all stakeholders should engage in deliberative discussions and conduct a comprehensive inventory of revenue sources to improve financial sustainability.

Keywords : Village Original Income, Village Development, Public Policy

Introduction

The State of the Republic of Indonesia, as a unitary state, as stated in Article 1 Paragraph (1) of the 1945 Constitution of the Republic of Indonesia (1945 Constitution of the Republic of Indonesia), grants autonomy to local governments to regulate their own affairs. Article 18 of the 1945 Constitution stipulates that the division of Indonesia into large and small regions, along with their governmental structures, is determined by law. The explanation of this article emphasizes that, as a unitary state (*eenheidsstaat*), Indonesia does not allow any territory within its jurisdiction to function as an independent state.

In the Indonesian government system, there is a government order in accordance with Law Number 23 of 2014 which explains that, "regional autonomy is the right, authority and obligation of autonomous regions to regulate and manage their own government affairs and the interests of the local community in accordance with laws and regulations (Rafi et al., 2024). Instead, the country was divided into provinces, which were further subdivided into smaller regions.

The fourth amendment to Article 18 of the 1945 Constitution outlines the key aspects of regional autonomy, emphasizing that (1) large and small territories are not federal states but are established within the framework of a unitary state; (2) some regions have autonomy, while others function purely as administrative entities; (3) areas with special indigenous rights, such as self-governing territories and traditional villages, retain their historical privileges; and (4) the Republic of Indonesia recognizes and respects these special rights (Rangkasa, 2017). The delegation of broad autonomy to local governments aims to accelerate community welfare by improving public services, empowerment, and community participation.

However, the main challenge in implementing regional autonomy is the limited financial resources available for decentralization. Self-help, participation and mutual cooperation is building with one's own strength that involves community participation in the form of energy, goods that are valued with money. Wijoyo et al., (2024), as the village of Sukarami Village, Taba Penanjung District, Central Bengkulu Regency, cannot be separated from the extent of the strategy in increasing Village Original Income (PADes) which aims for the welfare of the community. The village government in building and developing the village must know how to manage and run the government properly, especially in increasing

the Village Original Income (PADes). Whether the management is good or not depends on the governance of the village government itself. So, it is important for the village government to know and understand how to manage the village well. Thus, the increase in Village Original Income (PADes) can be implemented and realized well as expected.

To overcome these financial constraints, UU No. 6 Tahun 2014, (2014) concerning Villages and Ministerial Regulation No. 66 of 2007 (PERMENDAGRI No. 66 Tahun 2007, 2007) concerning Village Development Planning were passed. This regulation gives villages greater freedom to manage their own developments, which were previously limited by central government programs. Article 18 of Law No. 6 of 2014 defines village authority to include governance, implementation of development, community development, and empowerment based on regional initiatives, indigenous rights, and customary traditions. As a result, village autonomy has resulted in an increase in authority for village governments, especially in asset management. Previously, village assets were mostly controlled by local governments; However, with the implementation of village autonomy, villages now have greater authority to manage their own resources.

Village Original Revenue Management is very important for village development, functioning as an additional source of income as stipulated in Article 71 of Law No. 6 of 2014. Legally, the enactment of UU No. 6 Tahun 2014, (2014) is in line with Article 18B, Paragraph (2) of the 1945 Constitution, which recognizes and respects indigenous peoples and their traditional rights as long as they remain relevant to modern society and in line with the principles of a unitary state (Sajangbati, 2015). The law affirms that villages have financial autonomy, defining village finance as all rights and obligations that can be assessed in monetary terms, including revenue, expenditure, funding, and financial management.

Law No. 6 of 2014 (UU No. 6 Tahun 2014, 2014) further defines the source of village revenue, which includes: (1) Original Village Revenue; (2) the distribution of revenue from district/city taxes and levies; (3) part of the financial balance funds received by districts/cities from the central and regional governments; (4) allocation from the State Budget; (5) financial assistance from the provincial and district/city APBD; and (6) grants and donations from third parties. These sources of income support village development by increasing financial independence and reducing dependence on external funding.

The government of the village of Horale, located in North West Seram Regency, Central Maluku Regency, has leveraged its assets and wealth to finance local development. However, there are a number of factors that hinder the stability of Village Original Income, including: (1) low administrative capacity in preparing revenue planning; (2) there has been no maximum effort in identifying sources of income; (3) the ineffective use of village-owned assets; and (4) there is still a high dependence on funds from the central and regional governments, even though villages have local financial potential. (5) The active involvement of the community is also the key to the successful implementation of good government and village development. It is proven through the role and involvement of the community in village financial management, so that management can run openly due to community supervision (Nikijuluw et al., 2022).

The table below illustrates the downward trend of revenue targets and actual revenue collection in Horale over the past three years:

Target and Realization of Village Original Income in Horale, 2021-2023

No t.	Year	Revenue Target (Rp)	Revenue Realization (Rp)
1.	2022	50.000.000	17.500.000
2.	2023	50.000.000	14.550.000
3.	2024	50.000.000	11.200.000
Entire		150.000.000	43.250.000

Source; Horace Village Office, (2023)

The data reveals a consistent decline in revenue targets and actual revenue collection, highlighting the need for increased attention from both village governments and local residents. In addition, based on Horale Village Regulation No. 04 of 2020 concerning the Village Government Work Plan for 2023, most of the village budget is sourced from the Village Fund Allocation (ADD), as detailed in the following table:

Realization of Village Government Expenditure in Horale, 2024

Not.	Planning					Realization		
	Activities	Location	Volume	Budget (Rs)	Budget Source	Volume	Budget (Rs)	Budget Source
1.	SILTAP and Village Head Allowances	Hoarale	1 year	126600000	ADD	1 year	42000000	ADD
2.	SILTAP and State	Hoarale	1 year	40129000	ADD	1 year	174000000	ADD

Not.	Planning				Realization			
	Activities	Location	Volume	Budget (Rs)	Budget Source	Volume	Budget (Rs)	Budget Source
3.	Apparatus allowances Village Apparatus Health Insurance State	Hoarale	1 year	7950000	ADD	1 year	3780000	ADD
4.	Government Operations	Hoarale	1 year	6525000	ADD	1 year	73297000	ADD
5.	State Saniri Allowance	Hoarale	1 year	2000000	ADD	1 year	76200000	ADD
6.	Saniri Negeri Operations	Hoarale	1 year		ADD	1 year	19115000	ADD
7.	RT Operational	Hoarale	1 year	7200000	ADD	1 year	7200000	ADD
8.	Provision of office fixed assets	Hoarale	1 year		ADD	1 year	740000	ADD
9.	Construction of office facilities and infrastructure	Hoarale	1 year	76740000	ADD	1 year	9950000	ADD
10.	State Musrenbang	Hoarale	1 year	6565000	ADD	1 year	8565000	ADD
11.	Preparation of State RKP	Hoarale	1 year	1125000	ADD	1 year	1125000	ADD
12.	Preparation of the Village Head Report	Hoarale	1 year	1965000	ADD	1 year	1965000	ADD

Source; Horace Village Office, (2023)

Given these challenges, this study examines the implementation of Law No. 6 of 2014 in Horale, with a special focus on Article 72 Paragraph 1, Point (a), which discusses the management of Village Original Revenue in village development. The novelty of this study can be further emphasized by exploring more deeply the comparison between Horale Village and other villages with similar characteristics, both in terms of PADes management and the challenges faced. This study aims to identify the key factors that affect the optimization of Village Original Income and propose strategies to increase financial independence at the village level. Based on this, the research was conducted with the following objectives: to evaluate the implementation of the management of Village Original Revenue and its impact

on local economic development in Horale Village based on the framework of Law No. 6 of 2014.

Literature Review

Policy Implementation and Implementation

Mulyadi, (2018) describes implementation as the process of changing decisions into operational patterns that lead to the intended change. Jones (in Mulyadi, 2015) defines it as an activity that aims to make a program effective, while Horn and Meter see it as an action by a public or private entity to achieve policy objectives.

Implementation can be said to be a process of implementation or implementation. Implementation is usually related to a policy set by a certain institution or body to achieve a set goal, (Pramono Sos, 2020). Gordon in Mulyadi, (2018) relates implementation to activities directed at program realization. Furthermore, Grindle in Mulyadi, (2018) views implementation as an administrative process that can be observed at the program level. Sari & Arifin, (2021) limit the definition of implementation as an activity, action, action, or the existence of a mechanism of a system with planned activities to achieve the goals of the activity with an evaluation that adjusts the interaction process between goals and actions to achieve them in order to deliver policies to the community so that the policy can bring the expected results.

Wahyu in Mulyadi, (2018) considers the implementation study as an assessment of whether the implementation is in line with the plan, identifying challenges and areas for improvement. Syaukani et al., in Komang Adi Kurniawan Saputra et al., (2019) consider implementation to be a key stage in public policy, which is executed after a clear goal has been formulated. Akib emphasized that implementation is a detailed administrative and operational process after a policy is determined, which requires careful preparation, implementation involvement, resources, and coordination so that *outputs* and *outcomes* can be achieved.

On the other hand, policy implementation involves activities and processes that aim to achieve the set goals. Ripley and Franklin in Adriansyah et al., (2021) argue that "Implementation is what happens after a law is enacted that grants authority for a program, policy, benefit, or some kind of *tangible output*."

Adriansyah et al., (2021) stated that policy implementation is a crucial stage in the public policy process because it is the implementation stage after a law is stipulated in order to produce an impact on the goals. Meanwhile, Mazmanian and Sabatier in Agustino Adriansyah et al., (2021) define policy implementation as "The implementation of basic policy decisions, usually in the form of laws, but can also be in the form of orders or important executive decisions or judicial decisions.

Policy implementation is a dimension of public policy programs that serve as a guideline for determining whether the manifestation can be accepted by the public or not. In general, policy implementation is necessary for various reasons and is prefactive. From the conceptual of policy problems that need to be overcome and solved, the behavioral perspective to see the compliance of the target group, and the conceptual results to see the consistency between the process that is passed and the results achieved (Rizka Indriani Julfitri, 2023).

Situmorang Chazali (Mansur, 2021) stated that policy implementation is a very broad matter, including how implementation is placed as a tool of legal administration and is also seen as a complex phenomenon of a process or result of policy. Situmorang also emphasized that policy implementation is one of the many stages of public policy, as well as being the most important variable that has a huge influence on the success of policies related to the resolution of public issues.

Public policy *implementation* is one of the stages of the public policy process. A policy program must be implemented in order to have an impact on the desired objectives (Delpiero Roring et al., 2021). Lineberry in Nuryanti Mustari, (2015) quotes the opinion of Van Meter and Van Horn who describe that policy implementation is an activity carried out by institutions, organizations and governments, both individuals and groups, which are aimed at achieving goals and objectives that are priorities in policy decisions.

Policy implementation is in principle a way or step taken so that a policy can achieve its goals, by Mazmanian and Sabatier (1983) in Mansur, (2021) referred to as an effort to implement policy decisions, usually in the form of laws, executive orders, or judicial decisions, which aim to address certain problems. In this regard, Kapioru, (2014) identified environmental conditions, interorganizational relationships, resources, and institutional characteristics as factors that affect implementation performance. Purwanto in Bayu Agung

Syahida, (2014) highlighted the quality of policies, the adequacy of resources, the right policy instruments, the capacity of implementers, the characteristics of target groups, and environmental conditions as determinants of successful implementation.

This perspective suggests that implementation is a structured process that connects policies and programs to organizational and government actions, which requires the necessary resources and infrastructure to ensure effective execution.

Village Self-Sourced Income Management

Management translated into Indonesian as management or management. In its development, the understanding of management has developed into an art of completing work through others. As Appley (1956) stated: *the art of getting things done through people*, that management is the art of getting things done through people (Juhji et al., 2020).

According to Hasibuan S. P., (2019) management is the science and art of regulating the process of utilizing human resources and other resources effectively and efficiently to achieve a goal. This definition highlights the process of utilizing human resources in achieving the goals to be achieved. Arifin, (2017) who stated that management is the process of utilizing resources through management function activities, namely planning, organizing, mobilizing, and controlling all potentials to achieve goals effectively and efficiently.

Income Based on Government Regulation Number 35 of 2007 concerning the Allocation of Part of Business Entity Income for Improving Innovation Engineering Capabilities and Technology Diffusion is income obtained from the sale of goods and services related to the main activities of business entities. Income is the result obtained by individuals or households for goods (work) that in a certain period of time produce money or goods. Income is the total income of a person or a household during a certain period (Doni Sain Bin, et.al, 2023). According to classical economists, income is determined by the ability of factors of production to produce goods and services. The greater the ability of production factors to produce goods and services, the greater the income created (Yulianti, 2020).

Village Original Revenue (PADes) consists of income derived from Village Business Entities, asset management, community contributions, and other legal sources (UU No. 6

Tahun 2014, 2014), Article 72 (a) PADes supports village governments in implementing regional autonomy (Law Number 6 of 2014, Article 71) and includes income from self-managed village businesses, community participation, and cooperation efforts.

Financial management in the village plays an important role in ensuring the welfare of the community by optimizing sources of income for budget planning. Village financial management is documented in the Village Revenue and Expenditure Budget (APBDes), which details the annual expenditure and expenditure plan. Sources of income include service fees and levies (Yoyok, 2010). The management process must comply with the principles of transparency, accountability, participation, and financial discipline, in line with the national and regional budget systems (Hanif Nurcholis, 2011). The village head, as the financial authority, oversees the management and represents the government in the ownership of village assets (Hanif Nurcholis, 2011).

In conclusion, the management of Village Self-Sourced Income involves supervision and implementation of policies to ensure financial sustainability. The village head is responsible for financial governance, ensuring that funds are allocated effectively through the APBDes. Proper PAD management supports village autonomy and improves community welfare.

Villages and Countries in the Context of Local Government

A village is a village and a customary village or what is called by other names, hereinafter referred to as a Village, is a legal community unit that has territorial boundaries that are authorized to regulate and manage Government Affairs, the interests of the local community based on community initiatives, rights of origin, and/or traditional rights that are recognized and respected in the system of government of the Unitary State of the Republic of Indonesia (Law of the Republic of Indonesia Number 23 of 2014 concerning Regional Government, Article 1, Paragraph 43). More specifically, a village is a community legal entity with territorial authority to regulate and manage government matters and local interests, based on community initiatives, customary rights, and customary law (Law Number 6 of 2014, Article 1, Paragraph 1).

In the context of customary law, the term "Negeri" refers to an indigenous community unit established based on historical origins. The state functions to regulate customary law, traditions, and cultural affairs while managing general administrative issues in accordance

with the applicable legal framework. The formation of the country originated from the Dutch colonial period, especially in the era of the Dutch East India Company (VOC) in the early 17th century. In Central Maluku, the system of government was formalized by regulation in 1824 (Staatsblad 19a, 1824). In Southeast Maluku, the country is commonly referred to as "Ohoi". Prior to the emergence of state-based community structures, indigenous groups were traditionally organized into smaller social units such as Aman, Hena, and Uli. The state serves as a manifestation of a community organization with its own historical origins, structured along social, political, and legal lines within certain territorial boundaries. As a result, members of the State share a strong communal identity, sense of belonging, and a deep attachment to their land (Frans et al., 2024).

The state is a prevalent administrative structure in several regions of Maluku, especially in Central Maluku, West Seram, East Seram, and Ambon City. These communities operate under customary law, which serves as a basic legal framework for governance and social order. Over time, customary practices have evolved into "living laws", serving as a vital source of legal and social stability in the Country (Pariela in Frans et al., (2024).

Villagers or Negeri in Maluku adhere to a kinship system that is firmly rooted in customary law. This traditional social structure is passed down from generation to generation, with lineage mainly traced through the paternal line, following a patrilineal system. One of the main manifestations of this system is the leadership structure, in which the head of State government holds the title of "King" or other customary designation, depending on local traditions. The position of the head of the State is inherited in a certain lineage and cannot be transferred outside the legal ancestral lineage unless determined through a deliberation process involving the traditional family unit (Mata Rumah) and the Saniri Negeri (customary council).

According to Peraturan Daerah Kabupaten Maluku Tengah Nomor 1 Tahun 2006, (2006), the State is defined as a genealogy-territorial legal entity that has the administrative authority to regulate and manage local affairs based on ancestral rights and customs. State governance is carried out by the State Government consisting of the State Head and the State Saniri who are responsible for managing local governance in accordance with national law. The Head of State, along with government officials, represents the core governing

body responsible for administrative decision-making and the implementation of governance at the regional level.

Method

This research uses a qualitative research approach, focusing on policy aspects to provide an implicit picture of the implementation of the role of the State Government (village) in village original income planning, source identification, and overall management of community participation in village original income management in accordance with Law No. 6 of 2014 concerning villages. This type of research uses a type or qualitative research method. According to Bogdan and Taylor in Moleong, Qualitative Research is research that produces descriptive data in the form of written or spoken words from people and behaviors that can be observed (Kaendung et al., 2021).

The research was conducted in Horale Country, North West Seram District, Central Maluku Regency, using key informants who can provide comprehensive insights on the topic. Key informants include the Chairman and members of Saniri Negeri, heads of local governments (Raja), youth representatives, and community leaders who are considered knowledgeable and able to offer relevant information. To facilitate data collection, this study uses interview guidelines as the main research instrument. The data is then analyzed through three concurrent processes: data reduction, data presentation, and conclusion withdrawal or verification. The validity of the meaning that emerges is assessed by testing its accuracy, consistency, and relevance Miles & Huberman (Kaendung et al., 2021) After the data analysis process, the researcher applies theoretical triangulation, combining various perspectives to comprehensively interpret the findings.

Discussion

The implementation of Law No. 6 of 2014 concerning Villages in Horale Country, North West Seram District, Central Maluku Regency, especially Article 72 Paragraph 1, letter (a), focuses on the management of revenues generated by villages in the implementation of village development. To analyze this issue, several key aspects are considered.

The capacity of village government officials plays an important role in planning and setting revenue targets generated by villages. Effective planning ensures that revenue

sources are identified and utilized optimally. The identification process involves the village government's efforts to comprehensively list and document all potential sources of income.

The management of revenue generated by the village is formalized through the Village Revenue and Expenditure Budget (APBDes), which outlines the planned expenditure for one fiscal year. Sources of income include costs from village services and levies (Yoyok, 2010). The management process follows the principles of transparency, accountability, participation, and financial discipline, in line with national and regional budgeting regulations. The implementation of village development programs depends on the income generated by the village and the use of local resources. This initiative is designed to improve the welfare of the community by ensuring sustainable development and effective governance.

Capacity of Village Government Apparatus in Planning Village Income Generated

The capacity of village government officials in planning the income generated by the village refers to their ability to develop and implement financial planning strategies in the Land of Horale. This process is crucial to ensure that income planning is aligned with the needs of the village. For the past three years, the planning of income generated by villages in the Horale Country has only been carried out after the establishment of the *Saniri Negeri agency*. This is as conveyed by the Head of the Horale State Government (Raja), Andreas Patalatu, SIP, that:

"In planning the original income of the village, the Horale State government apparatus is always ready to prepare a plan according to development needs. This planning was carried out after the formation of the State Saniri Agency and involved the KPN, section heads, and other saniri elements. Village financial planning has not been carried out methodically and in a directed manner, so often the planning is not in line with local potential, unrealistic, and is not able to create sustainable village economic growth. Therefore, comprehensive planning must be able to take into account all existing sources of income, efficient management patterns and village priority needs as well as financial management capabilities. Another challenge in income planning is that there are still various obstacles because village governments not only face technical challenges, but also structural challenges in planning their sources of income optimally, which is the lack of systematic and structured financial planning so that the planning is still random, reactive, not data-based or long-term needs, for example, not having identified the potential of the village properly. It has not been able to set a definite target for the village's original income".

Thus, the ability of village officials to interpret and apply the principles of village development planning remains a significant issue.

On the other hand, the limitation of human resources in managing the village's original income is also due to the lack of understanding of financial governance, the lack of training and coaching related to village financial management, and the weakness of village financial reporting and analysis, so that it must involve other parties in financial reporting.

This is as conveyed by Korneles I. Rumapusule, S.Pd Secretary Ngeri Horale that:

"One of the main obstacles is the limitation of human resources. Many village officials do not fully understand village financial governance well. Training and coaching related to village financial management are still rarely carried out. As a result, the ability to prepare financial reports and conduct village financial analysis is also inadequate. Therefore, we often involve other parties, such as village assistants or experts, to assist in the reporting process and preparation of financial statements. This is a challenge that needs to be fixed in the future".

The actual budget and revenue targets generated have not met the rational needs to implement development projects in the Land of Horale. These limitations are partly influenced by the transition period in village government, which requires structural improvements in various sectors. The allocation of funds for infrastructure development from the income generated by the village has not been fully realized, so it requires community contributions to increase funding. This is as conveyed by Mrs. Yustina P. Karatem Kaur of Horale State Finance, that:

"The village's original income for the last three years (2018–2020) only reached Rp 43,250,000 from the planned 150,000,000 outside the Village Fund and Horale State ADD, so it is not enough to finance the development optimally. Even so, we still try to allocate funds efficiently for office needs and community empowerment programs. We recognize the importance of designing better planning going forward, especially during this leadership transition".

The state government also continues to strive to explore and maximize village sources of income, including from individuals, groups, or business actors who utilize natural resources in the Horale State area. With the support of all components of the community, we are committed to finding a common solution to finance village development in a sustainable manner

To overcome these challenges, collaboration between the village government and the community is essential. Involving all components of society through discussion and consensus building ensures that revenue sources are well-organized, utilized efficiently, and managed effectively. This participatory approach will improve the welfare of the people in the Horale Country by encouraging better financial planning and governance.

Identify Sources of Income Generated by Villages

Identification of the source of income generated by the village is an important process undertaken by the village government to assess and document all potential revenue streams. These sources typically include taxes, levies, profits from village-owned enterprises (*BUMDes*), and revenues from the management of village assets and natural resources. Each component contributes significantly to overall income and plays a crucial role in sustaining local development.

In the Land of Horale, various assets have the potential to become a source of income. However, due to the transition period in leadership, the village government mainly focuses on administrative restructuring and preparation for the election of new village heads. As a result, asset management has not been systematically organized. For the past three years, the main sources of income have been customary rights (*ulayat*) and marine resource rights. However, the absence of local regulations (*Horale State Regulations*) has hindered the formalization of these assets as a source of income. Establishing a legal framework is essential to enable village governments to manage and utilize these resources effectively for economic gain.

To optimize the income generated by the village, collaboration between the village government and *Saniri Negeri* is very important. This was also conveyed by Mr. Fredy Th. Latumapina as the Chairman of Saniri Negeri Horale that:

"The Horalle State Government has identified a number of village assets, both on land and at sea such as petuan land and sea areas. These assets are important capital to support village development, because they can be used according to the potential of the Land of Horalle, where cooperation between the state government and Saniri Negeri is carried out in a synergistic manner. Good communication and coordination are needed so that the management of village assets can run optimally and is truly beneficial to the community".

A well-coordinated approach ensures that assets are managed transparently and productively, benefiting the entire community. Income from these sources, along with the allocation of village funds and financial assistance from the Central Maluku Regency government, will support various development programs. *An adequately funded APBDes (Village Budget)* not only strengthens village governance but also encourages greater community participation in the planning and budgeting process, ultimately driving sustainable local development.

Village Revenue Management

Management refers to the process of organizing, directing, and supervising activities to achieve certain goals through collective efforts (Zaenab, 2013). In the context of village governance, effective management involves planning, organizing, mobilizing, and monitoring financial resources to support sustainable village development.

In Horale Country, the management of income generated by villages remains a challenge due to the absence of formal village regulations (*State Regulations*) that regulate asset utilization and financial accountability. As noted by the Village Head (*King*), Andreas Patalatu, stated that:

"It must be realized that the Horalle State government apparatus has not been able to control the use of village assets effectively because the Horalle State government does not have a patent state regulation that can bind all citizens in the Horalle State government area. These rules are part of the responsibility for the management and utilization of assets of the State of Horalle such as villages or other countries, and are also regulated in laws and regulations so that they can be used for the benefit and welfare of all. In this regard, communication between community institutions, customary institutions and the community itself must be synergized in an effort to build common awareness in reaching consensus so that the transparency and accountability of the Horalle State government can be measured and tested in managing and running the government properly in Horalle State."

Establishing these regulations is critical to ensuring that financial resources are managed transparently and contribute to the collective well-being of the community. In addition, fostering synergy between local governments, customary institutions, and communities is very important in building mutual understanding and commitment to sustainable financial management.

The Horalle State Government has not implemented strategic steps in managing village income based on local potential such as tourism, markets, and produce. This problem is exacerbated by the limitation of human resources, where village officials do not have adequate competence in financial management and analysis. In addition, low accountability and transparency are shown through the non-publication of financial statements, the lack of public involvement in budget deliberations, and the absence of internal audits by BPD or Saniri Negeri. This causes the community to be unable to actively supervise village financial management.

Strengthening these aspects is necessary to build public trust in local governance. Financial management at the village level must comply with the principles of transparency, accountability, participation, and discipline, as mandated by the national and regional budgeting systems (Hanif Nurcholis, 2011). The role of village heads (*Rajas*) is central, as they hold authority over the management of village finances and represent the village in the ownership and utilization of assets. Strengthening the institutional framework and community involvement in financial decision-making will improve governance efficiency and ensure that revenues are allocated effectively to village development.

Implications of the Implementation of Law No. 6 of 2014 concerning Villages in Horale Country, West North Seram District, Central Maluku Regency

Planning and managing the income generated by villages in the Horale Country requires the active involvement of the entire community through deliberation to reach a mutual agreement. This ensures that natural and human resources can be used effectively for the welfare of the community. In addition, the government must be ready to adapt to community dynamics while ensuring transparency in budget planning and implementation.

Identification of sources of income is very important in managing village finances. The country of Horale has various assets, but its management remains unstructured. Therefore, synergy between the village government and *Saniri Negeri* is needed to ensure efficient utilization of assets. The source of income includes other income generated by the village, the allocation of village funds, and financial assistance from the district government. A well-managed State Revenue and Expenditure Budget (*APBDes*) improves local governance and encourages community participation in development planning.

The findings show that Horale State does not have a strategic approach to revenue management due to the absence of formal village regulations. Transparency and accountability must be prioritized to build public trust. Once this issue is addressed, the effective use of local revenue will support development programs that are aligned with village plans and targets.

Referring to Law No. 6 of 2014, especially Article 72(a), its implications for village governance include strengthening democratic and participatory governance, improving community welfare, improving the quality of life, developing local economic potential, utilizing natural resources effectively, and allocating income to meet priority needs. Establishing clear regulations will provide a legal framework for managing village revenues, ensuring that governance in Horale Country is more accountable, transparent, and community-oriented.

Conclusion

The Horale State Government has not effectively allocated funds from the income generated by the village for infrastructure development. The collective decision-making process through community deliberation is essential to ensure proper financial planning. Village governments are also struggling to fully identify and inventory potential local sources of income, which affects overall financial management. In addition, inefficiencies in managing income stem from limited human resource capacity and past administrative stagnation, which disrupted decision-making at the village level. The absence of a strong legal framework, especially village regulations governing revenue management, further hinders accountability and coordination. As a result, most development programs rely heavily on government assistance through village funds, while community participation through self-help efforts plays a supporting role.

Recommendations

In order to optimize village financial management, it is necessary to establish strict regulations as a legal basis in the allocation of income. Strengthening administrative capacity and active involvement of the community in the financial planning and management process is very important. In addition, the application of the principles of transparency and accountability must also be improved to build public trust and support

the efficiency of village governance. With this in mind, several steps that can be taken by the Horalle State Government include mapping stakeholders to ensure that all relevant parties are involved in screening aspirations, policy formulation, implementation, and supervision of village financial management, drafting village regulations that are firm and directed as the legal basis for village revenue and expenditure management, referring to Permendagri Number 20 of 2018 concerning Village Financial Management, Designing a training program for village officials to increase technical capacity in the aspects of administration and financial management, establishing information transparency procedures so that the public has open access to village financial information, increasing community participation through forums such as musrenbangdes, as an effort to build a sense of ownership and strengthen social control over the use of the budget and strengthen the accountability system by implementing an audit mechanism internal and supervised by the village consultative body (BPD) or Saniri Negeri to ensure efficiency and public trust.

Limitations and Suggestions for Future Research

The study focuses on financial governance in the Land of Horale, limiting its application to other villages with different socio-economic and governance structures. Future research may adopt a comparative approach in some villages to provide broader insights into effective financial management strategies. Additionally, integrating quantitative analysis can offer a more comprehensive assessment of financial efficiency and policy effectiveness in village governance.

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