THE IMPORTANCE OF ELECTRONIC VILLAGE BUDGETING INNOVATION TO IMPROVE PUBLIC SERVICES

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Abstract

This study aims to determine the importance of innovation in e-budgeting applications in providing services to the community as well as how to manage local finance effectively and efficiently so that there is transparency in the management of village funds. The method used is a literature review and research results show that the application of e-budgeting in the management of regional finances is very helpful in creating good and clean government. Electronic budgeting is an online innovation that can provide effective and transparent services. In this paper, we discuss how to manage innovation in a company by using theories from existing literature. This discussion includes an innovation framework, the impact of innovation in human services, the advantages and disadvantages of e-village budgeting. The results of this study are e-village budgeting innovation in government in providing services to the public is a new innovation that has advantages and still has weaknesses, therefore there is a need for improvement in electronic village budgeting innovation services.

Keywords: Innovation, Electronic Village Budgeting, Public Services.

1. Introduction

As the system changes from a system of neutralization to decentralization, pushing for stronger regional autonomy. Where regions are given the authority to regulate and organize their own household affairs. So that the current era, many areas that carry out innovation in carrying out government affairs. In general, this innovation is carried out with the aim of increasing regional competitiveness and trying to resolve various regional problems amid increasing community demands. Competition in the global market continues to increase at any time and all parties both governments and companies really need innovation to stay ahead of the competition. Muluk (2008: 37) explained that decentralization in the reform era had pushed the strengthening of regional autonomy so that diversity in public services and development became a necessity.

Innovation is an important part of competition because it can bring excellence to the government and the private sector through the creation of new ideas, new processes, new products, or by improving current
business conditions. This advantage can mean an increase in productivity, efficiency, and work (labor). Nevertheless, innovation can be a very risky effort for a company. Innovation management is needed to reduce risk by always monitoring the activities and processes of innovation, and to ensure that innovation can be successful. The drive to hold a good government is a threat to the survival of public organizations. Decentralization has also encouraged competition between autonomous regions in order to attract investment and develop an economic appeal. Under these conditions we can see that the climate of competition between regions is getting tougher in the public sector. The climate of this competition is increasingly beginning to be seen with public sector innovation.

Electronic village budgeting is a village budgeting innovation that integrates reporting planning governance to evaluation by utilizing information technology that is widely accessible. The background of the E-Village Budgeting application system, starting with the issuance of Law Number 6 Year 2014 on Villages and other implementing regulations, the Government gives more authority to villages to be able to regulate and manage their own households in accordance with applicable laws and regulations, which includes including in managing and using the village budget provided by the government of Rp. 1 billion.

The Electronic Village Budgeting System synergizes finance and development at the village and district level so that harmony and prevention of interventions in the middle of the road are created. Supervision is also carried out through a complete system with coordinate points and pictures of development projects so as to close the gap of multiple or fictitious projects. Through this system, control over the utilization of village funds can be done at any time without having to come to each village. The creation of good and clean government is part of a better service. As we know that service standard is a benchmark used as a guideline for service delivery and a reference for evaluating service quality as an obligation and promise of organizers to the public in the context of quality, fast, easy, affordable and organized services.

In this study, we will discuss "Electronic Village Budgeting Innovations in improving Public Services". Based on the background described above, the research problem raised is how is the development of services to the community by using E-Village Budgeting innovations?

2. Literature Review

According to Everett (1983) innovation can mean all things new in the form of ideas, ideas, practices or objects / objects that are consciously accepted to be adopted by an agency, group, or individual. Another source defines that innovation does not have limits on something that is tangible like objects but also includes actions or movements towards changes in people's lives (Pervaiz and Charles, 2010). Innovation can also be interpreted as an adaptation mechanism for a company in a dynamic environment, where companies must be able to come up with innovative new ideas which then lead to new products that are of higher quality to meet customer needs. (Hurley and Hult, 1945). Furthermore, the meaning of innovation in a company can also include R&D (Research and Development) activities, production activities, and marketing activities to market the products of innovation. Muluk, (2008: 44) explains Innovate means make change; introduce new things or in other words bring in novelties or bring changes. So, innovation means changing something so that it becomes something new. The essence of innovation is a change towards new things.
Asropi (2008) argues that so far what has not received attention in public sector reform is culture. One culture that is very important to be developed is a culture of innovation in government agencies. Today, faucets or doors for innovation in local governments are increasingly wide open with the issuance of Law Number 23 of 2014 concerning Regional Government and then some of the material is amended by Government Regulation Number 2 of 2014. In Act Number 23 of 2014 it is stated that in order to improve the performance of regional government implementation, the Regional Government can innovate. Innovation is needed by the regional government as a strategic step in improving the implementation of good and clean regional government.

Ancok (2012: 35) defines innovation as "a process of thinking and implementing these thoughts, so as to produce new things in the form of products, services, business processes, new ways, policies and so on". Yogi in Noor (2013: 87) concluded that innovation will not be separated from, namely as follows:

1. **New knowledge**
   An innovation comes as a new knowledge for the community in a particular social system. This new knowledge is an important determinant of social change that occurs in society.

2. **A new way**
   Innovation can also be a new way for individuals or groups of people to meet certain needs or answer problems. This new method is a substitute for the old way that was previously valid.

3. **New object**
   An innovation is a new object for its users, both physical (tangible / tangible), and intangible.

4. **New technology**
   Innovation is synonymous with technological progress. Many examples of innovation are present from the results of technological advancements. Indicators of progress of an innovative technology product can usually be recognized directly from the features inherent in the product.

5. **New discoveries**
   Almost all innovations are new discoveries. Very rarely is the case of innovation present as a coincidence. Innovation is a product of a process that fully works with awareness and intent.

Theodore Levitt in Noor (2013: 94) reminded that innovation is a combination of five components, which are as follows:

1. **Strategy and Customers**
   Local governments must know when, where and how the innovation will be carried out.

2. **Measures and Performance**
   It must be known, how to measure the success of the innovation carried out.

3. **Process (and infrastructure)**
   Is the innovation to be made temporary or become an integral part of the organization.

4. **People**
   How is the organizational culture in understanding the innovation?

5. **Technology**
   How to use "tools" in innovation.

According to Mulgan and Albury in Muluk (2008: 44) shows that: Successful innovation is the creation and implementation of new processes, products, services, and methods of delivery which results in significant improvements in outcomes efficiency, effectiveness or quality (Successful innovation is the creation and implementation of new service processes, products, services and methods which are the result of real development in terms of efficiency, effectiveness or quality of results).

What Mulgan and Albury said shows that innovation has evolved, not only including innovation in terms of products (products & services) and processes alone. According to Muluk (2008: 45), the typology of public sector innovation is as follows:
1. Product or service innovation comes from changing the shape and design of the product or service;
2. Process innovation comes from the continuous quality reform movement and refers to the combination of organizational changes, procedures, and policies needed to innovate;
3. Innovations in service methods are new changes in terms of interacting with customers or new ways of providing services;
4. Innovations in strategies or policies refer to new visions, missions, goals and strategies and their reasons that depart from existing realities; and
5. System innovation includes new or updated ways of interacting with other actors or in other words there are changes in governance (changes in governance).

Figure 1. Typology of Public Sector Innovation.


This categorization of the level of innovation is explained by Mulgan and Albury as quoted in Muluk (2008: 46):
1. Incremental innovation means innovation that occurs brings small changes to the existing process or service. However, incremental innovation plays an important role in the renewal of the public sector because it can make small changes that can be applied continuously and support knitting services that are responsive to local and individual needs, as well as supporting value for money.
2. Radical innovation is a fundamental change in public service or the introduction of completely new ways in the organizational or service process. Radical innovation is needed to bring tangible improvements in the performance of public services and meet the expectations of service users who have long been ignored.
3. Whereas transformative or systematic innovation brings changes in the structure of the workforce and organization by transforming all sectors and dramatically changing organizational relationships. This type of innovation requires more time to obtain the desired results and requires fundamental changes in the social, cultural and organizational structure.

The development of innovation in the public sector is not a condition that can be successfully carried out only with the intention, let alone by itself. Without the presence of these factors, government innovation...
will be difficult to realize. Some of these critical factors include: leadership that supports innovation, educated and trained employees, organizational culture, team development and partnerships, orientation to measured performance and network development, as shown in the figure below:

![Diagram of Critical Factors in Innovation Development](image)

**Figure 2. Critical Factors in Innovation Development**

*Source: Researcher data (2019).*

The following are 15 keys to innovation success according to the Innovation Team of the State Administration Institute of the Republic of Indonesia (2014: 25-27):

1. There are demands for change supported by the government and apparatus leaders;
2. The attitudes and culture of leaders who encourage creativity and innovation;
3. Government institutions encourage, recognize and value innovation;
4. The innovation process needs to be developed in a certain "cycle" system;
5. Innovation carries risks and requires leaders and officials who dare to take calculated risks, not those who are afraid of risks or simply maintain the status quo;
6. Pilot projects and trials can minimize the risk of the impact of innovation;
7. Domestic and international cooperation networks will drive innovation success;
8. The capacity and capability of HR and local government organizations are preconditions for the success of innovation;
9. Strategic issues must be formulated to anticipate the level of difficulty, work pressure, speed of work, and limited time in developing innovation;
10. The challenges that must be anticipated in innovation are the legislative attitude, the work reporting system and its network; the attitude of risk aversion, and the attitude of a group of people who look down on it;
11. Advanced technology services will strengthen the drive and creativity of innovation;
12. Innovation in the public sector usually encourages the development of innovation in the public or private sector;
13. The success of innovation requires the availability of resources (man, money, materials, methods, times and environment), availability must be guaranteed (remember no-one wants to pay - risk aversion behavior);

14. The public sector apparatus actually has a high commitment to work, highly motivated to work, results oriented and prioritizes the interests of the community (in addition to the apparatus that damage the system for personal or group interests); and

15. The government must encourage innovation but must also have a reservation that performance achievements will vary and must make room for improvement.

Borins in Noor (2013: 25) says there are three obstacles to innovation in the public sector, namely:

1. It arises from within the bureaucracy itself, which is a skeptical attitude and is reluctant to change;
2. The political environment; Organizational demands sometimes cannot be fulfilled because of the political environment that is not conducive such as increasing the budget, hindering regulations and group interests
3. Environment outside the public sector such as public doubts about the effectiveness of a program, difficulty in implementing the program, especially in determining the target group.

On another view, Mulgan and Albury in Noor (2013: 27) revealed 8 (eight) obstacles to the public sector innovation process, namely:

1. Reluctance to close failed programs;
2. Excessive dependence on high performance performance as a source of innovation;
3. Technology available, but inhibits culture or organization;
4. There are no rewards or incentives to innovate or adopt innovation;
5. Don't dare to take risks;
6. Short-term budgeting and planning; g) Administrative pressures and obstacles
7. Risk aversion culture.

3. Methods

This paper is the result of a literature study research by examining several journals related to electronic village budgeting innovation. This paper is expected to explain about innovation, electronic village budgeting, and the importance of these two things in serving the community.

4. Results and Discussion

E-Government Theory

The concept of e-government emphasizes the e-government development strategy as follows:

1. Develop a service system that is reliable and trustworthy, and affordable to the wider community. The smooth flow of information to support relations between state institutions, as well as to stimulate public participation is one of the important factors in forming good state policies. Therefore, public services must be transparent, reliable, and affordable to the wider community through communication and information networks.
2. Organize the management system and work processes of the government and autonomous regional government holistically.
Achieving the development of a reliable service system must be supported by structuring a management system. The structuring of management systems and government work procedures must be designed so that they can adopt rapid advances in information technology. This arrangement includes a number of objectives holistically forming the context for the formation of good governance.

3. Make optimal use of information technology.
   Advances in information technology and the development of communication and information networks provide broad opportunities for government agencies to meet these needs.

4. Increasing the participation of the business world and developing the telecommunications and information technology industry.
   The development of public services does not need to be fully addressed by the government; business participation can accelerate the achievement of e-government strategic goals.

5. Developing human resource capacity in government and autonomous regional governments, accompanied by increasing community e-literacy.
   Efforts should be made to increase human resource capacity and structuring in empowerment, which are none other than a key to the success of the implementation and development of e-government.

6. Carry out systematic development.
   Every change has the potential to cause uncertainty, therefore e-government development needs to be planned and carried out systematically through realistic stages and measurable targets, so that it can be understood and followed by all parties.

Budgeting Theory

A budget is a plan prepared systematically that covers all company or government activities that are expressed in monetary units or units and are valid for a certain period or period in the future. Based on this understanding, the budget contains four elements consisting of:

1. Plan.
   Plans must be determined in advance in order to determine the activities or activities that will be carried out in the future with some special specifications such as planning that must be arranged systematically, containing all the company's activities until it is stated in monetary units.

2. Covers all company activities.
   In compiling the budget must include all activities that will be carried out by all parts in a company or government.

3. Expressed in monetary units.
   The purpose of this is expressed in monetary units, which are units that can be applied to a variety of diverse corporate or government activities. With the existence of monetary units this difference can be uniformed so that it is possible to add up, compare and further analysis.

4. A certain period of time to come.
   This time period shows the validity of the budget for the future. In relation to the time period, the budget is divided into several types, namely:
   a) Strategic budget: a budget whose validity period is long term, that is, a period that exceeds one period or one year.
   b) Tactical budget: a budget whose validity period is for the short term. For a budget that is valid for a period of one period, it is called a periodic budget. Whereas for a budget that has a validity period of less than one period, it is called a phased budget.
Electronic Village Budgeting

Electronic village budgeting is a village budgeting innovation that integrates reporting planning governance to evaluation by utilizing information technology that is widely accessible. This system synergizes finance and development at the village and district level so that harmony is created and prevents program interventions in the middle of the road. Supervision is also carried out through a complete system with coordinate points and pictures of development projects so as to close the gap of multiple or fictitious projects. Through this system, control over the utilization of village funds can be done at any time without having to come to each village. The clerk can know the progress of the work up to remote villages, complete with photos and location points via Google Map. With this electronic village budgeting system, it can cut the chain of budget preparation and supervision manually at the village level. Make the monitoring process more effective and efficient. The system also synergizes finance and development at the village and district level, so harmony is created. This electronic village budgeting consists of the planning, administration, and accountability stages. This system cuts the chain of budget preparation manually at the village level. In this way, budget disbursements are also easily monitored. With this strategy of strengthening innovation, it is hoped that good and clean government can be realized.

Issues before the E-Village Budgeting included, such as:

1. The pattern of development planning that is still carried out in a partial way is only limited to the current fiscal year, causing delays in the development process in the village;
2. Limited capacity of human resources (HR) of the village apparatus in terms of administration and governance in the field of village financial management, so that it can have an impact on risks in management and accountability;
3. The village's financial capacity is still limited in accommodating maximum community aspirations in budgeting. The government tends to budget the program of activities using the incremental budgeting method based on the existing situation and facts, so that the impact on the activities carried out becomes less measurable, even indicated overlapping between one activity with another activity;
4. There are demands for transparency and accountability in village financial management, thus encouraging village governments to be able to provide village financial data in an orderly and accountable manner;
5. There are only less than 10% of villages that send Accountability Reports in a timely manner.
6. To be able to overcome these problems, the government in the District through the Office of Community Empowerment and Village Government needs a new innovation in financial management that can provide facilities for the village government in carrying out its activities in finance starting from the planning process, administration, change village budget, accountability and financial reporting. So, a tool was made to facilitate the village government in managing its finances named (Electronic Village Budgeting / E-Village Budgeting).
7. To be able to meet operational needs at the Government level at the Regency level, this E-Village Budgeting application is developed on a web-based (intranet) basis, so that it will greatly facilitate workmanship and is very effective to be implemented in a Government environment that has a very wide area and already has intranet network. This system is one of the innovations to realize good and clean government at the village government level.
The Actor Involved in The Preparation and Funding of The E-Village Budgeting System

There are many actors involved in the service of the E-Village Budgeting application, each of which has a main task and function in running this E-Village Budgeting system. The initiative to create an E-Village Budgeting application system was carried out by the Office of community empowerment by involving several actors in its production and service. Actors involved in policy making are grouped into two namely executive and government agencies. The executive in service of the E-Village Budgeting application system is the District Regent. Whereas the government agencies involved in E-Village Budgeting application system services are the Office of Community and Village Empowerment, the Office of Communication, Information, and Regency coding, while in their services, the actors involved are the Office of Community and Village Empowerment, the Regional Planning and Development Agency, The Communication, Information and Encoding Service in the district, district heads and village heads and village officials in the districts.

Initial Preparation of The E-Village Budgeting System in Service to The Community

The initial preparation in the service of E-Village Budgeting is to prepare financial resources, application development to increase the ability of Human Resources (HR) of the village government apparatus, especially understanding the process flow of the E-Village Budgeting system itself which is synergized with knowledge of village financial management based on applicable law. The following are the resources needed to build the E-Village Budgeting system:

1. Financial resources, needed to build the E-Village application system. Budgeting and capital expenditure for adding servers.
2. Technical Resources, are needed for developing application systems as well as for maximizing internet networks in the Regency.
3. Human Resources, prepared by providing various training and assistance on the E-Village Budgeting application system and creating a DD / ADD consultation clinic to help village officials who are still experiencing difficulties.

In addition to this method, the District Government, through the Office of Community and Village Empowerment, also has several actions as the key to the successful implementation of the E-Village Budgeting system. Some of these actions include:

1. Conduct training for officers in charge of village finances ranging from planning, budgeting, administration and accountability as well as village financial reporting with the aim that officers can operate the system properly.
2. Improve regulations relating to the application of E-Village Budgeting which must be used by the village government in village financial management.
3. Delegate part of the authority possessed by the SKPD related to the sub-district head, particularly in terms of verifying the Village Budget and Expenditure (APBDesa). This activity is aimed at making it easier to control village finances.
4. Creating a DD / ADD consultation clinic with the aim of assisting village assistants who are still experiencing difficulties in planning, budgeting and village financial administration through E-Village Budgeting and the sub-district apparatus as verifiers of APBDes.
E-Village Budgeting System Services

Initial Conditions of Service

In the service phase, various obstacles will be encountered, especially for the village government apparatus. Based on the results of the research that has been done, it is known that there are several major obstacles most experienced by the village apparatus at the beginning of the service application for E-Village Budgeting are as follows:

1. Internet network facilities in the village are still not optimal.
2. Limited capabilities of village human resources / E-Village Budgeting operators
3. The quality of the E-Village Budgeting application system is still lacking

Following are the efforts made by the Office of Community and Village Empowerment to overcome these problems:

1. The use of the E-Village Budgeting application with a trial and error system that is adjusted to the provisions of village financial management. With a trial and error system in the E-Village Budgeting application, the Regency Government can find out the problems in the application, which in the future need to be repaired.
2. Improve the Internet Network. The internet is the main thing needed in E-Village Budgeting application services. Therefore, the Office of Community and Village Empowerment calls on the village government to be able to improve infrastructure, especially improving the internet network by allocating a budget for spending on internet services. Because, if the internet network in each village is good, it can automatically facilitate the performance of the village apparatus.
3. Increasing the capacity of village officials. Increasing the capacity of the village apparatus is the last effort to be able to overcome the obstacles that occur at the beginning of the E-Village Budgeting application service. The capacity building of the village government apparatus is carried out by providing training, refreshing, assistance and clinics for the village government apparatus in operating the E-Village Budgeting.

5. Conclusion

Strengths of The E-Village Budgeting Application System in Providing Services to The Community

a. Making Financial Reporting easier, effective, efficient, saving time and saving energy. With the E-Village Budgeting application system, it provides convenience in financial reporting that becomes easier, more effective, efficient, time-saving and energy efficient. This is because with the E-Village Budgeting system all financial reports are carried out through this system.

b. Mistakes when making financial reporting can be known early.

With the E-Village Budgeting application system helps them find out the possibility of errors when preparing financial reporting earlier. Where, when administering data entry or input into the E-Village Budgeting application system, if there are errors or incompatibilities with the plan, they can be detected and can be known early so that the surgeon will be able to take direct action to correct the mistakes.

c. The work becomes neater and orderly.
With the E-Village Budgeting application system making work in arranging village financial management more neat and orderly. With the E-Village Budgeting application system village financial reporting has become more orderly and neat.

d. Be transparent and can be monitored by the district government.

The E-Village Budgeting application system makes village financial management more transparent, this is because with the E-Village Budgeting system, village finance can be monitored directly by the District Government, through several authorized SKPDs.

e. Financial management has become clearer and more detailed.

The E-Village Budgeting application system makes financial management clearer and more detailed.

Lack of An E-Village Budgeting Application System in Providing Services to The Community

The birth of an innovation, is expected to provide advantages or benefits more than the drawbacks. However, a system that has just been created and implemented must have drawbacks with the E-Village Budgeting application system. Since the beginning of the application of the E-Village Budgeting application system to date, there are at least some deficiencies felt by the village apparatus. Based on research that has been done, some of the shortcomings that exist in the E-Village Budgeting application system are as follows: First, the main obstacle experienced in the service of the E-Village Budgeting application system is that internet network problems are still difficult. Second, the tax calculation in the E-Village Budgeting system is still done manually and then entered or input into the system unlike the calculation in financial reporting that has been automated. Third, the E-Village Budgeting application system is less simple because there are many rooms in the E-Village Budgeting system. Fourth, the account code in the E-Village Budgeting system is less specific.

Based on the results of the study, E-Village Budgeting application service system as a new innovation in village government financial governance has maximized transparent services. The success in serving the E-Village Budgeting system is due to the seriousness and persistence of the actors involved in learning and understanding the E-Village Budgeting system. All village government officials have been able to run the E-Village Budgeting system well and have sufficient mastery so that they can provide services to the community well. And if there is a problem in the system, the village government directly contacts the Community and Village Empowerment Office or the Communication and Information Office depending on the problem at hand.

There are many benefits or advantages that are behind the E-Village Budgeting application system such as in providing services to the community, namely:

1. Financial reporting becomes easier, more effective, efficient, saves time and saves energy;
2. Errors when entering data can be known earlier;
3. The work becomes neater and orderly;
4. Be transparent; and
5. Financial management is clearer and more detailed.

The basic difference between before and after the implementation of the E-Village Budgeting application system is that the pattern of village activity program planning is more directed than before, village financial management is carried out using the system and online so that, in financial management, it becomes more effective and efficient, transparent, budget disbursement becomes more controlled and easier to do internal control between the Village and the District or District.

The E-Village Budgeting application system still has shortcomings, especially server problems that only exist in the downtown district of the Regency, so for villages that are located far from the city center,
sometimes the network is less stable, especially when many village apparatuses are using the E-Village Budgeting application simultaneously. Therefore, the District Communication and Information Office is expected to be able to increase / increase the number of servers so that in the future the E-Village Budgeting application system can be operated very well even though many are accessing the E-Village Budgeting application system.

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