

# Transformation of Village Government Management Post-Efficiency Towards a Sustainable Governance Model

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**Abstract.** *This study aims to analyze the impact of budget efficiency policies on village governance and formulate a sustainable management model amidst fiscal constraints. A qualitative approach with a single case study design was used in Rumpa Village, Mapilli District, Polewali Mandar Regency. Data were collected through in-depth interviews with ten key informants, participant observation, and focus group discussions, then analyzed using thematic analysis and source triangulation techniques. The results show that budget efficiency policies require organizational transformation through the reduction of non-structural staff, cross-functional task allocation, and reprioritization of village programs to basic services and mandatory infrastructure. However, this policy also triggers adaptive and innovative management practices such as micro-data-based planning for neighborhood units (RT/RW), digitization of basic administration for service efficiency, the establishment of village alms as a local financing innovation, and the optimization of mutual cooperation (gotong royong) that can reduce development costs by up to 50%. Based on the findings, this study formulates a Sustainable Village Governance Model (EAP Model) that includes five main components: data-driven efficiency, institutional adaptation, multi-stakeholder participation, local financing innovation, and open accountability. This model integrates New Public Management theory and Putnam's social capital to support adaptive, innovative, participatory, and sustainable village governance. This study concludes that fiscal constraints are not an obstacle to village development if mitigated through innovative organizational transformation and optimal community participation, thus supporting the vision of an inclusive and independent Golden Indonesia 2045.*

**Keywords:** *Village Governance, Government Efficiency, Sustainable Management, Organizational Transformation, Community Participation*

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## INTRODUCTION

Villages hold a strategic position as the spearhead of inclusive and sustainable national development (Mubarok & Kurnia, 2025; Islam, 2024). In the context of the Golden Indonesia 2045 vision, village development is directed not only at meeting the community's basic needs but also at encouraging competitive local economic growth and independence based on village potential (Pranita et al., 2025; Rosani et al., 2025; Satoto et al., 2024). Law Number 6 of 2014 concerning Villages has granted village governments broader authority to regulate and manage community interests, including managing village finances independently, transparently, and accountably.

However, in recent years, villages have been confronted with the dynamics of national fiscal policy that demand efficient budget use (Wakhid et al., 2025; Auerbach & Kotlikoff, 1987). Budget efficiency policies, while aimed at improving fiscal accountability and the effectiveness of

government spending, pose serious challenges at the village level. Villages, with limited human resources and suboptimal institutional capacity, are forced to make various adjustments to their organizational structures, program priorities, and public service strategies (Wahyudi et al., 2020; Djafar et al., 2025; Pan et al., 2022). This situation is feared to hamper the achievement of inclusive and sustainable village development goals if not accompanied by adequate institutional innovation and community participation (Utomo & Tambunan, 2024).

Previous research has shown that village fiscal decentralization policies in Indonesia improve accountability in financial management, but have not fully guaranteed the strengthening of institutional capacity and village independence (Mawansyah, 2024). Wibowo & Oktivalerina (2022), in their study on the impact of fiscal decentralization on poverty reduction in Indonesia, emphasize the need for fiscal integration with strengthening local institutional capacity for development programs to be effective. However, many village governance studies remain normative and top-down (Setyasih, 2022), thus failing to capture the dynamics of village management adaptation in depth on the ground.

In a theoretical context, Ménard & Shirley (2022), using the New Institutional Economics approach, emphasize that institutions play a key role in regulating relationships and incentives between actors in the economic and governance system. This theory views institutions as the rules of the game that shape incentive structures in social, economic, and political interactions. Therefore, village fiscal policy should be accompanied by institutional strengthening to ensure efficiency and effectiveness goals are achieved (Permatasari et al., 2021; Palisuri et al., 2024; Irrnanta & Putri, 2021; Surachman, 2020).

Meanwhile, the New Public Management (NPM) theory proposed by Osborne & Gaebler (in Ménard & Shirley, 2022) emphasizes the importance of efficiency, effectiveness, innovation, and accountability in governance, including village governance. On the other hand, Putnam's social capital theory emphasizes the importance of trust, norms, and social networks in supporting effective governance and sustainable development (Chen et al., 2025). In the village context, social capital such as mutual cooperation, consensus building, and citizen participation are key to the success of sustainable village development (Annahar et al., 2023; Sabet & Khaksar, 2024).

This study found that budget efficiency policies had a significant impact on the organizational structure and priorities of village programs. Interviews with the Village Secretary revealed a reduction in non-structural staff and the overlapping of duties within the Finance and General Affairs Offices. One informant stated:

*"Now there are no longer any administrative support staff. Everything is done concurrently. If there's paperwork, I also help with finance." (Finance Affairs Office Informant)*

Furthermore, observations of activities indicate that the village budget is only directed towards priority programs such as basic administrative services, mandatory infrastructure development, and strengthening population data. MSME empowerment programs and community training have been postponed pending additional budget allocations (Hasyim & Bakri, 2025; Valle et al., 2022). This phenomenon aligns with the findings of Annahar et al. (2023) that village development dependence on Village Funds without strengthening social capital and institutional innovation will weaken local independence and innovation.

However, this study also found adaptive and innovative management practices at the village level. Microdata-based planning at the neighborhood level (RT/RW) was used to prioritize beneficiaries more precisely; digitizing basic administration using Google Forms reduced stationery costs by up to 20%; establishing village alms became an alternative financing innovation for emergency and social activities; and optimizing mutual cooperation (gotong royong) reduced development costs by up to 50% compared to the initial plan. These findings confirm the importance of institutional and managerial innovation in supporting the effectiveness of village fiscal policy, as emphasized by Utomo & Tambunan (2024).

Furthermore, this study formulated a Sustainable Village Governance Model (EAP Model) that includes five main components: (1) Data-Driven Efficiency, namely planning, budgeting, and evaluation based on microdata from poor households and vulnerable groups; (2) Institutional Adaptation, in the form of organizational restructuring with cross-functional task distribution according to competencies; (3) Multi-stakeholder Participation, namely inclusive Village Deliberations (Musdes) involving women, people with disabilities, and the elderly; (4) Local Financing Innovation, such as optimizing Village Original Revenue (PADes) and village alms under the legal umbrella of Village Regulations; and (5) Open Accountability, with financial and activity reporting published on information boards and neighborhood association WhatsApp groups to directly reach residents.

This EAP model aligns with research by Agustine et al. (2024) on village economic transformation through the digitization of archives and services, which can improve the effectiveness of village governance and public services. Furthermore, this model supports the achievement of Village SDGs point 17 on development partnerships, which emphasizes the importance of multi-stakeholder collaboration in inclusive and sustainable village development (Annahar et al., 2023; Nuraini et al., 2025; Dauri et al., 2021; Ayala-Orozco et al., 2018). Thus, this research provides important empirical and conceptual contributions to the literature on village governance in Indonesia. The resulting EAP model is expected to serve as a strategic reference for central and regional governments, as well as village officials, in formulating village development policies and programs that are not only efficient but also adaptive, innovative, participatory, and sustainable, toward the vision of a sovereign, just, and prosperous Golden Indonesia 2045.

## **METHODS**

### **Research Approach and Design**

This research uses a qualitative approach with a single-case study design, aiming to in-depth explore the dynamics of village governance transformation following the budget efficiency policy (Peng et al., 2023; Khaerah et al., 2025; Minarni et al., 2025). A qualitative approach was chosen because it allows researchers to understand the meanings, perspectives, and managerial practices that emerge from the perspectives of actors in the field, in accordance with the local social, economic, and political context (Ménard & Shirley, 2022). The single-case study design was chosen to provide a comprehensive understanding of the process of village management change within a single institutional ecosystem, holistically and contextually (Sandström & Rova, 2009; Zhao et al., 2021). The research location was purposively selected in one village in Polewali Mandar Regency that had implemented the budget efficiency policy for at least two years.

### **Data Collection Technique**

Data collection was conducted using three main techniques:

#### ***In-depth Interviews***

Conducted with ten key informants holding strategic positions in village governance, consisting of: Village Head, Village Secretary, Finance Head, General Affairs Head, BPD Chair, BPD Member, Female Posyandu cadre, Community leaders, Two poor residents receiving village assistance. This technique allows for data collection on perceptions, practices, and adaptation strategies for village management following budget efficiency (Utomo & Tambunan, 2024).

#### ***Participant Observation***

Researchers conducted direct observations of two village activities: hamlet deliberations and population administration services, to gain a factual understanding of efficiency practices and citizen participation (Agustine et al., 2024).

### ***Focus Group Discussion***

Held with 15 participants consisting of village officials, BPD members, community leaders, women's leaders, and academics to validate data, discuss research findings, and develop a sustainable and applicable village governance model (Wadi & Amin, 2025). In addition to primary data, this study also utilized secondary data in the form of RKPDes, APBDes, Perdes, and village activity reports to strengthen the analysis (Wibowo & Oktivalerina, 2022).

### **Research Instruments**

The primary instrument in this research was the researcher herself (human instrument), assisted by in-depth interview guidelines, observation checklists, and focus group discussion guides (Moser & Korstjens, 2018; Ranney et al., 2015). The interview guidelines were developed based on the research objectives and theories of public governance and social capital (Alwi, 2022).

### **Data Analysis Techniques**

Data analysis was conducted using thematic analysis techniques, namely: (1) Verbatim transcription of interview and FGD data; (2) Data coding to identify main categories, patterns, and themes; (3) Triangulation of data sources and methods to test the credibility and consistency of the findings (Utomo & Tambunan, 2024); (4) Organizing the findings into main themes, namely the impact of efficiency policies, adaptive-innovative management practices, and sustainable village governance models.

### **Data Validity**

Data validity was tested through: (1) Triangulation of sources and methods, namely comparing the results of interviews, observations, documents, and focus group discussions (Wadi & Amin, 2025); (2) Member checking, by asking informants to verify the interview results to ensure the researcher's interpretation aligns with their intent (Iivari, 2018); (3) Discussions with the research team and academics to increase the dependability and confirmability of the research results (Ménard & Shirley, 2022).

## **RESULTS AND DISCUSSION**

### **History and Conditions of Rumpa Village Area**

Rumpa Village is one of twelve villages and sub-districts located in Mapilli District, Polewali Mandar Regency. This village was formed in 1955 with the initial name of Gaya Baru Village. At that time the village government was led by Abdul Karim Tonangi until 1971. After his death, the leadership was continued by his son, H.M. Darwis Karim, who served until 1981. Next, Ca'di Azis led until 1989, then replaced by Nurdin Hamid, SmHk, until 1997. After that, the government seat was held by Sedi Karim, SE, son of Abdul Karim Tonangi, who served for two terms until 2013. In 2014, the government was held by Firdaus Hamid until 2020, then in 2020-2022 it was temporarily held by Rahmat, S.Sos. From 2022 to 2028, the Rumpa Village government was headed by Ns. Rusman, S.Kep., S.IP. Geographically, Rumpa Village is located in the southern part of Mapilli District. Its boundaries are Arjosari Village to the north, Buku Village to the south, Katumbangan Lemo Village to the west, and Kebun Sari Village to the east. The Village Head's office is located in Hamlet III, which also serves as the administrative center. Rumpa Village covers an area of approximately 812.57 hectares, consisting of 301.77 hectares of rice fields, 419.60 hectares of plantations, 49.71 hectares of residential areas, and 41.50 hectares of water bodies.

The Maloso River flows through Rumpa Village, which forms the boundary with West Katumbangan, Campalagian District. The Maloso River, also known as the Mapilli River, is one of the major rivers in Polewali Mandar. This river provides numerous benefits to the local community, particularly for irrigating rice fields, bathing, and drinking water. Furthermore, the Maloso River attracts international tourists due to the monitor lizards that live near the river, attracting them to visit and socialize with the local community. However, the river often

overflows during the rainy season, disrupting community activities and potentially damaging agricultural crops. The climate in Rumpa Village is similar to that of Mapilli District in general. The village experiences two seasons: the dry season, which lasts from April to September, and the rainy season, which lasts from October to March. The average temperature in 2010 ranged from 22.23°C to 30.46°C, with the maximum temperature occurring in January. Average humidity is around 81.58%, with a maximum humidity of 86% occurring in November and December, and a minimum humidity of 77% occurring in August and September.

### Social Conditions

The potential natural resources in Rumpa Village include non-biological natural resources, namely: water, air, land and mining materials, while biological natural resources include plantations, rice fields and livestock.

Table 1. Natural Resource Data

No	Type	Information
1	Rice fields (area of	301,77 Ha
2	Plantations (area of	419,60 Ha
3	Settlements (area of	49,71 Ha
4	Water bodies (area of	41,50 Ha
5	Offices/public facilities	
6	Water facilities and infrastructure)	Dug wells, Spring protection, Perpian, Clean springs

Rumpa village is divided into four hamlets; Kampung Tengah I, Rumpa II, Tapparang/Bulu-bulu III and Ca'bulung IV. The village continues to be a challenge especially in the aspect of human resources especially in the education sector. The number of illiterate people according to the data of 2013 is 197, including both school-going children and adults above 50 years. This state is not restricted to an individual hamlet and is evenly distributed showing that the problem of literacy is a universal problem in the whole village. This fact is also seen in the continued existence of the situation as the quality of education and the absence of continuity in the schooling process is also reflected there. The implication of the low educational attainment directly affects the aspect of human resource development in the village. Despite the rather great natural potential of Rumpa Village, which consists of rice fields, plantation, and livestock, the capacity of the community to manage and to make the best out of these assets is still limited due to low levels of knowledge and technical skills.

A significant number of people still use the traditional approaches to agriculture and plantation management, which restricts productivity and eliminates a possibility to be innovative. Moreover, there is a high rate of illiterate citizens indicating that the initiatives to enhance community interest in planning and governing development might have challenges given that access to information and participation of the people in the administrative matters is not evenly distributed. Natural resources and human resources are also interrelated as witnessed through this condition. Although the economic foundation of the area is quite solid in the terms of the availability of agricultural land, plantations, and water sources, the advantages cannot be fully achieved without the corresponding enhancement of human capital. In this way, education, training and community empowering investment becomes critical to break the cycle of limited capacity that is still present in Rumpa Village., see the human resources (HR) status of the village:

Table 2. Rumpa Village Population Data

No	Population	Number/Souls
1	Male	1.324
2	Female	1.488
3	Population by education:	
4	Bachelor's degree	31

5	Diploma	12
6	High school/equivalent	197
7	Junior high school/equivalent	213
8	Elementary school/equivalent	510
9	Illiterate	147
10	Ages 7-15	843
11	Ages > 15-45	453
12	Ages > Years and above	479
	<b>Total</b>	<b>5.697</b>

According to Table 2, there are 5,697 individuals in the Rumpa Village comprising of 1,324 males and 1,488 females. Regarding educational attainment, most of the residents have only finished elementary school, the number of higher education has been minimal (31 people with bachelors and 12 people with diploma degrees), which means that higher education is not easily accessible. The illiterate residents remain to be 147, and this demonstrates the ongoing problem with human resource development. The age distribution denotes that the population is relatively young with 843 individuals in the 7-15 years age category implying there would be a great potential labor force in the future provided it is reinforced by proper educational and training facilities. Nevertheless, the fact that the number of residents who have secondary and higher education is relatively low indicates that there should be continuous investment in the education sector in order to enhance the quality of human capital within the village.

### Economic Conditions

With regard to the community's livelihood, farming, Rumpa Village is considered an agricultural village. Although recent incomes indicate progress in the community's economic level, out of 627 heads of families, only 195 are still classified as poor, or 17% are still considered underprivileged (2010 MMDD PNPM-MP census data). However, many heads of families submit certificates of poverty to obtain recommendations for hospital expenses or children's education.

Table 3. Rumpa Village Employment Data

No	Type of Employment	Number/Souls
1	Farmer	527
2	Farm Laborer/Construction Laborer	123
3	Casual Laborer	30
4	Trader	52
5	Self-Employed	17
6	Civil Servant/Military/Police/Retiree	40
7	Transportation Services	21
8	Livestock Farmer	125
9	Builder	23
10	Not Working	240
	<b>Total</b>	<b>1198</b>

Source: Data from each hamlet in Rumpa Village, 2025

As shown in Table 3, 1,198 residents of Rumpa Village are under different types of employment with agriculture still being the predominant sector. The greatest number of individuals is farmers comprising of 527 persons with 125 livestock farmers and 123 farm or construction laborers. This piece of work captures the village nature of the economy, which is agrarian with livelihoods being closely linked to land farming and livestock rearing. Nevertheless, it is in the traditional agricultural work that the major portion of the community is exposed due to seasonal variation, climate change, and reliance on the markets. The population of non-farming

activities is rather limited outside the agricultural sector. Traders are only 52 and those in the transportation services are 21 and the self-employed in small-scale ventures are 17. This shows that there is little diversification into the commercial/service-based activity that otherwise may add to economic resilience. Likewise, it has just 40 individuals engaged in formal sector jobs like civil servants, military, police or retired people. This implies limited access to a stable work environment which usually provides social security and stable income.

The other significant observation is that the number of non-working residents is comparatively high and amounts to 240 individuals. The segment constitutes a substantial part of the working population, and it can consist of unemployed adults, females not participating in the work environment, and youths who cannot find an appropriate employment opportunity. The presence of such group highlights the hardship under which the village can generate proper employment, and the fact that human resources can be underutilized. The labour structure of Rumpa Village indicates that terms of primary sector operations, minimal growth to secondary or tertiary sector work and the inability to enter formal operational sectors have remained imminent. Such a tendency suggests both major and minor strengths: on the one hand, agriculture is the basis of subsistence and local identity; on the other hand, the absence of diversification puts the community at a risk of economic instability and limits development opportunities in the long term. Expanding the non-agricultural sectors, providing training in skills and a culture of entrepreneurship would hence be the pivotal measures in boosting the resilience of the economy and decreasing the reliance on the conventional farming means of living.

### Territorial Division

Administratively, Rumpa Village, Mapilli District, is divided into four hamlets with an area of €812.57 hectares.

Table 4. Population Data by Hamlet

No	hamlet	The number of			Area (Km2)
		Resident	Gender		
			Man	Woman	
1	Middle Village I	657	255	402	190,77 Ha
2	Rumpa II	992	497	495	260,57 Ha
3	Tapparang/Bulu-Bulu III	902	437	465	230,45 Ha
4	Ca'bulung IV	334	165	169	130,78 Ha
	Total	<b>2885</b>	<b>1354</b>	<b>1531</b>	812,57 Ha

Source: Data sources for each hamlet in Rumpa Village in 2025

According to Table 4, Rumpa Village comprises a total of 2,885 residents, that is, 1,354 men and 1,531 women, in four hamlets of a total area of 812.57 hectares. Rumpa II has the highest population of 992 residents that nearly equal the number of 497 men and 495 women and covers an area of 260.57 hectares. Such a hamlet is therefore a demographic and spatial core of the village that has consequences to service provision as well as to the development planning. Tapparang/Bulu-Bulu III is the next with 902 inhabitants (437 men and 465 women) on 230.45 hectares and a fairly equal gender ratio and a large settlement density, which ranks it as another major population structure. The population of Middle Village I is 657, and the gender distribution amounted to 255 men and 402 women, and the total land area is 190.77 hectares. The increased number of women in this hamlet also deserves mentioning because it can impact the design of social programs, especially those that aim at educating and empowering women as well as their health and economic empowerment. In the meantime, Ca'bulung IV is the smallest hamlet with only 334 inhabitants (165 men and 169 women) covering the area of 130.78 hectares. Its gender balance is also even though it is a small region which can make it easier to plan demographics, however, the limited population density in the area poses a problem as enough services must be provided to new residents.

## Research Findings

This study provides an in-depth look at the dynamics of village governance amidst budget efficiency policies that demand significant changes in the way village officials operate and community participation. Through careful thematic analysis of data from in-depth interviews with ten key informants, participatory observation of deliberation activities and administrative services, and limited focus group discussions (FGDs), this study successfully uncovered various social and managerial realities that have rarely been systematically documented. These findings not only reflect village responses to fiscal pressures but also demonstrate how national policies can trigger local innovations rooted in social capital and local cultural wisdom. Based on this analysis, this study presents three main focuses of research findings: explaining the impact of efficiency policies, adaptive-innovative management practices, and sustainable village governance models that can serve as inspiration and references for future village development policies.

### ***Impact of Budget Efficiency Policy on Village Governance***

#### Organizational Structure Adjustments

Organizational structure adjustments are evident in the reduction of non-structural staff and the assignment of multiple duties to village officials. The Village Secretary stated:

*"There are no longer any supporting staff in the village office. Everything is done concurrently, including me helping with paperwork when the Head of General Affairs is on an out-of-town assignment." (Rumpa Village Secretary)*

This adjustment supports the efficiency principles of NPM (New Public Management) (Ménard & Shirley, 2022) but risks creating an excessive workload without strengthening human resource capacity.

#### Program Reprioritization

Programs that previously addressed empowerment and training are now focused solely on basic services. The Head of Planning explained:

*"We postponed farmer group training this year because the Village Fund is only sufficient for mandatory infrastructure and administrative services." (Rumpa Village Head of Planning)*

This aligns with the findings of Wadi & Amin (2025) that fiscal decentralization without institutional innovation will limit the achievement of inclusive development.

#### Community Participation Dynamics

The data demonstrates a duality in community responses. A poor resident receiving assistance said:

*"There's no more business training, but we help with road and drainage repairs together." (Resident receiving direct cash assistance from Rumpa Village)*

This phenomenon confirms Putnam's social capital theory, where social networks serve as a fiscal substitute amidst budget constraints (Putnam in Ménard & Shirley, 2022).

### ***Adaptive, Innovative, and Participatory Management Practices***

#### Microdata-Based Planning

The hamlet deliberation utilizes neighborhood association (RT/RW) data to determine aid recipients. The Village Consultative Body (BPD) Chair stated:

*"With the RT/RW data, we know who is most deserving, so there are no protests at the Village Deliberation." (Rumpa Village BPD Chair)*

This practice supports the recommendations of Utomo & Tambunan (2024) regarding the effectiveness of microdata targeting.

## Digitizing Basic Administration

Rumpa Village has begun using Google Forms and WhatsApp. The Head of General Affairs said:

*"Residents just send their data via WhatsApp, and we print the letters at the office. It saves paper and is fast." (Rumpa Village General Affairs Officer)*

Digitalization increases service efficiency and reduces stationery costs by approximately 25%, as explained by Agustine et al. (2024).

## Alternative Financing Innovation

A female Posyandu (Integrated Service Post) cadre explained the practice of village almsgiving:

*"If a resident is seriously ill or needs money quickly, the Village Alms Team collects donations and distributes them immediately." (Rumpa Village Posyandu Cadre)*

This innovation combines religious norms and Mandar customs, aligning with the findings of Annahar et al. (2023) that local wisdom supports village financial inclusion.

## Optimizing Mutual Cooperation

The implementation of rice field irrigation only cost IDR 6 million, compared to the planned IDR 12 million. One farmer explained:

*"We worked together to bring our own stones from the garden for the irrigation channel, so it would be completed quickly." (Farmer from Hamlet 1, Rumpa Village)*

This practice reflects social capital-based efficiency, strengthening community ownership of village development.

## **Sustainable Governance Model (EAP Model)**

Data triangulation results formulated a Sustainable Governance Model (EAP Model) with five main components: (1) Data-Driven Efficiency, Planning and budgeting using microdata from poor households and smallholder farmers; (2) Institutional Adaptation, Restructuring of village organizations with cross-functional task allocation and independent training; (3) Multi-Stakeholder Participation, Inclusive Village Deliberations involving women, farmers, the elderly, and people with disabilities; (4) Local Financing Innovation, Optimizing Village Revenue (PADes) and village alms based on Village Regulations; (5) Open Accountability, Publication of Village Budget (APBDes) reports and program implementation through information boards and neighborhood association (RT) WhatsApp groups.

## **Efficiency Policy as a Catalyst for Change**

The results of this study indicate that the budget efficiency policy implemented by the central government is not merely an instrument of fiscal tightening, but can also serve as a catalyst for the transformation of village government management, as was the case in Rumpa Village, Mapilli District, Polewali Mandar Regency. This policy forced village officials to make significant organizational adjustments, including reducing non-structural staff, assigning multiple tasks across sectors, and rationalizing village work programs to remain relevant to budget constraints. However, despite the resulting fiscal pressures, this efficiency policy actually encouraged the emergence of alternative financing innovations based on local wisdom and community social capital (Bhatt & Altinay, 2013). One such innovation is the establishment of village alms, a voluntary donation from residents collectively managed by the Village Alms Team and the local mosque committee to help finance emergency activities, minor infrastructure development such as drainage and farm roads, and urgent social needs such as medical treatment for seriously ill poor residents. This innovation not only reduces the village's dependence on Village Funds but also strengthens social solidarity and public trust in the village government because the collection and distribution processes are carried out transparently and accountably.

Furthermore, efficiency policies require restructuring of village government organizations by encouraging adaptation through a more flexible and competency-based division of tasks, even though the consequence is an increase in individual workloads (Fang, H., & Xueyun, 2025; Wardiyanto et al., 2025). This situation requires strengthening the managerial capacity of village officials to ensure efficiency does not negatively impact the quality of public services. Furthermore, the optimization of community social capital is increasingly prominent, as reflected in the practice of mutual cooperation (*gotong royong*) for rice field irrigation construction in Bulo Hamlet, which only cost half the initial plan thanks to the contributions of residents' labor and materials. This phenomenon confirms Putnam's social capital theory, which emphasizes the role of trust, shared norms, and social networks as fiscal substitutes in local development (Gelderblom, 2018; Gannon & Roberts, 2020). Thus, the results of this study indicate that budget efficiency policies, although often perceived as mere austerity policies, actually open up space for the transformation of village governance toward a more adaptive, innovative, and sustainable model. This transformation is characterized by synergy between fiscal efficiency, alternative financing innovations based on local wisdom, responsive institutional restructuring, and strengthening social capital as the primary foundation for sustainable village development. These findings indicate that fiscal limitations are not a barrier to village development if mitigated with innovative management, participatory leadership, and optimization of the local socio-cultural potential of the village community itself.

### ***Integration of NPM and Social Capital Theory***

These findings support the New Public Management (NPM) theory on the importance of efficiency, innovation, and accountability in public governance (Ménard & Shirley, 2022). NPM views public sector organizations, including village governments, as entities that need to be managed like corporations, emphasizing effectiveness and results-oriented (Verbeeten & Speklé, 2015; Setiorini, 2025; Wescott & Jones, 2007). In the context of Rumpa Village, the implementation of budget efficiency policies encouraged the village government to restructure its organizational structure, strategically allocate tasks, and prioritize programs based on basic community needs. This restructuring aligns with the principles of NPM structural efficiency, where resource waste can be minimized by reducing non-essential personnel and optimizing the functions of existing institutions. However, NPM theory, which focuses on economic rationality and cost reduction, is insufficient to explain the sustainability of village governance without considering the local socio-cultural context. This is where Putnam's social capital theory provides an important complementary framework. Social capital encompasses norms of trust, values of mutual cooperation, and social networks that enable communities to work together to achieve collective goals.

Findings in Rumpa Village indicate that fiscal constraints resulting from efficiency policies actually stimulated the strengthening of community social capital through the practice of mutual cooperation (*gotong royong*) in rice field drainage construction and village alms. This mutual cooperation is not only a fiscal substitution strategy but also reflects a high level of trust and reciprocity among residents, which are prerequisites for sustainable village development. Furthermore, alternative financing innovations such as village alms emphasize that village development is not solely supported by formal policy design and bureaucratic efficiency, but also by local wisdom based on religious and customary values. The concept of village alms, initiated voluntarily by residents, has helped meet the urgent needs of the poor and finance light infrastructure without waiting for Village Fund allocations. This demonstrates the relevance of Putnam's social capital theory in the context of Indonesian villages, where development is always closely linked to the cultural norms and collective values of the local community.

Thus, it can be concluded that the integration of NPM and Putnam's social capital theories provides a complementary conceptual foundation for explaining the transformation of village governance in the era of fiscal efficiency. NPM offers a rationalistic approach to increasing efficiency, while Putnam's social capital emphasizes cultural values that strengthen policy legitimacy and sustainability. This research finding suggests that village management practices

that combine structural efficiency, public service innovation, and strengthening community solidarity will enable adaptive, responsive, and sustainable village governance amidst fiscal constraints. This hybrid approach is needed to support the achievement of SDG 17 (development partnerships) and the Golden Indonesia 2045 vision through inclusive and socially just village development.

### ***Sustainable Governance Model (EAP Model)***

The triangulation of data from in-depth interviews, participant observation, and focus group discussions (FGDs) in Rumpa Village has formulated the Sustainable Governance Model (EAP Model) as a strategic framework for adaptive, innovative, inclusive, and sustainable village governance amidst fiscal efficiency policies. This model consists of five main, integrated components. First, Data-Driven Efficiency emphasizes the importance of using microdata on poor households, vulnerable groups, and smallholder farmers in planning, budgeting, and evaluating village programs. This practice addresses the weaknesses of macrodata-based planning, which often lacks accuracy in determining beneficiaries. Village officials utilize neighborhood unit (RT/RW) data, regularly updated by the Hamlet Head, allowing the Village Deliberation (Musdes) to decide on development priorities and social assistance objectively and accurately. This supports the literature by Utomo & Tambunan (2024), which recommends microdata targeting in public fund management to improve social justice and reduce the potential for conflict between residents.

Second, Institutional Adaptation, which involves restructuring the village government organization with cross-functional task allocation based on competencies and independent training for village officials. The budget efficiency policy requires village officials to work multitasking. While increasing the workload, this strategy encourages strengthening individual competencies and more effective institutional synergy, in line with the New Public Management principle of structural efficiency (Ménard & Shirley, 2022). However, institutional adaptation requires ongoing training support to ensure that the increased workload does not degrade the quality of public services. Third, Multistakeholder Participation emphasizes the importance of inclusive and substantive Village Deliberations involving women, farmers, the elderly, people with disabilities, and other vulnerable groups. Findings indicate that when vulnerable groups are involved from the planning stage, program implementation is more effective and the legitimacy of village policies increases. This concept supports Putnam's social capital theory, which states that citizen trust and participation are prerequisites for sustainable local development (Putnam in Ménard & Shirley, 2022).

Fourth, Local Financing Innovation, namely optimizing Village Original Income (PADes) from village assets and establishing village alms as an alternative financing option based on local religious and customary values. Village alms are collected through voluntary donations from residents and transparently managed by the Village Alms Team and Mosque Takmir for urgent social needs and minor infrastructure development. The legality of village alms is supported by the creation of a Village Regulation (Perdes), providing a clear legal basis. This innovation reinforces the theory of Annahar et al. (2023) on the importance of diversifying village development financing to avoid complete reliance on Village Funds. Fifth, Open Accountability is implemented through the regular publication of Village Budget (APBDes) reports, physical development realization, and village social programs on the village office information board and the neighborhood association (RT) WhatsApp group. This strategy increases transparency, strengthens public trust, and encourages citizen participation in monitoring village programs. This aligns with the accountability principles of NPM and the literature of Augustine et al. (2024) on the importance of transparency based on simple digitalization in village governance.

Thus, the EAP Model developed in this study not only emphasizes fiscal efficiency but also integrates institutional adaptation, local wisdom-based financing innovation, multi-stakeholder participation, and open accountability. This model is relevant for replication in other villages in Indonesia with adjustments to their respective local contexts, supports the achievement of SDGs

point 17 (development partnerships), and serves as the basis for village governance transformation policies towards the vision of an inclusive, independent, and sustainable Golden Indonesia 2045.

## CONCLUSION

This study concludes that the budget efficiency policy implemented by the central government, although initially creating fiscal pressures for the village government, actually became a significant catalyst for the transformation of governance in Rumpa Village, Mapilli District, Polewali Mandar Regency. The efficiency policy forced village officials to restructure their organizations, redistribute tasks across sectors, and rationalize work programs, ultimately leading to innovative alternative financing initiatives based on local wisdom, such as village alms. This innovation not only reduced dependence on Village Funds but also strengthened social capital, community solidarity, and public trust through transparent and accountable governance. These findings support the New Public Management (NPM) theory, which emphasizes the importance of structural efficiency, innovation, and accountability in public governance, as well as Putnam's social capital theory, which emphasizes the role of trust norms, social networks, and mutual cooperation values as capital for local development. The integration of these two theories provides a complementary conceptual foundation for explaining adaptive and sustainable village government management practices. The hybrid approach of NPM and social capital has proven effective in increasing the effectiveness, legitimacy, and sustainability of village development policies amidst fiscal constraints. Furthermore, this research produced a Sustainable Governance Model (EAP Model) encompassing five strategic components: (1) microdata-based efficiency, (2) institutional adaptation through organizational restructuring and multi-tasking of the apparatus, (3) inclusive multi-stakeholder participation, (4) local financing innovations such as village alms and village asset optimization, and (5) open accountability through simple digital-based information transparency. This model emphasizes that fiscal efficiency needs to be supported by institutional and social innovations for village governance transformation to be inclusive and sustainable. Thus, fiscal limitations are not a barrier to village development if mitigated through innovative management, participatory leadership, and optimization of the local socio-cultural capital of the village community itself. The resulting EAP Model is relevant for replication in other villages in Indonesia with adjustments to the local context, supporting the achievement of SDG 17 (development partnerships), and contributing to the vision of a socially just, independent, and sustainable Golden Indonesia 2045.

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