

Original Article

## Community Participation and Village Fund Effectiveness: A Structural Functional Perspective in Community Development in Bontong Village

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### ABSTRACT

Optimizing village fund utilization is a strategic effort to enhance the effectiveness of community development at the local level. This study aims to analyze the role of community participation through the Village Deliberation Forum (Musyawarah Desa) in promoting effective village fund management in Bontong Village. A qualitative approach was employed, using in-depth interviews with seven informants, field observations, and document analysis. The study draws on the structural functional perspective of Talcott Parsons to examine the role of village institutions in maintaining social equilibrium, and the human development theory of Michael Todaro to interpret the contribution of village funds to improving community well-being. The findings indicate that village fund utilization in Bontong Village has been relatively effective and aligned with development priorities, particularly in basic infrastructure, community empowerment, and public service improvement. Active community participation in the Village Deliberation Forum plays a crucial role in ensuring that development planning reflects citizens' actual needs. The study concludes that effective village fund governance depends not only on administrative procedures but also on participatory institutional synergy in community development.



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## INTRODUCTION

Decentralization and fiscal transfer policies have become central instruments in advancing rural development across the Global South. Fiscal decentralization is widely regarded as a mechanism to improve efficiency, accountability, and responsiveness of public service delivery at the local level (Faguet, 2014; Smoke, 2015). In the context of participatory governance, local fiscal autonomy is expected to strengthen community engagement and enhance development outcomes through bottom-up planning mechanisms (Mansuri & Rao, 2013). However, empirical findings remain mixed, particularly in rural settings where institutional capacity and social cohesion vary significantly.

Indonesia represents one of the most ambitious cases of rural fiscal decentralization through the enactment of the Village Law (Tentang Desa, 2014), which substantially increased fiscal transfers to villages via the Village Fund (Dana Desa). Since its implementation, the program has been credited with accelerating infrastructure development and contributing to poverty reduction (The World Bank, 2023). Nevertheless, several studies indicate that increased fiscal allocation does not automatically translate into effective governance or sustainable community empowerment (Antlöv et al., 2016). Challenges related to planning quality, elite capture, administrative capacity, and limited community participation continue to shape the outcomes of village-level development initiatives.

Existing scholarship on the Village Fund in Indonesia predominantly focuses on financial accountability, transparency, and corruption risks (Aspinall & Rohman, 2017). While these studies provide important insights into governance performance, relatively fewer studies examine village fund management from a systemic sociological perspective that situates village institutions as components of an integrated social

system. This gap is particularly significant because fiscal governance at the village level operates not only as an administrative process but also as a social structure embedded within norms, values, and power relations. To better understand how village fund governance operates within such social dynamics, empirical observation at the village level becomes essential. One example can be found in Bontong Village, which illustrates how village fund policies interact with local social and economic conditions.

Bontong Village is one of the villages located in East Bolangitang Subdistrict, North Bolaang Mongondow Regency. Over the past three years, the predominantly farming community of Bontong Village has experienced notable social and economic changes. These changes are closely linked to government interventions, particularly in improving village infrastructure. Previously, access roads to plantation areas were damaged and difficult to pass, limiting farmers' mobility and productivity. Following infrastructure improvements, access has become more feasible, leading to increased agricultural activities and enhanced economic conditions.

This transformation aligns with the enactment of Law Number 6 of 2014 concerning Villages, supported by the Presidential "Nawacita" agenda, particularly the commitment to "develop Indonesia from the periphery by strengthening disadvantaged regions and villages," as outlined in Presidential Regulation Number 5 of 2015 on the National Medium-Term Development Plan (RPJMN) 2015–2019. According to Bafa (2021), this policy marked a significant milestone by providing villages with broader autonomy to manage development and strengthen their economic potential. Its impact can be seen in the transformation of rural areas that were once isolated into more accessible communities through village and farm road development (Handayani, 2023). Nationally, rural poverty rates have also declined from 11.25% in 2014 to 9.54% in 2022 (Rismawati et al., 2024).

However, optimizing Village Fund management involves more than increasing budget allocations. It also requires transparency, accountability, community participation in planning, strengthening of human resources, and the effective use of technology in financial management. In this regard, the structural functional perspective of Talcott [Parsons](#) offers a relevant analytical framework ([Parsons, 2005](#)). [Parsons](#) argues that every social system must fulfill four essential functions: adaptation, goal attainment, integration, and latency (AGIL) in order to maintain social equilibrium. When these functions do not operate effectively, institutional dysfunction may occur, including in the governance of Village Funds.

In Bontong Village, the Village Fund allocation in 2021 amounted to IDR 1,333,499,223.00, consisting of Village Allocation Funds (ADD) of IDR 354,761,988.00 and Village Funds of IDR 960,168,000.00. In 2022, the allocation reached IDR 1,048,089,854.00, with an increase in the community empowerment sector from IDR 30,545,000.00 to IDR 100,000,000.00. This increase reflects the village government's commitment to strengthening community empowerment programs. These financial plans and priorities are outlined in the Village Government Work Plan (RKPDs), which includes policy directions, development priorities, and evaluations of previous year performance.

Nevertheless, evaluations of the RKPDs indicate that issues such as unemployment and poverty have not been fully resolved in Bontong Village. Several factors contribute to these challenges, including limited educational attainment, social resistance in land acquisition processes, and perceptions of insufficient transparency in the distribution of assistance. Social tensions have also emerged due to disagreements over the allocation of development benefits. These conditions suggest that village development faces not only technical challenges but also complex social and cultural dynamics.

These findings are consistent with previous research indicating that rural development programs in disadvantaged regions have not always succeeded in significantly improving community welfare. Therefore, increased Village Fund allocations must be accompanied by stronger institutional capacity and meaningful community participation to ensure sustainable development outcomes. Based on this context, research on optimizing Village Fund management becomes crucial to ensure that central government allocations

effectively enhance rural development and community welfare. Although Village Fund allocations continue to increase annually, reports still indicate inefficiencies in planning, implementation, and accountability, which may hinder the achievement of optimal development outcomes and community empowerment.

## METHOD

This study adopts a qualitative approach with a case study design to examine the optimization of Village Fund governance in Bontong Village, East Bolangitang Subdistrict, North Bolaang Mongondow Regency. A qualitative design was selected to enable an in-depth exploration of institutional practices, social interactions, and governance dynamics within the village context. The case study approach allows for a contextualized understanding of how Village Fund policies are interpreted, implemented, and experienced at the local level (Creswell & Clark, 2011). The research is grounded in the structural functional perspective developed by Talcott Parsons (Kerebungu et al., 2020; Kerebungu & Fathimah, 2020, 2021, 2022, 2023; Parsons, 2005), particularly the AGIL scheme (Adaptation, Goal Attainment, Integration, and Latency). This framework serves as the primary analytical lens for assessing whether Village Fund governance mechanisms function effectively in maintaining institutional equilibrium and promoting community development.

Data were collected through in-depth interviews, participant observation, and document analysis. Informants were selected using purposive sampling, targeting key actors directly involved in Village Fund management, including village government officials, members of the Village Consultative Body (BPD), community leaders, and beneficiaries of development programs. Document analysis included the Village Government Work Plan (RKPDes), Village Budget (APBDes), and accountability reports to ensure data triangulation. The analysis followed an interactive model consisting of data reduction, data display, and conclusion drawing, conducted iteratively throughout the research process. To ensure analytical rigor, the AGIL framework was operationalized into measurable analytical dimensions, as presented in Table 1.

**Table 1.** Operationalization of the AGIL Framework in Village Fund Governance

AGIL Dimension	Functional Definition	Analytical Focus in This Study	Empirical Indicators	Data Sources
Adaptation	Capacity of the system to adjust to external and internal demands	Institutional capacity in financial and administrative management	Budget allocation patterns, resource utilization, administrative competence	Interviews, APBDes, RKPDes
Goal Attainment	Ability to define and achieve collective objectives	Effectiveness of development planning and implementation	Alignment between plans and outcomes, achievement of program targets	Planning documents, reports
Integration	Coordination and social cohesion among system components	Stakeholder participation and conflict management	Community involvement in musyawarah desa, coordination between village actors	Interviews, observation
Latency (Pattern Maintenance)	Preservation of values and normative structures	Sustainability of governance norms and accountability practices	Transparency mechanisms, adherence to regulations, continuity of empowerment programs	Interviews, documentation

The operationalization presented in Table 1 demonstrates how the abstract theoretical dimensions of the AGIL model were translated into concrete analytical categories. Each dimension guided the coding and interpretation of qualitative data, enabling the identification of both functional patterns and potential dysfunctions in Village Fund governance. Through this analytical structure, the study does not merely describe administrative processes but evaluates whether institutional practices in Bontong Village fulfill the systemic requirements necessary for sustainable rural development. By linking empirical findings to the AGIL dimensions, the research ensures theoretical coherence while maintaining contextual sensitivity to local governance realities.

## RESULT AND DISCUSSION

Normatively, a village is understood as a legal community unit that has original rights and original autonomy in managing the interests of its community (Widjaja, 2003). This definition is emphasized in Law Number 6 of 2014 concerning Villages, which positions villages as government entities with the authority to manage development based on community initiatives, traditional rights, and the principles of democratization and empowerment. In Bontong Village, the principle of autonomy is reflected in the management of Village Funds, which over the past three years has shown a tangible impact on socioeconomic change. The majority of farmers have seen increased production following the construction of farm roads and improved access to their gardens. Previously damaged and inadequate infrastructure has become more accessible, accelerating the mobility of agricultural products and lowering distribution costs.

These changes demonstrate that infrastructure development not only impacts physical aspects but also creates a multiplicative effect on local economic dynamics. From a structural-functional perspective, this condition represents the adaptation function, namely the village system's ability to respond to environmental needs and allocate resources strategically. However, this adaptation function does not operate in a vacuum but is institutionalized within the policy structure and allocation of Village Funds, as stipulated in national regulations. Therefore, to understand how this strategic response is implemented concretely, it is important to examine the performance of the Village Fund based on the development areas that form the operational framework of the village government.

In practice, the use of Village Funds in Bontong Village for development implementation focuses on the construction of farm roads, irrigation channels, and other basic infrastructure. This focus is aimed at improving the community's quality of life, accelerating local economic growth, and reducing development disparities between regions. Thus, the physical development orientation not only reflects technocratic priorities but also serves as a strategic instrument for strengthening the economic base of the community, the majority of whom work in the agricultural sector.

However, this adaptation function does not operate in a vacuum, but is institutionalized in the policy structure and division of areas for the use of Village Funds. The following is the performance of village funds based on development areas.

- 1) Village Development Implementation Sector; In this sector, the use of Village Funds is focused on the construction of farm roads, irrigation channels, and basic village infrastructure. The primary objective is to improve the community's quality of life, accelerate local economic growth, and reduce development disparities. Analyzing the goal attainment dimension, development planning and implementation demonstrate alignment between the Village Work Plan (RKPDs) document and implementation on the ground. However, despite improvements in physical infrastructure, unemployment and poverty have not been fully addressed. This indicates that the achievement of development goals remains partial and has not addressed the overall structural transformation of the community's economy.
- 2) Community Development Sector; This sector encompasses religious activities, village cultural festivals, community development, and other social activities. The primary focus is on strengthening social cohesion, increasing community participation, and maintaining order and harmony. Within the framework of integration, these activities serve to maintain social stability and strengthen solidarity among residents. Village deliberations (musrembang) are an important arena for building policy legitimacy and public participation. Community participation in planning demonstrates the existence of a relatively well-functioning democratic mechanism. However, formal participation does not always translate into substantive community capacity to oversee program implementation and evaluation. In

other words, social integration has been established, but it has not yet fully resulted in strong social control over policy effectiveness.

- 3) Village Disaster, Emergency, and Urgent Response; Village Fund allocations are also used to address emergency situations, such as stunting prevention and COVID-19 response. This sector demonstrates the village government's protective function in providing a sense of security and social protection to the community. From a latency (pattern maintenance) perspective, these programs play a role in maintaining the values of solidarity and collective responsibility. Sustaining norms of transparency and social awareness are crucial elements in maintaining public trust in the village government.

These disaster, emergency, and urgent response programs demonstrate how village governments maintain social stability through their protective function. However, the sustainability of the latency function is determined not only by the response to emergencies but also by how the village system strategically allocates resources in annual budget planning. In other words, budget orientation and distribution are important indicators for assessing the direction of village development: whether it is more reactive, administrative, or beginning to move toward long-term capacity building.

In this context, budget dynamics and empowerment priorities become relevant for further analysis. Data shows that in 2021, the total Village Fund allocation was IDR 1,333,499,223, with IDR 30,545,000 allocated for community empowerment. In 2022, the total budget was IDR 1,048,089,854, with a significant increase in empowerment to IDR 100,000,000. This increased allocation indicates a shift in priorities toward community capacity building. However, the evaluation of the 2021–2022 Village Development Work Plan (RKPDes) shows that unemployment and poverty issues continue to recur in the annual evaluation document. This situation indicates a gap between budget increases and the effectiveness of development outcomes. From the structural-functional perspective developed by [Talcott Parsons](#), this situation can be understood as an indication of partial dysfunction, where the system has carried out administrative and procedural functions relatively orderly, but has not yet fully achieved the desired socio-economic balance.

Various empirical findings in Bontong Village indicate that Village Fund management cannot be understood solely as an administrative process or budget distribution, but rather as a social system involving interactions between institutional structures, norms, values, and collective community action. To gain a more systematic understanding, these findings were analyzed using [Talcott Parsons'](#) structural-functional framework through the AGIL (Adaptation, Goal Attainment, Integration, and Latency) scheme. This approach allows for an evaluation of the extent to which the village government system is capable of carrying out its basic functions of maintaining social balance while encouraging development transformation. An analytical synthesis based on these four dimensions is presented in the following table.

**Table 2.** Sintesis Analisis Berdasarkan Kerangka AGIL

AGIL Dimensions	Empirical Findings in Bontong Village	Functional Analysis
Adaptation	Construction of farm roads and irrigation increases mobility and agricultural economic activity	The village government is able to respond to the needs of the economic environment through the allocation of infrastructure resources
Goal Attainment	Village Work Plan (RKPDes) planning is participatory; infrastructure is realized, but unemployment and poverty have not been optimally addressed	Development goals are achieved administratively and physically, but welfare outcomes are still partial
Integration	Musrembang is active, social and religious activities are ongoing, and the Village Consultative Body (BPD) conducts supervision	Social cohesion and institutional coordination are relatively stable
Latency (Pattern Maintenance)	Transparency in reporting and increased allocation of community empowerment funds	Accountability and participation values are maintained, but the sustainability of economic impacts still requires strengthening

Based on Table 2 above, Bontong Village demonstrates a relatively good capacity for adapting development policies to the needs of the majority of its farming community, with the adaptation dimension demonstrating its structural response to barriers to economic mobility. Within a functional framework, these actions demonstrate the village system's ability to allocate resources to address external environmental demands, particularly agricultural productivity needs. Although the adaptation function is relatively effective, the goal attainment dimension demonstrates more complex outcomes. Procedurally, development planning and implementation are in accordance with the Village Work Plan (RKPDs) and Village Budget (APBDes). However, welfare indicators such as unemployment and poverty remain recurring issues in annual evaluations. This indicates that goal achievement remains at the output level (physical development), and has not fully achieved the outcome (sustainable economic transformation).

The integration dimension demonstrates relatively well-maintained social stability. The development planning meeting (musrembang) serves as an integrative mechanism linking community aspirations with village government policies. Oversight by the Village Consultative Body (BPD) and the implementation of socio-religious activities contribute to strengthening social cohesion. In this regard, the village system minimizes open conflict and maintains institutional legitimacy. The latency function (pattern maintenance) is evident in efforts to maintain transparency and accountability. Semester and annual reporting, as well as increased funding allocation for community empowerment, reflect efforts to maintain good governance norms. However, maintaining values is not sufficient through administrative procedures alone; their sustainability is also determined by their tangible impact on increasing community capacity. When these four dimensions are understood systematically, it is clear that social balance in Bontong Village is relatively well-maintained, but development dynamics are not yet fully transformative. Improved infrastructure strengthens the economic foundation, but has not yet fully diversified employment opportunities or strengthened the non-agricultural productive sector.

This situation indicates both functionalities and structural constraints. Village governments have fulfilled their normative obligations in accordance with regulations, but local economic capacity, community education levels, and limited innovation in empowerment programs are limiting factors in achieving more inclusive welfare. Therefore, theoretically, these findings demonstrate that successful Village Fund management depends not only on increased budget allocation, but also on a balanced integration of economic adaptation, achievement of outcome-based goals, strengthening social cohesion, and internalization of empowerment values. Imbalances in any one dimension have the potential to result in development stagnation even if the system appears administratively stable.

## CONCLUSION

Based on an analysis of Village Fund management in Bontong Village, this study shows that optimizing village funds depends not only on the size of the budget allocation, but also on the balance of institutional functions within the village governance system. Within the functional structural framework, the adaptation and integration functions are relatively well-functioning, demonstrated by the development of agricultural infrastructure, the implementation of village deliberations, and the maintenance of social stability and oversight mechanisms by the Village Consultative Body (BPD). However, in terms of goal attainment, development achievements remain partial. Although physical outputs have been realized, issues of unemployment and poverty persist in annual evaluations. This indicates that the development orientation has not fully shifted from infrastructure-based development to sustainable, productive economic empowerment. In terms of latency, transparency and administrative reporting practices have been implemented, but the sustainability of socio-economic impacts still requires strengthening community capacity and program innovation. These findings indicate a tendency toward partial dysfunction, where the village system meets procedural and administrative requirements but has not yet fully generated significant

welfare transformation. Therefore, optimizing Village Funds in Bontong Village requires strengthening aspects of local potential-based economic empowerment, improving the quality of substantive community participation, and evaluating long-term outcomes, not just physical outputs. Thus, the success of Village Fund management is not only measured by compliance with regulations, but by the ability of the village system to create a sustainable socio-economic balance.

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