

capacity of the central government in developing countries (Lewis, 2015; Simray, 2014; Antlov & Eko, 2012). Decentralized development to the village level is expected to have better public services performance, reduce the social gap and fasten poverty reductions (Lewis, 2015).

The current development of decentralization policy in Indonesia shows that village is experiencing institutional consolidation indicated by the issuance of Law No. 6/2014 about the Village. Before the implementation of the 2014 Village Law, villages were merely an object of higher-level government projects with their top-down mechanisms (Hidayat, 2016). Although villages had their budget, this budget was practically absorbed to fund the village bureaucracies' apparatuses rather than to support the village development programs. By implementing the 2014 village policy, villages gain more autonomy through fund transfer from the Indonesian national government with a tremendous amount of money for about a billion rupiah per village per year. This fund is projected to finance any village development and community development programs based on the village plan.

Reinforcing the village as the self-local government has brought significant changes in the village development processes. Before the stipulation of the 2014 village policy, villages could not function themselves as an autonomous government unit (Nurcholis, 2011). The spirit of the 2014 village policy has encouraged the shifting of the development paradigm from a village apparatuses-driven to community-driven

as the main actors. At this point, the villages are becoming an official government administration system at the lowest level. The problem emerges when a village has become the self-local government institution, do they have adequate performance in running the government at the lowest level?

Many studies show that the performance of the village government in a decentralization context brought some positive benefits in the village development processes (Farrington & Bebington, 1993; Pender & Scherr, 2002; Shimray, 2014). Through the empowerment of the village government, decentralization does not only increase decision-making process involvement for villagers but also ensures the implementation of village development programs. Likewise, it plays a significant role in reducing poverty and prompts the even distribution of development. However, a decentralized village is not effective in tackling the problems of poverty and social gap because of the uncertain responsibility of fund transfer from higher government to the village government. It also relates to a fair allocation system of finance between the village having sufficient finance access and the village with an opposite situation (Lewis, 2015)

Some studies show different directions and contradictions in providing explanations on how the village government should perform and its spaces in Indonesia. The previous studies do not also relate the village government performance to the key variables like social capital and governance. Whereas Andrews (2011), argues that to improve public services capacity, we need social

capital. Following Putnam's work, Sundar (2000) notes social capital and political outcomes relationship where "social capital as those attributes of social organizations such as trust, norms and networks" that can develop mutual benefits for the community through collective actions (Putnam, 1993: 167). In this context, social capital can be regarded as a pre-condition to promote collective efforts or to solve common problems faced by a village government and community in which trust becomes the basis of cooperation. Thus, the following questions are needed to be answered as the aims of this study:

- (1) How does the village government perform in the current decentralization context?
- (2) To what extent do the social capital, governance practices, leadership capacity and resources relate to the performance of village government?

The application of the social capital concept is also useful for the study of government performance (Andrews, 2011) since it can function as information sharing, influencer, and control as well as social solidarity (Sandefur & Laumann, 2000). Social capital contributes to socio-economic development and the reduction of poverty has been well-documented by the empirical evidence (Woollock & Narayan, 2000). The concept of social capital was extensively applied in various studies by relating the concept to various outcomes such as income generation (Malucio et al., 1999), household welfare and poverty (Grootaert, 1999), quality of government (Knack, 2000) and political

capital (Birner & Wittmer, 2003). These findings have shown us the importance of social capital as one of the critical inputs, in addition to other capital such as labor, land and physical capital that determine economic outcomes (Grootaert, 1999).

Social capital, according to Putnam (1993:181), shows that social capital is linked to the development of civic engagement and thus, it improves institutional performance, development and rates of government. When the social dilemmas emerge, Putnam argues that this is a "tragedy of the commons" where collective actions as an important facet of social capital that develop society's capacity. In this regard, Putnam supports the development of collective behavior in a community where social networks, norms, and trust become crucial to create social capital. The network will supply valuable resources and enable collaboration between actors. Whereas, norms are to limit vaulting behavior. To strengthen collective behavior, trust plays a role to create easier cooperation and restrict opportunistic behavior within the community. These three aspects of social capital are crucial to allow the process of community development in the village smoother. In this context, this paper examines the impact of social capital, by following the argument of Putnam on network, norms and trust, on the decentralized village government performance.

The issue of decentralized village government in developing countries become a concern as these countries, even though with abundant natural resources, they suffer from poverty.

Neglecting institutional problems such as the phases of decision-making, empowerment, and public involvement become common in many development projects (Panday & Rabbani, 2011). Through these development projects, they heavily focus on technology, fund and material to implement their project. Instead of focusing on technology, fund and material to implement their project, in villages of Bangladesh, the local government opens their access to villagers to get involved deeply in the process of village development (Panday & Rabbani, 2011).

Chattopadhyay (2013) mentioned that decentralization, theoretically, contributes to the development of public participation and accountability at the local level. Through this kind of governance practices, the local government would be more responsive towards the community aspirations and creating public services and development programs. It would be more responsive to society's needs. Specifically, governance practices can provide positive impacts to the performance of village government including its public participation, justice and equality, and leadership (Panday & Rabbani, 2011). In this study, practices of good governance are required in supporting the performance of village governance especially in the decentralization context under the principle of transparency, public participation, accountability, efficiency, having effective approach, and responsive character. The development of a decentralized village needs good governance to be able to ensure the huge amount of funds granted by the central

government to design a variety of programs based on public demand.

Another important factor for the performance of the village government is the leadership capacity of the village headman, known as kepala desa, and resources belonging to the village government. Some studies noted that the roles of local leadership are crucial in guaranteeing a sustainable development process through the involvement of community and stakeholders in the development process (Fahmi et al., 2015; Gedickli, 2009; Ricketts & Ladewig, 2008; Takeshi, 2006). In the study of villages in China, Hou (2013) shows that the head of the village leadership within his traditional authority can mobilize villagers and their resources to unite and work harder. The social relation between the head of the village and his community-generated enormous energy in creating resources existing in the village. According to Abe (2009), to develop social capital, the availability of decent local leadership would be crucial. Therefore, this study hypothesizes that social capital, governance practices, leadership capacity of the village headman and resource sufficiency will influence the performance of village government.

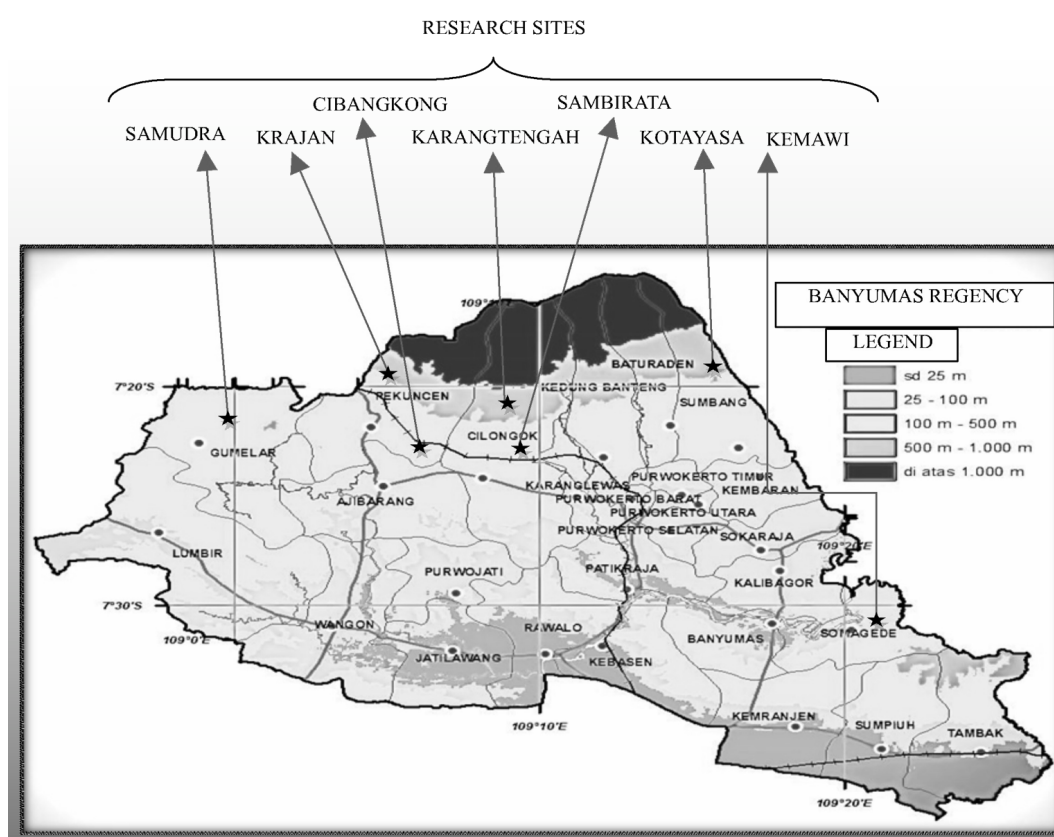
Method

This research investigates the effect of the social capital and governance practices through survey data that is collected from ten villages in Banyumas Regency Central Java, Indonesia. The selection of villages is based on the characteristic of the upland and the lowland village to depict the representation of various villages in

Banyumas area. The upland villages encompass Samudra, Krajan, Kotayasa, Sambirata, and Kemawai. While the lowland comprises Cirahab, Lumbir, Banteran, Karangtengah, and Cibangkong villages (see Figure 1). These villages and respondents are selected purposively. The respondents come from the local

community figures with their various backgrounds and capacity in providing valuable information for this research. In this study, 30 respondents are selected from each village and thus, the total respondents of this research are 300 respondents.

Figure 1
Research Location in Banyumas Regency



(Source: Statistical Agency of Banyumas, 2014)

Questionnaires with open and close-ended questions are used to collect data on variables of social capital, governance practices, leadership capacity and resources and performance of village government. The questionnaires explore community leaders' perceptions about the recent state of social capital, governance practices, leadership capacity

of village headmen, resources, and performance of village government. We describe the actual village government performance and study the impact of social capital, governance practices, village headmen leadership and resources owned by the village government on the performance of village government.

The performance of village government is measured by perceptions of respondents on the ability of village government in formulating a rural development planning, realizing development outcomes relevant to efficient utilization of the resource, community needs and their priority, financing development, and government programs, utilizing public participation in all stages of the development process and responding future needs and challenges. The independent variables in this study are social capital, governance practices, leadership capacity and resource sufficiency. The variable of social capital is measured through three indicators such as networks, exchanging norms, and

social trust. Meanwhile, governance practices include accountability, transparency, efficiency and effectivity practiced by village governments. Other dependent variables are leadership capacity and resource sufficiency. These data are analyzed by using descriptive statistics and ordinal regression. Since the data in this research are classified as an ordinal scale with categorical response variables, the ordinal regression technique statistically becomes the most suitable tool for analyzing such kind of data (Agresti, 2007). The aim of using ordinal regression is to obtain a model. The following table summarizes all variables and their measurement:

Table 1
Variables, Indicators, and Measurement

| Variables | Indicators | Score of Measurement |
|--|--|---|
| A. Dependent Variable: Village Government Performance | (1) Formulation of rural development planning (2) Realization of development outcomes to utilization of efficient resources (3) Realization of development outcomes relevant to community needs and priority (4) Capacity to finance development and government programs. (5) Capacity to utilize public participation at all stages of the development process. (6) Capacity to respond to future needs and challenges for improving government and development management | 1 = very unsatisfactory 2 = unsatisfactory 3 = neutral 4 = satisfactory 5 = very satisfactory |
| B. Independent variables: | | |
| (1). Social Capital | 1.1. Network: a. Number of close friends besides their own family at the moment; | 1= 1-5 people 2=6-10 people 3= 11-15 people 4= 20-25 people |

| | | |
|--|---|--|
| | <p>1.2. Norms</p> <p>a. Numbers of people, except your close neighbors that are willing to assist you with economic problems.</p> | <p>1 = no one 2 = 1-2 people 3 = 3-4 people 4 = > 4 people</p> |
| | <p>1.3. Trust</p> <p>a. Own ethnic group b. Other ethnic groups c. Religious figures or teachers d. Store owners e. Village bureaucracy apparatuses f. Head of the village g. Police h. Village Consultative Council (BPD) i. NGOs j. Researchers/lecturers k. Foreigners (if available) l. soldiers m. District bureaucracy apparatuses n. Regency bureaucracy apparatuses o. Village fund program for the community's prosperity</p> | <p>1= very untrusted 2= untrusted 3= neutral 4= trusted 5= very trusted</p> |
| (1) Governance Practices | <p>a. Transparency (the information availability, ready, easy to access, and on time) b. Participation (consensus/ agreement in the process of decision-making) c. Responsiveness (the ability in understanding and answering societies problems) d. Accountability (the congruity between village government programs and the implementation of the program received by villagers) e. Efficiency (ability to utilizing the available resources to solving the problem on time). f. Effectivity (ability to utilizing available resources to solving the problem right on target)</p> | <p>1 = very bad 2 = bad 3 = neutral 4 = good 5 = very good</p> |
| Leadership Capacity of The Village headman | <p>a. Administrative capacity b. Development management capacity c. Community Development capacity</p> | <p>1 = very incapable 2 = incapable 3 = neutral 4 = capable 5 = very capable</p> |

| | d. Empowerment capacity | |
|----------------------|--|---|
| Resource Sufficiency | Resources owned by village government such as financial, technology, building, and staff resources | 1 = very insufficient 2 = insufficient 3 = neutral 4 = sufficient 5 = very sufficient |

Source: results of literature review

We hypothesize that village government performance is influenced by social capital, governance practice, leadership capacity of the village headman, and resource sufficiency. Based on the hypothesis, the village government performance model can be formulated as follows:

$$ln(Y_i) = \beta_0j + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4$$

where

Y_i = village government performance

β_0j = Constant

β_k = Ordinal Regression Coefficient

X_1 = Social capital

X_2 = Governance practices

X_3 = Leadership capacity

X_4 = Resource Sufficiency

The hypothesis tested in this analysis is focused on the extent to which the effects of social capital, governance practices, leadership capacity, and resource sufficiency on the performance of village government. The following steps are the way on how the hypothesis will be accepted or rejected.

1. Model Fitting Information to find out whether the regression model has significant effects. If the value of significance is ≤ 0.05 , the ordinal regression model is significantly accepted. But, when the value of significance is > 0.05

ordinal regression model is rejected.

2. Regression Model Equation (Parameter Estimates) is to find out that the effects of independent variable (social capital, governance practices, leadership capacity, and resource sufficiency) partially have a significant influence on a dependent variable (village government performance). In this test, if there is one of the categories of each variable already has a value, the significance is 0.05. By using this model, it will be statistically accepted.

Results and Discussion

This section explores the state of actual village government performance, social capital, governance practices, leadership capacity and resource sufficiency based on survey data. Analysis has also been undertaken to examine the links among social capital, governance practices, leadership capacity and resource sufficiency with the performance of village government.

The Performance of Village Government, this study finds that most respondents state that they are satisfied with the capacity of the village government related to the mission and the purposes of the village. The interesting aspect of this finding is the performance of village government in

involving society's participation in all phases of the decision-making, the respondents feel very satisfied and it is shown by 84.7 percent (see Table 2.). This shows that the capacity of the village

government is getting better by engaging external resources in improving the quality of the development process.

Table 2
People's Perception on the Performance of Village Government

| Indicators | Very Unsatisfactory (%) | Unsatisfactory (%) | Neutral (%) | Satisfactory (%) | Very Satisfactory (%) |
|---|--------------------------------|---------------------------|--------------------|-------------------------|------------------------------|
| Formulation of rural development planning | 0 | 14.3 | 6.0 | 79.0 | 0.7 |
| Realization of development outcomes with utilization of efficient resources | 0.7 | 16.3 | 12.3 | 70.3 | 0.3 |
| Realization of development outcomes relevant to community needs and priority | 0.3 | 14.0 | 8.0 | 76.3 | 1.3 |
| Capacity to finance all development and government programs | 0.3 | 13.7 | 13.0 | 71.7 | 1.3 |
| Capacity to utilize public participation at all stages of development process | 0.3 | 7.7 | 3.3 | 84.7 | 4.0 |
| Capacity to respond to | 0.0 | 11.7 | 23.0 | 64.0 | 1.3 |

future needs
and challenges
for improving
government
and
development
management

Source: Results of research

Social Capital

This study finds that the important factors of social capital like trust, networks, and norms remain at a high level for village area with 98.5 %, 84.4 %, and 76 % consecutively. Only a small portion of respondents think that these

three elements of social capital take effect at a low level. They assume that social norm is the lowest one among all elements, which is 24 percent. Table 3 highlights society's perception of social capital.

Table 3
People Perception on Social Capital

| Indicators | Very Low (%) | Low (%) | High (%) | Very High (%) |
|------------|--------------|---------|----------|---------------|
| Network | 5.7 | 10.0 | 10.7 | 73.7 |
| Norm | 3.3 | 20.7 | 10.7 | 65.3 |
| Trust | 0.3 | 1.0 | 19.7 | 78.8 |

Source: Results of research

Another important finding is the trust component that most respondents state that they put more trust in someone from the same ethnic groups, other ethnic groups, foreigners, or the village officials. The village officials hold the highest level of trust with 87.7 % and followed by the village headman with 85 % and the others are below these two actors. This finding indicates that village government with these two actors remain as the trusted and reliable institutions for villagers in running the development and bring villagers toward a better socio-economic condition.

Governance Practices

This research finds that transparency (82.4 %) is the most dominant aspect compared to participation, responsivity, accountability, efficiency and effectivity aspects. A good transparency practice shows that the village government is more open toward villagers in getting information that is closely related to governance and development. The decentralized development programs, which are managed by the village requires the village government to be more transparent in managing billions rupiah village fund. Transparency practices can

be found in the planning and the use of the village budget displayed in the announcement board around village offices. Despite this mechanism, villagers have access easily to monitoring the

village government's performance. Table 4 shows the description of governance practices that are managed by the village government.

Table 4
People Perception on Governance Practices

| Indicators | Very Bad (%) | Bad (%) | Neutral (%) | Good (%) | Very Good (%) |
|-------------------|---------------------|----------------|--------------------|-----------------|----------------------|
| Transparency | 0.0 | 10.7 | 7.0 | 81.7 | 0.7 |
| Participation | 0.0 | 9.3 | 5.3 | 78.7 | 6.7 |
| Responsivity | 0.0 | 8.7 | 16.0 | 73.0 | 2.3 |
| Accountability | 0.0 | 11.3 | 24.7 | 63.0 | 1.0 |
| Efficiency | 0.0 | 10.3 | 19.3 | 69.3 | 1.0 |
| Effectivity | 0,3 | 10.3 | 19.7 | 68.7 | 1.0 |

Source: Results of research

Accountability is at the lowest level among all other indicators of governance practices (64 %). Its aspects show the congruency between the planning and implementation of the village government's programs. Nevertheless, respondents generally consider that accountability is still in a good condition. This finding implies that there should be more effort in improving the quality of the implementation program of the village government.

Leadership Capacity of Village Headmen

As discussed before, the role of the village headmen is crucial in mobilizing public participation and development resources, the village headmen, which is elected directly through a democratic election by the villagers. It is considered

the most important actor in the village government.

The village headmen in Indonesia have both traditional and formal authorities that can be a crucial key in the process of village development. However, it depends on the quality of leadership capacity. Good leadership of the village headman means he or she has a good capacity in administration, development management, community development and people empowerment. The study of Hou (2013) in Hua Xi village the province of Jiangsu China finds that the success of the village headman in transforming the socio-economy condition is determined by its capacity in managing communication and village commercial resources for the benefit of villagers. In this context, village headmen have a high

commitment to creating significant changes for the villagers.

Table 5
People's Perception on Leadership Capacity of Village Headmen

| Indicators | Very Incapable (%) | Incapable (%) | Neutral (%) | Capable (%) | Very Capable (%) |
|---------------------------------|--------------------|---------------|-------------|-------------|------------------|
| Administrative Capacity | 5.0 | 18.0 | 71.0 | 5.7 | 0.3 |
| Development Management Capacity | 8.3 | 14.7 | 68.3 | 7.0 | 1.7 |
| Community Development Capacity | 4.7 | 4.0 | 30.3 | 53.0 | 8.0 |
| Community Empowerment Capacity | 0.7 | 7.7 | 19.7 | 64.3 | 7.7 |

Source: Results of research

In contrast to the pictures of administrative and development management capacities, the capacity of village headmen on community development and people empowerment is much better than the first two aspects. Most of the respondents agree that the village headman can develop community capacity (53 percent) and empower it (64.3 percent). The gap between administration and management capacities, and development and community empowerment show that as a leader, the village headmen have their competency, but at the same time, they are at the lowest level of a government bureaucrat. The village headmen lack administrative capacity. On one hand, this fact depicts the major barrier in bringing

the village government for the modern management principals. On the other hand, the social competency of the village headmen plays a crucial role in mobilizing social power in the development process.

Resource Sufficiency

The result of the research shows that most respondents rate that the hard and soft resources of the village government are already sufficient. Hard resources, for respondents, such as finance, facilities, building and technology are assumed sufficient. The condition of the village officials' resources is also sufficient. Table 6 describes the respondents' perceptions of the sufficiency of the resources of the village government.

Table 6
People's Perception on Resource Sufficiency

| Indicators | Very Insufficient (%) | Insufficient (%) | Neutral (%) | Sufficient (%) | Very Sufficient (%) |
|--|-----------------------|------------------|-------------|----------------|---------------------|
| Financial Resource | 0.3 | 21.3 | 14.3 | 64.0 | 0.0 |
| Facility and Building | 3.7 | 4.3 | 0 | 88.3 | 3.7 |
| Technology | 0.3 | 17.7 | 13.3 | 67.0 | 1.7 |
| The Capacity of Village Government Staff | 0.3 | 7.3 | 16.3 | 74.3 | 1.7 |

Source: Results of research

With the village fund since 2015, village governments have sufficient financial resources with an average of more than one billion rupiahs for each village compared to the financial situation before 2015. By utilizing the huge amount of finance, village governments are expected to have enough budgets for implementing the development programs like physical infrastructures, managing communities' organization and community development.

The Links between Social Capital, Governance Practices, Leadership Capacity and Resources Sufficiency with Village Government Performance

We investigated the effects of social capital, governance practices, leadership and resources on village government performance using the ordinal regression. To examine the correlation among variables, this study applies Kendall Tau test. The result of Kendall Tau test shows that village government performance (Y) has a positive and significant correlation with social capital (X1), governance practice (X2), leadership capacity (X3), and resources (X4) at significance level of 0.05.

Table 7
Correlation Matrix for Study Variable

| Variables | 1 | 2 | 3 | 4 | 5 |
|-----------------------------------|---------|---------|---------|---------|------|
| 1. Social Capital | 1.00 | | | | |
| 2. Governance Practice | 0.272** | 1.00 | | | |
| 3. Leadership Capacity | 0.465** | 0.518** | 1.00 | | |
| 4. Resource Sufficiency | 0.250** | 0.392** | 0.434** | 1.00 | |
| 5. Village Government Performance | 0.131** | 0.456** | 0.431** | 0.379** | 1.00 |

Note: ** $p \leq 0.01$

Source: Results of researchSource: Twitter BNPB Indonesia 2020

The Kendall Tau correlation test shows that social capital, governance practices, leadership capacity and resources have a positive significant correlation with village governance performance. It means that higher social capital, governance practices, leadership capacity, and resources can develop the performance of the village governance level.

In addition to the analyses of the relationship between variables, this

research also attempts to prove significant influence between social capital, governance practices, leadership capacity and resources with the village governance performance. Through regression ordinal analysis, this tool is used to calculate how significant all independent variables to the dependent variable. The acceptance and the rejection of the hypothesis test are determined by the significance level 0.05 (level of confident 95 percent).

Analysis of Case Processing Summary explains that the analyzed data is 300, and all of them with no missing values. Based on the ordinal regression analysis, it shows that village governance practices are classified as follows: for the very low category there is only a person or 0.3 percent, the Low category is 34 persons (11.3 percent), high category with 111 (37 percent), and the very high category is 154 persons of 51.3 percent. Simultaneously for the social capital categories that is included in a very low is zero people, low category 19 persons (6.3 percent), on the high category 144 persons (48 percent), and for the category of very high, there are 135 persons or 45 percent. For the governance practices category, none of the respondents are at the very low level. There are 28 persons (9.3 percent) for the low category, the high category for 111

persons (37 percent), and there are 161 persons or 53.7 percent for very high category.

Besides the social capital and governance practices categories, the leadership and resources are also analyzed. For the leadership category, there are two persons (0.7 percent) for the very low category, 11.3 percent or 34 persons for the low category, while there are 147 persons or 49 percent for the high category and 117 persons (39 percent) for the very high category. For the resource category, none of the respondents included for the very low, and only 18 persons (6.0 percent of the low category). For the high and very high categories, there are 133 persons or 44.3 percent, the same numbers and percentages. Table 8 below is the Output Model Fitting Information.

Table 8

Model Fitting Information for Ordinal Regression Model

| Model | -2 Log Likelihood | Chi-Square | Df | Sig. |
|----------------|-------------------|------------|----|------|
| Intercept Only | 299.363 | | | |
| Final | 145.088 | 154.275 | 10 | 0.00 |

Source: Results of research

This Output Model Fitting Information is utilized to test whether the model of ordinal regression is significant or not, of the value column sig. \leq a (0.05) means the model is significant. The sig. column in the column sig. Model Fitting Information is 0.000. It implies that the

ordinal regression model is significant. The next analysis is to examine the significance of the influences of every independent variable toward the dependent variable depended on the result of the parameter estimates model.

Table 9

Parameter Estimate for Study Variables

| Estimat | Std. | Wald | d | Sig. | 95% Confidence |
|---------|-------|------|---|------|----------------|
| e | Error | f | | | Interval |

| | | | | | | Lower Bound | Upper Bound |
|-----------|--------------------------------------|----------------|-------|---------|--------|-------------|-------------|
| Threshold | [Village government performance = 1] | -9.550 | 1.242 | 59.119 | 1 .000 | -11.984 | -7.115 |
| | [Village government performance = 2] | -4.714 | .404 | 135.976 | 1 .000 | -5.506 | -3.922 |
| | [Village government performance = 3] | -1.567 | .260 | 36.466 | 1 .000 | -2.076 | -1.059 |
| | [Social Capital =1] | .390 | 1.861 | .044 | 1 .834 | -3.258 | 4.037 |
| | [Social Capital =2] | .126 | .782 | .026 | 1 .872 | -1.406 | 1.658 |
| | [Social Capital =3] | 1.085 | .343 | 9.989 | 1 .002 | .412 | 1.759 |
| | [Social Capital =4] | 0 ^a | . | . | 0 . | . | . |
| | [Governance Practice =2] | -2.510 | .582 | 18.615 | 1 .000 | -3.650 | -1.370 |
| | [Governance Practice =3] | -1.096 | .293 | 14.022 | 1 .000 | -1.669 | -.522 |
| | [Governance Practice =4] | 0 ^a | . | . | 0 . | . | . |
| Location | [Leadership =1] | -4.623 | 2.085 | 4.916 | 1 .027 | -8.710 | -.536 |
| | [Leadership =2] | -2.461 | .764 | 10.391 | 1 .001 | -3.958 | -.965 |
| | [Leadership =3] | -1.603 | .378 | 17.987 | 1 .000 | -2.343 | -.862 |
| | [Leadership =4] | 0 ^a | . | . | 0 . | . | . |

| | | | | | | | |
|----------------|----------------|------|--------|---|------|--------|--------|
| [Resources=2] | -2.241 | .620 | 13.074 | 1 | .000 | -3.455 | -1.026 |
| [Resources =3] | -.646 | .290 | 4.985 | 1 | .026 | -1.214 | -.079 |
| [Resources =4] | 0 ^a | . | . | 0 | . | . | . |

Source: Results of research

The parameter estimates table explains the influence for every regression coefficient, whether or not it is significant. Within the determinant in the sig. column $\leq \alpha$ (0.05) means the model is significant. It is seen in the sig. column that the sig. value in each location of the variables exist there are the sig. $< \alpha$ (0.05), which means the model is significant. It implies the variable of social capital (X1), governance practice (X2), leadership (X3), and resources (X4) have a positive significant correlation with village governance performance (Y).

Performance, as stated by Horton et al. (2003:19) refers to “the ability of an organization to meet its goals and achieve its overall mission”. In rural areas, village governments have a mission to realize the improvement of rural people’s well-being through development programs. With all the limitations, village governments have demanded to have more role through the process of village development. In this Indonesian decentralization era, the village government is becoming a major agent in copying the development resources that have been transferred by the central government. The Law of Village No. 6/2014 explicitly underlines the important role of the village government in practicing public services and government administration at the street level. Thus, theoretically the capacity of village government in running the governmental and developmental

matters will determine the success of the village development.

In this study, the authors find that performance of village government has satisfied rural people. Interestingly, public participation in decision-making is reported to be improved after decentralization of village development. This shows that in the early implementation of Law No. 6/2014, village governments are encouraged to involve rural people in decision-making process. However, rural people participation does not represent what it happens in the decision-making process. Frequently, people participation only presents in formal document as a prerequisite of participatory planning process. People attend the decision-making process but they cannot speak out their aspiration. Only those who have knowledge and understanding of certain issues can influence the agenda of decision making (Rahim & Asnarulkhadi, 2010).

The idea of social capital is relevant to rural settings where community interaction and solidarity at rural level remain strong. Wiesinger (2007) found that social capital in village plays very important roles in uniting society and assisting them in copying various economic problems. The power of social capital is crucial for village government in mobilizing villagers and resources in their development process.

In this study, the authors find that social capital stock in rural area is still abundant. People have access to build network and trust in their leaders. Sharma and Sarma (2015) support these findings by arguing that village headman's role is crucial in representing the villagers' interests especially when villagers are facing problems with other institutions. Therefore, the high trust level toward the village headman and village official means that social capital in village level is remaining at a very good condition.

Socio-economic development and poverty reductions need good governance. The decentralized development up to village level in Indonesia demands a conducive governance practices in embracing the benefits of decentralization. Studies from Hickey and Mohan (2004) and Sirker and Cosic (2007) show that transparent, accountable and effective approaches can develop the quality of governance and sustainable development. In short, governance practices by the village government will determine the villagers' access in controlling and involving themselves in a more strategic decision-making process. The development of a good governance practices in the next level will improve the creation of high performance of the village government.

As shown in table 5, this study finds that village headman capacity in rural Java lacks administrative capacity (23 percent) and in managing development (24 percent). The lack of administrative and development management capacities are a common phenomenon in almost all villages in

Indonesia. The impact is that the village headmen have potency to be trapped in corruption practices. The result from Indonesia Corruption Watch (ICW) in the 2014 found that the increasing number of corruption by the village headmen from 20 to 30 cases (Cybersulutnews, 2015). Some of the reasons of the corruption practices by the village headman are: (1) the village headmen as the ones who have to be responsible for covering the lack of village government funds; (2) the political capital of the village headmen is not parallel with his economy capital so that many village headmen are tempted to corrupt practices; (3) the village headmen acted as the funding sources of certain political party at the local level; and (4) the lack of villagers' control toward the village headmen and its apparatuses (Rahman, 2011).

In performing a good management, an organization needs resources. Horton et al (2003) mention that there are two types of resources, namely hard and soft resources. Hard resources like money, technology, facilities and infrastructures. While soft resources refer to the apparatuses capacities. With implementation of village law, village government have more access to resources in particular money resource. In this study, the condition of the village officials' resources is also sufficient to support rural development.

This study also shows similar findings to some of the earlier studies (Krishna, 2002; Sato et al., 2014) explaining that the effect of social capital can be directed to improve collective achievement through utilizing incentives available in the external environments. In

this regard, villagers can harness open access provided by village government and leadership of village headmen to information and involvement in the decision-making process to improve development projects. In other word, social capital can get along with governance practices as long as it is used to link interaction and cooperation between villagers and important figures in village government.

The results of this study also suggest that current decentralization at village level in Indonesia can promote village government to practice good governance. However, this study acknowledges limitation of generalization since it only uses samples from Java village area. After all the condition of village apparatus resource in Java is better than outside Java. Nevertheless, decentralization policy which provides development funds for village government and community has put a several obligations into village governance to hold responsibility in managing village funds. Under this circumstance, village governments are urged to be more transparent and accountable as well as to involve more people participation in the process of village development. Hooda (2016) also mentioned that proper decentralization policy at local level can be more effective by promoting high community participation in policy making, policy planning and service delivery. Therefore, governance quality of village government representing frontline bureaucracy will determine outcomes of village development for improving quality of village community.

Conclusion

This study finds that social capital, governance practices, leadership capacities of village headmen, and resource sufficiency have a greater role in influencing village government performance. The social capital significant impact on the performance of village government reflects a high social capital owned by the village community will improve the village government performance. Network, social norm and social trust developed by village community are high level.

Such social capital can provide strong social forces utilized by the village government to support their mission and objectives. Besides, governance patterns practiced by the village government also shows a significant effect on village government performance. This reflects that good practices developed by village government in aspects of transparency, participation, accountability, responsibility, efficiency and effectivity will improve quality of village government management. The management of the village development budget that is getting bigger, obviously requires the village government to open their access to villagers to get engaged actively in controlling the ways village government's works. The implementation of good governance has encouraged the village government to be more cautious in managing the development fund. Various corruption cases that involved village headmen have made the village government realized the importance of the villagers' control toward the works of the village government.

Another factor dealing with the performance of the village government is

the village headmen leadership. Interestingly, this study finds that the administrative leadership capacity and its management of the village headmen are generally at the low level. However, the leadership of the village headmen on the community development and people empowerment is at a better level. Although the village headmen are unable to perform well for the administrative leadership, they have their traditional authority that is effectively utilised in his/her leadership toward the villagers. As the villagers' leaders, the elected village headmen can hinder his/her weaknesses as the government bureaucrat. It is because to be a village headman, someone is not required to have capacity in administrative leadership. Instead, the priority at the first place is the social relationship with the villagers. With his traditional authority, the village headmen play important roles in developing the village government performance. Finally, this study concludes that social capital, governance practices, leadership capacity and resources are important factors required to support the performance of village government.

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