

Determinants of Village Expansion Policy in Takalar Regency

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ABSTRACT

Village expansion policy has become an important instrument of rural administrative reform in Indonesia, aiming to improve governance effectiveness, expand access to public services, and accelerate local development. However, the success of village expansion remains uneven across regions, particularly in rural areas with varying institutional and fiscal capacities. This study examines the determinants of successful village expansion policy implementation in Takalar Regency. Specifically, the research analyzes how institutional capacity, leadership quality, fiscal support, community participation, and governance transparency influence the effectiveness of newly established village administrations. Using a quantitative approach, data were collected through structured surveys involving village officials, community leaders, and residents from selected expanded villages in Takalar Regency. The data were analyzed using Structural Equation Modeling (SEM-PLS) to assess both direct and indirect relationships among variables. The findings indicate that institutional capacity and leadership quality are the most significant predictors of successful village expansion, followed by fiscal support and community participation. Governance transparency also plays a moderating role by strengthening trust and collaboration between local government and citizens. The study contributes to the literature on decentralization and rural governance by providing empirical evidence from the village-level reform context in Indonesia. Practically, the findings suggest that village expansion policies should not focus solely on territorial division, but also on strengthening administrative readiness, leadership competence, fiscal sustainability, and participatory governance. These insights are relevant for policymakers seeking to enhance the long-term effectiveness of rural administrative restructuring in developing countries.

Keywords: Village Expansion Policy, Decentralization, Rural Governance, Public Administration Reform, Takalar Regency, Indonesia.

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INTRODUCTION

Decentralization has become one of the most influential governance reforms adopted by developing countries to improve public administration, strengthen democracy, and reduce regional inequality (Rondinelli, Nellis, & Cheema, 1983; Smith, 1985). In Indonesia, decentralization has significantly transformed the relationship between central and local governments since the post-1998 reform era (Faguet, 2014). One of its important

manifestations is the expansion of administrative territories, including provinces, regencies, districts, and villages. At the village level, expansion policy has been promoted as a strategic mechanism to bring government closer to citizens, improve public service accessibility, and stimulate rural development (Oates, 1972).

Village expansion policy refers to the creation of new villages through the division of existing administrative villages based on demographic growth, territorial size, socio-cultural considerations, and governance needs. In principle, smaller administrative units are expected to enhance responsiveness, reduce bureaucratic distance, and allow more efficient management of local resources (Cheema & Rondinelli, 1983). In many rural regions of Indonesia, village expansion is also perceived as an opportunity to obtain larger fiscal transfers, especially after the implementation of the Village Fund policy. However, despite these expectations, the actual outcomes of village expansion remain highly contested (Faguet, 2014).

The legal foundation of village expansion in Indonesia is mainly regulated through Government of Indonesia Law No. 6 of 2014 concerning Villages, which grants villages stronger authority in governance, development planning, and financial management (Government of Indonesia, 2014). This regulation also opens opportunities for the establishment of new villages under administrative, technical, and territorial requirements. As a result, many local governments have proposed village expansion as a strategy to accelerate development and improve governance reach. Nevertheless, policy implementation often reveals a gap between regulatory ambition and institutional reality (Grindle, 2004).

Several studies have shown that administrative expansion does not automatically generate better governance outcomes (Smith, 1985; Faguet, 2014). In some cases, newly established villages experience institutional weakness, lack of qualified human resources, budget dependency, poor infrastructure, and elite political competition. Rather than improving service delivery, village proliferation may create fragmented governance systems and new administrative burdens. In other words, territorial division without governance readiness may produce symbolic decentralization rather than substantive reform (North, 1990). Therefore, the success of village expansion should not be understood merely as the legal establishment of new territorial units, but as the capacity of those villages to function effectively, deliver services, and improve community welfare.

This issue is particularly relevant in Takalar Regency, where village expansion has been implemented as part of local governance reform and rural development strategy. As an agrarian and coastal regency with diverse socio-economic conditions, Takalar presents an important case for examining how village expansion policies operate in practice. Agriculture, fisheries, and small-scale trade remain the backbone of the local economy, while geographical disparities between inland and coastal areas create different governance needs. In this context, the establishment of new villages is expected to shorten administrative distance, improve infrastructure access, and increase responsiveness to local community demands.

However, anecdotal evidence suggests that some newly expanded villages continue to face serious constraints, such as limited office facilities, shortage of trained staff, weak fiscal independence, and overlapping authority with parent villages. In addition, the emergence of local elite competition over village leadership positions may reduce policy effectiveness. These conditions indicate that village expansion is not solely an administrative matter, but also a political, economic, and institutional process that requires careful management (Ansell & Gash, 2008).

Existing literature on territorial expansion in Indonesia tends to focus on province or regency proliferation, while studies at the village level are still underdeveloped. Most previous studies emphasize macro-political motives, fiscal consequences, or intergovernmental relations, leaving the micro-level governance dynamics of new villages insufficiently explored. This creates an important research gap, especially because villages represent the closest governmental institution to rural citizens and play a central role in delivering basic services, managing development funds, and facilitating participation (Ostrom, 1990). Understanding the determinants of successful village expansion at the village level is therefore essential both theoretically and practically.

From a theoretical perspective, this study draws upon decentralization theory, institutional capacity theory, and participatory governance perspectives. Decentralization theory argues that smaller local units can improve allocative efficiency and responsiveness when supported by sufficient autonomy and resources (Oates, 1972). Institutional theory emphasizes that organizational effectiveness depends on capable human resources, clear structures, and administrative competence (North, 1990). Meanwhile, participatory governance highlights the importance of citizen involvement, accountability, and transparency in achieving policy legitimacy and effectiveness (Fung & Wright, 2003). These perspectives provide a comprehensive framework for evaluating village expansion outcomes.

This study aims to analyze the determinants of successful village expansion policy implementation in Takalar Regency. Specifically, it examines the role of institutional capacity, leadership quality, fiscal support, community participation, and governance transparency in shaping policy success. It also investigates whether governance transparency strengthens the relationship between community participation and policy effectiveness. By doing so, the study contributes to the broader literature on decentralization, rural governance, and public sector reform in developing countries.

The findings are expected to offer several contributions. First, the study provides empirical evidence on whether village expansion achieves its intended governance objectives. Second, it develops a multidimensional framework for assessing success beyond territorial formation alone. Third, it offers policy recommendations for improving future village expansion programs through stronger institutions, accountable leadership, sustainable financing, and participatory governance. Fourth, the study enriches comparative discussions on rural administrative reform in Southeast Asia and other developing regions. In a broader sense, this research highlights that effective

decentralization requires not only administrative restructuring, but also the institutional capacity to govern newly created local entities successfully (Grindle, 2004).

Decentralization is an important strategy for improving government effectiveness, democratic participation, and regional development through the transfer of authority from central government to local institutions (Rondinelli, Nellis, & Cheema, 1983; Oates, 1972). In the Indonesian context, village expansion policy emerged as part of post-Reformasi decentralization reforms and was further strengthened through Government of Indonesia Law No. 6 of 2014 concerning Villages, which grants broader authority to villages in governance and development management (Government of Indonesia, 2014).

The review shows that village expansion is fundamentally intended to shorten bureaucratic distance, improve public service accessibility, and accelerate rural development. However, previous studies indicate that administrative expansion does not always produce better governance outcomes. Many newly established villages face institutional limitations, weak human resources, fiscal dependency, and local elite conflicts that hinder governance effectiveness (Smith, 1985; North, 1990). This suggests that territorial expansion without governance readiness merely creates symbolic decentralization rather than substantive reform.

Theoretically, this literature review positions institutional capacity as the most fundamental determinant of successful village expansion. Institutions with clear administrative systems, competent human resources, and effective coordination mechanisms are more capable of carrying out governance and public service functions effectively (North, 1990). In addition, leadership quality is identified as a strategic factor because village leaders play a crucial role in building legitimacy, resolving conflicts, and mobilizing communities toward stable governance consolidation. Transformational leadership theory argues that visionary and accountable leaders are more likely to generate effective governance outcomes (Bass, 1985).

The review also highlights the importance of fiscal support in ensuring the effectiveness of village autonomy. Newly expanded villages require substantial financial resources to establish administrative infrastructure, recruit personnel, and provide basic public services. Therefore, decentralization without adequate financial support risks creating weak and ineffective local governance systems (Oates, 1972).

Beyond administrative and fiscal factors, community participation and governance transparency are presented as the foundations of democratic governance. Community participation enables village policies to reflect local needs, strengthens policy legitimacy, and enhances public oversight (Fung & Wright, 2003). However, participation can only become meaningful when supported by transparency and accountability. Open access to information regarding budgets, decision-making processes, and program implementation is essential for ensuring substantive citizen engagement rather than merely procedural participation (Grindle, 2004).

Overall, this literature review argues that the success of village expansion policy is multidimensional and cannot be measured solely by the formal establishment of new villages. Genuine success depends on the ability of villages to build strong institutional

capacity, effective leadership, sustainable fiscal support, substantive community participation, and transparent as well as accountable governance. Therefore, the study reinforces the idea that the true success of decentralization lies not in the number of newly created administrative units, but in the quality of governance that emerges after expansion policies are implemented.

METHOD

This study employs a quantitative explanatory approach to analyze the determinants of successful village expansion policy implementation in Takalar Regency. The research focuses on examining how institutional capacity, leadership quality, fiscal support, community participation, and governance transparency influence the effectiveness of newly established villages. A quantitative survey design was selected because it enables the systematic measurement of causal relationships among variables through statistical analysis (Creswell, 2014).

The study was conducted in Takalar Regency, South Sulawesi, an area characterized by diverse socio-economic and geographical conditions, making it an important context for understanding village expansion governance. The respondents consisted of village heads, village officials, community leaders, and residents directly involved in village governance processes. Using purposive sampling, approximately 200 respondents were selected to ensure that the data reflected practical experiences and governance realities within newly expanded villages.

Primary data were collected through structured questionnaires using a five-point Likert scale, supported by limited observations and informal interviews to strengthen data interpretation. The study defines successful village expansion not merely as the formal establishment of a new administrative unit, but as the ability of villages to provide effective public services, manage resources responsibly, and improve community welfare. The independent variables include institutional capacity, leadership quality, fiscal support, community participation, and governance transparency, all of which are considered central dimensions of effective local governance (North, 1990; Bass, 1985; Fung & Wright, 2003).

To analyze the relationships among variables, the study applies Partial Least Squares Structural Equation Modeling (PLS-SEM), a method considered suitable for complex governance models involving multiple latent constructs and moderate sample sizes (Hair et al., 2019). The analysis includes measurement model testing for reliability and validity, followed by structural model evaluation through path coefficients, effect sizes, and bootstrapping procedures. The study also investigates the moderating role of governance transparency in strengthening the relationship between community participation and policy success.

Overall, the methodological framework provides a rigorous and evidence-based approach for understanding the governance factors that determine the success of village expansion policies. By integrating stakeholder perceptions with advanced statistical modeling, the study contributes to broader discussions on decentralization, rural governance, and administrative reform in developing countries.

FINDING AND DISCUSSION

RESEARCH RESULT

This study analyzed the determinants of successful village expansion policy in Takalar Regency using data collected from stakeholders in newly established villages. A total of 200 valid responses were obtained from village heads, village officials, members of village consultative bodies, community leaders, and residents. The involvement of both administrative actors and citizens ensured that the findings reflected a broad perspective regarding the implementation of village expansion policy. Most respondents had direct experience with village governance processes such as development planning meetings, public service delivery, and community monitoring activities, thereby increasing the relevance of the data.

The first stage of analysis focused on the quality of the measurement model. The results demonstrated that all research constructs met accepted standards of reliability and validity. Indicators used to measure institutional capacity, leadership quality, fiscal support, community participation, governance transparency, and policy success consistently represented their respective variables. This indicates that the questionnaire instrument was sufficiently robust to capture the dimensions of village governance performance and policy implementation. Consequently, the data were considered suitable for further structural analysis.

The second stage examined the causal relationships among variables. The overall model showed strong explanatory power, indicating that the five independent variables jointly explained a substantial proportion of variation in the success of village expansion policy. This finding suggests that village expansion outcomes cannot be understood through a single factor, but rather through the interaction of administrative, political, financial, and social dimensions.

Among all determinants, institutional capacity emerged as the strongest predictor of successful village expansion policy. Villages that possessed competent human resources, clear administrative procedures, effective organizational systems, and strong coordination mechanisms were more likely to perform successfully after expansion. These villages demonstrated better ability to deliver public services, manage development programs, and respond to citizen needs. The finding highlights that the formal creation of a new village is insufficient if not accompanied by administrative readiness. Without capable institutions, newly established villages may struggle to function effectively despite legal recognition.

Leadership quality also showed a strong positive influence on policy success. Villages led by capable leaders who were able to communicate a clear vision, make timely decisions, maintain accountability, and resolve conflicts tended to experience smoother governance transitions after expansion. Effective leadership was particularly important during the early stages of village formation, when administrative systems were still being consolidated and community expectations were high. Leaders who were responsive and inclusive were more successful in mobilizing support from both government officials and local residents.

Fiscal support was found to have a significant contribution to village expansion success. Villages that received adequate budget allocations and managed financial resources effectively were better able to build office facilities, improve infrastructure, recruit staff, and provide public services. This confirms the broader decentralization argument that autonomy without financial capacity often leads to weak governance outcomes. In the case of newly expanded villages, fiscal resources are especially crucial because the transition process requires substantial investment in administrative and developmental functions.

Community participation also had a meaningful positive effect on policy implementation. Villages where citizens actively participated in meetings, planning forums, development activities, and monitoring processes were more likely to achieve successful outcomes. Participation strengthened policy legitimacy and enabled village governments to design programs that were more aligned with local priorities. Involving citizens also increased trust in the new village administration and encouraged collective responsibility for local development. However, the results also suggest that participation is most effective when it goes beyond symbolic attendance and allows genuine influence over decision-making processes.

Governance transparency was another important determinant. Villages that practiced open budgeting, provided accessible public information, and maintained accountable decision-making processes tended to perform better after expansion. Transparency reduced suspicion among citizens, strengthened trust in village officials, and minimized the risk of elite capture. Newly established villages often need to build legitimacy quickly, and transparent governance appeared to be a key mechanism for gaining public confidence.

An additional finding of this study concerns the interaction between community participation and transparency. Participation was found to be more effective in villages where governance processes were open and information was widely accessible. In contexts with strong transparency, citizens were better able to monitor government performance, understand budget priorities, and contribute meaningfully to development planning. By contrast, participation in less transparent villages was often limited in impact because communities lacked access to the information needed for informed engagement. This indicates that participation and transparency should be understood as mutually reinforcing elements of successful governance.

Comparatively, the findings suggest that institutional capacity and leadership quality were more influential than the other variables, followed by fiscal support, participation, and transparency. This ranking implies that technical and managerial readiness remains the primary foundation of successful village expansion. Democratic governance practices such as participation and transparency remain essential, but their benefits are less likely to materialize when institutions are weak or leadership is ineffective.

Field patterns also revealed that some villages initially experienced optimism after expansion because government services became geographically closer and local identity became stronger. Nevertheless, villages with limited staffing, inadequate facilities, or weak

managerial coordination often faced delays in issuing documents, implementing development programs, and communicating with higher levels of government. In contrast, villages with strong leadership and participatory governance adapted more rapidly and were able to translate expansion into tangible benefits for citizens.

Overall, the results demonstrate that successful village expansion policy in Takalar Regency is not merely a consequence of territorial restructuring. Rather, success depends on the presence of capable institutions, effective leadership, sustainable fiscal resources, active citizen participation, and transparent governance practices. These findings reinforce the argument that rural administrative reform requires both structural change and governance capacity in order to generate meaningful long-term outcomes.

DISCUSSION

The discussion of this study highlights that the success of village expansion policy in Takalar Regency depends not merely on the formal creation of new administrative territories, but more importantly on the governance capacity possessed by newly established villages. This finding reinforces decentralization literature which argues that territorial restructuring alone does not automatically produce effective governance outcomes (Rondinelli, Nellis, & Cheema, 1983; Faguet, 2014). Instead, institutional quality, administrative readiness, and governance effectiveness remain the primary determinants of successful decentralization.

Institutional capacity emerged as the strongest determinant of successful village expansion. Villages with competent human resources, effective coordination systems, and clear administrative procedures were better able to provide public services, manage village funds, and respond to community demands. This finding is highly consistent with institutional theory, which emphasizes that organizational effectiveness depends on capable institutions, clear governance systems, and administrative competence (North, 1990). The findings imply that many failures of village expansion policies may stem not from the expansion policy itself, but from insufficient institutional preparation prior to implementation.

Leadership quality was identified as the second most influential factor in determining policy success. Effective village leaders played strategic roles in building legitimacy, managing elite competition, organizing village administration, and encouraging citizen participation. This result supports transformational leadership theory, which argues that visionary and accountable leaders are able to strengthen organizational performance and collective trust (Bass, 1985). In rural governance contexts such as Takalar Regency, leadership functions not only administratively but also socially, since village governance strongly relies on interpersonal trust and local legitimacy.

The findings also confirm the importance of fiscal support in ensuring the effectiveness of village expansion policies. Newly expanded villages require substantial financial resources for infrastructure development, staffing, technology systems, and basic public services. This supports fiscal decentralization theory, which explains that local autonomy without adequate financial resources often produces weak governance

outcomes (Oates, 1972). However, the study also demonstrates that financial resources alone are insufficient if they are not accompanied by managerial competence, accountability, and transparent expenditure systems.

Community participation was found to contribute positively to village expansion success because citizen involvement strengthens policy legitimacy, responsiveness, and alignment with local needs. This finding aligns with participatory governance theory, which positions citizen engagement as an essential component of democratic governance (Fung & Wright, 2003). Nevertheless, the study reveals that participation becomes less effective when institutional systems are weak or leadership is ineffective, indicating that participation alone cannot substitute for governance capacity.

Governance transparency also played a significant role in strengthening successful village governance. Villages that practiced open budgeting, accessible information systems, and accountable decision-making processes were more successful in building public trust and reducing the risks of elite capture. Transparency was further found to strengthen the relationship between community participation and policy effectiveness, suggesting that citizen participation becomes more meaningful when communities have sufficient access to governance information. This finding supports good governance theory, which emphasizes transparency and accountability as prerequisites for effective democratic participation and institutional trust (Grindle, 2004).

From a broader perspective, the study challenges the common assumption that administrative expansion automatically accelerates development. The Takalar case demonstrates that village proliferation without sufficient governance readiness may only redistribute administrative boundaries rather than improve governance substance. This finding is particularly relevant for developing countries where territorial restructuring is frequently used as a political and developmental strategy.

The study also contributes to decentralization debates by emphasizing the importance of village-level governance analysis. While many decentralization studies focus on provinces or municipalities, this research demonstrates that villages represent the closest state institutions to rural citizens and therefore play a crucial role in delivering public services, maintaining legitimacy, and implementing local development programs.

Overall, the discussion confirms that successful village expansion is fundamentally a governance issue rather than merely a territorial one. Administrative boundaries may be created rapidly, but building effective institutions, credible leadership, sustainable finances, participatory governance, and public trust requires long-term commitment and governance capacity. The experience of Takalar Regency therefore demonstrates that decentralization only generates meaningful developmental outcomes when structural reforms are accompanied by strong institutional and governance readiness.

CONCLUSION

This study concludes that the success of village expansion policy in Takalar Regency is fundamentally determined not by territorial division itself, but by the governance capacity that follows it. The empirical findings demonstrate that institutional capacity, leadership

quality, fiscal support, community participation, and governance transparency significantly shape the effectiveness of newly established villages. Among these factors, institutional capacity and leadership quality emerge as the most decisive predictors, indicating that administrative readiness and competent local leadership are more important than the mere formal creation of new governmental units.

The study reveals a critical insight: village expansion should not be interpreted as an end in itself, but as a means toward better governance, improved public services, and inclusive rural development. Where expansion is implemented without sufficient human resources, financial preparedness, managerial systems, and accountability mechanisms, the result may be administrative fragmentation rather than developmental progress. Conversely, when expansion is accompanied by strong institutions and participatory governance, it can become a powerful instrument of rural transformation.

The broader lesson from this study is clear: governments can divide territory quickly, but they cannot manufacture governance capacity overnight. New boundaries may create new villages, but only strong institutions create public value. The case of Takalar Regency demonstrates that the real measure of decentralization is not how many administrative units are formed, but how effectively those units serve their citizens. Future reforms should therefore prioritize capability over quantity, governance over symbolism, and outcomes over political expansionism.

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