

THE INFLUENCE OF VILLAGE FUNDS ON THE VILLAGE DEVELOPMENT INDEX IN GRESIK REGENCY



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Abstract

Since the enactment of Law No. 6 of 2014, villages have received funds directly from the central government. In practice, village funds are subject to a number of binding regulations that have altered the established practices of village fund management, significantly impacting fund management at the grassroots level. The method used in this study is quantitative descriptive analysis to compare village fund management before and after the Village Law, as well as quantitative methods to determine the relationship between village funds and the increase in the Village Development Index in Gresik Regency. In this study, researchers found a positive relationship between increases in village funds and increases in the Village Development Index (IDM). The regression coefficient for village funds was 0.64, indicating a positive influence on the Village Development Index. However, this influence is small. Therefore, it can be concluded that village funds have an influence on increasing the Human Development Index (HDI) in Gresik Regency. Consequently, in accordance with Bourdieu's theory, it is emphasized that the distribution of village funds does not merely increase the index but also creates opportunities for social transformation.

Keywords: Village Development Index, Village Funds, Village Laws

INTRODUCTION

Article 1 is very relational with the topic of this study because since the establishment of Law No. 6 Year 2014 about Villages which gives a significant role to villages in organizing and managing as well as developing regional potential independently. An example of this policy in the form of village funds, which is intended to strengthen infrastructure development, empower communities and improve the quality

of public services in the village. Village funds are positioned as the primary instrument for accelerating the achievement of the Village Development Index (IPK), a composite indicator reflecting a village's progress in social, economic, and ecological aspects (Saputra et al., 2023). Research in Brazil indicates that financial assistance in rural areas can help provide incentives for agricultural production and increase rural incomes (Borges, 2025). Financial inclusion is essential in fund management as it is embedded in institutional trust, social capital, gender relations, and power structures within the value chain (Putri, Ismail, Utami, Tedjomurti, Wardhani, et al., 2026).

However, the effectiveness of village funds in driving village development often faces serious challenges, such as low human resource capacity in villages, lack of community participation, and irregularities in fund management practices (Habibullah et al., 2024). It is often found that large allocations of village funds actually lead to criminal acts of corruption, as documented in data from the Indonesian Corruption Eradication Commission (KPK RI), which recorded hundreds of cases of village fund corruption between 2012 and 2021. This indicates that structurally, village transformation depends not only on the availability of funds but also on power relations, habitus, and social capital possessed by actors at the village level.

In this context, Pierre Bourdieu's theory of capital becomes highly relevant. Bourdieu argues that the success of social agents in accessing sources of power is largely determined by the possession and exchange of four types of capital: economic capital, social capital, symbolic capital, and cultural capital. Inequalities in village fund management and IDM achievement can be seen as the result of the dominance of certain actors who control specific forms of capital and are able to reproduce their social benefit structures. Research within this theoretical framework has also been conducted by Vyandri (Vyandri et al., 2024b), who explains Open Government from the perspective of Bernard Stiegler's *poststructuralism*.

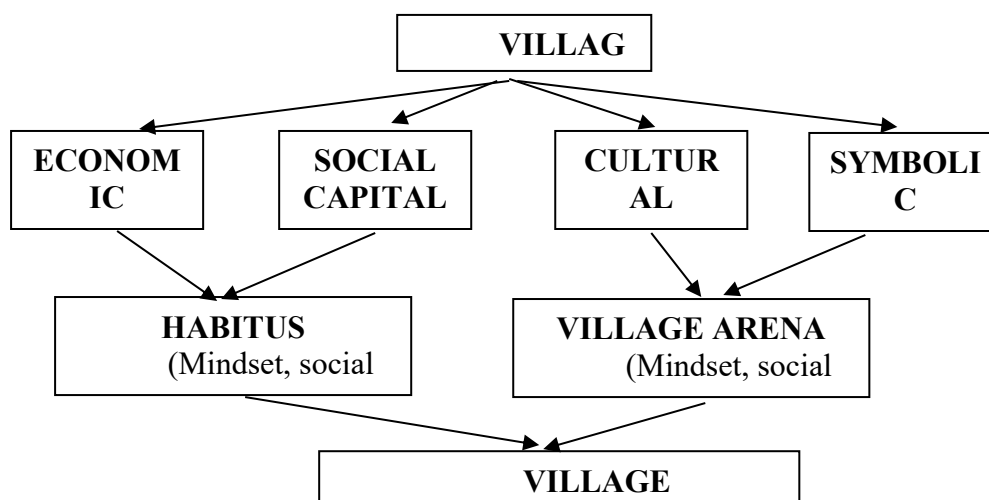
Strengthening the IDM (Village Development Index) should not be viewed solely as the result of top-down policy interventions, but also as a field of contestation of interests and symbolic practices laden with social significance. The village fund policy has enabled village governments to manage village funds independently (Ismanudin et al., 2022). The IDM provides an overview of development results in village via the social, economic, and sustainable (natural) environment. It is important for this index to have multidimensional progress in assessing the rural area within an approach centered on sustainable development and digital transformation.

While national and international literature has mapped the economic impacts of village funds, there remains a significant research gap in understanding this phenomenon in Gresik Regency. Previous literature appears to have fallen into a technocratic and administrative framework and has failed to explain the sociological reasons behind the low contribution of this economic capital to changes in village status (Harianto et al., 2026). No study has yet substantively explored how the habitus of village administrators and the resistance of local power structures disrupt the process of converting capital into tangible well-being.

The primary objective of this study is to empirically test the extent to which village funds influence improvements in the IDM in Gresik Regency, while simultaneously deconstructing the sociological barriers that cause this limited impact. By combining quantitative regression analysis with Bourdieu's theoretical framework on habitus and social reproduction, this study aims to provide a clear academic position that village development will not reach an optimal point if it relies solely on economic capital injections without transforming the habitus of actors and power structures at the local level (Putri, Ismail, Mulyadi, Maulana Purnama, et al., 2025).

Village governments require a strong commitment to accelerate development in rural areas. Village heads play a crucial role in village management as they derive legitimacy from the state as implementers of rural development programs (Putri, Sjaf, & Wahyuni, 2021). The role of the village head is crucial and indispensable in the proper management of village funds. However, development efforts do not rely solely on the vision and mission of the village head but must also consider social, economic, and environmental aspects in accordance with IDM indicators.

Figure 1. Concept Map of Village Funds from a Bourdieu Perspective



Bourdieu identifies four types of capital: economic capital, social capital, cultural capital, and symbolic capital (Bourdieu, 1990). From the perspective of the economic capital dimension of village funds, this can enhance financial resources; however, it must be clarified whether the distribution of these funds improves well-being or widens disparities among residents. The social capital dimension can be influenced by village funds as they can strengthen community social networks through reciprocal cooperation, farmer group activities, and inclusive BUM activities. On the other hand, if these funds are controlled solely by the village elite without transparency in their use, this will weaken the social cohesion of the village population. Interconnected economic and social capital will generate a new habitus that involves village actors in implementing inclusive and targeted fund management practices to improve community well-being, the results of which will be reflected in an increase in the IDM.

In the cultural capital dimension, this can be influenced when village funds are used to improve access to education, digital literacy, and skills training, thereby fostering a new community habitus. Meanwhile, in the symbolic capital dimension, successful village fund management can serve as a source of prestige and pride for residents, particularly village heads or specific local actors (Harianto et al., 2025). Successful management of village funds can also enhance their legitimacy and social standing. The interrelated dimensions of cultural capital and symbolic capital within the village context can contribute to improved community well-being, and these outcomes will also be reflected in the IDM.

The IDM (Village Development Index) serves as a comprehensive indicator to measure village development achievements. This is because the IDM measures social, economic, and ecological dimensions (Nabielah Agustin et al., 2025). This index is important for testing and addressing rural progress in a manner informed by digital transformation and sustainable development trends. Based on this, the study seeks to reveal the role of village funds in relation to the IDM in Gresik Regency.

This is an urgent research because it fills a crucial analytical void: previous studies on village funds in Indonesia have been confined to a technocratic-administrative paradigm that concerns more fiscal correlations than the underlying structural dimensions. Recent studies on village fund allocation in Indonesia remain focused on transparency, accountability, and community participation as formal governance variables, without unpacking how local power relations quietly reproduce inequality (Sidik & Habibi, 2024). In this context, while village funds are intended as a policy tool

for poverty alleviation, they have instead strengthened the village ruling class, leaving the poor powerless to access a significant portion of these funds. The finding of a determination coefficient of only 6.1% in this study highlights, from a sociological perspective, the urgency of addressing economic capital—as evidenced by the presence of habitus, fields, and symbolic capital hierarchies operating at the micro-level.

The novelty of this research lies in its deconstructive approach, which explicitly combines quantitative regression methods with Bourdieu's perspective within a rural context. This study treats the village as a symbolic arena—not merely an administrative unit within the IDM—but as a space shaped by the interplay of capital among village actors. This approach expands Bourdieu's habitus theory to reveal institutional tensions between external actors and residents, while structurally challenging top-down development logic by empowering communities (Zhaoyu et al., 2025). By focusing on Gresik Regency as an empirical locus that has not been deeply examined sociologically, this study opens an important research gap regarding how the habitus of village administrators and resistance to local power structures hinder the conversion of economic capital into substantive and inclusive well-being.

METHOD

Gresik Regency East Java is a research site in this study. The study employs secondary data from the Central Statistics Agency (BPS) and official government documents. Data on Gresik Regency's village funds were collected in 2023, while IDM data were collected at the same location in 2024. The research approach employed a quantitative methodology. This aligns with the study's objectives as it allows for a statistical explanation of the impact of village funds on the IDM in Gresik Regency.

Data collection was conducted by combining information from BPS statistical data and authentic, published, and verifiable documents from the Gresik Regency Government. To examine the extent of the impact of village funds on the IDM in Gresik Regency, SPSS (*Statistical Package for the Social Sciences*) 16 for Windows was used. Appropriate regression analysis was employed to identify variables with linear relationships as the basis for testing the hypothesis. Simple linear regression analysis is used to determine the magnitude of the influence of independent variables on the dependent variable. In other words, the independent variables serve to explain the dependent variable. The following regression model was used:

$$Y = \alpha + \beta X + e$$

Where Y: Village Funds; X: IDM; α : constant; β : regression coefficient; e: standard error. A hypothesis is a statement provisionally accepted as true—such as the existence of a phenomenon—until it is verified, serving as the foundation and guide for the research. In this study, hypothesis testing is divided into partial tests (testing each independent variable separately by means of a test), simultaneous tests (simultaneously testing all the independent variables in the model that jointly affect the dependent variable) and coefficient of determination (R^2), which provides information on how much influence the independent variables have on the dependent variable. The R^2 value is in the interval [0,1], so that if an R^2 approaches 1, then it indicates that the independent variables provide a good model of for explaining the dependent variable..

Many people also added their own stories about the fully credentialed positions. Village Funds (X): State Budget (APBN) sources of funding for government financial institutions, development implementation, community development and community empowerment standardized with natural logarithm (LN).

RESULTS AND DISCUSSION

Results

Indonesia has sought to develop rural areas through a village fund system, which involves direct transfers from the central government to village accounts. The objective is to develop rural areas. Hadiwibowo (Hadiwibowo et al., 2023) explains that rural development can contribute to stimulating the village economy in two ways. First, the availability of funds can increase village economic activity. Second, it adds resources to the village that can support economic growth. Over the past 10 years, villages in Gresik Regency have received village funds in the form of direct transfers from the central government to village accounts.

The following data shows the amount of village funds and the poverty rate in Gresik Regency:

Table 1. Data on Village Funds and Poverty in Gresik over 10 Years.

Year	Poverty Rate	Amount of Village Funds
2015	13.63	297,334,082,932
2016	13.19	205,756,291,000
2017	12.80	312,367,667,000
2018	11.89	246,315,128,000
2019	11.35	280,483,802,000
2020	12.40	287,891,804,000

2021	12.42	149,791,864,800
2022	11.06	294,720,837,000
2023	10.96	309,991,419,000
2024	10.32	312,367,667,000

Source: BPS poverty rate data and village fund data from the Gresik Regency website (processed)

Statistics also reveal that the number of people living in poverty has declined continuously between 2015 and 2019. There was an increase in 2020, likely the result of the global recession brought on by COVID-19. The rise in the poverty rate came as not only the economy in general was still reeling from pandemic fallout, but also inflation and gas prices were on the march. But trends from 2022 to 2023 show that the poverty rate is declining, which either suggests that the economy is recovering from the pandemic or it's just moving slowly with rising healthcare costs and global inflation.

The IDM provides a more comprehensive measurement to assess the benefits of village funds. There is no longer an evaluation of the impact of village funds on poverty levels (Nabelah Agustin et al., 2023). The IDM ensures the evaluation of village development success through the “ ” comprising three indicators: social development, economic development, and ecological development. The third factor is particularly important as it measures the outcomes of village development across multiple dimensions.

The IDM incorporates several social indicators, such as access to education and health services. These factors are essential for improving the quality of life in rural areas. Mouraz's research in rural Europe explains that rural development must also prioritize sustainability and consider environmental, social, and economic aspects (Mouraz et al., 2024). One form of social development began in rural China, which pioneered digital villages. This initiative has proven to foster social cohesion by promoting entrepreneurial activities and community participation, thereby enhancing social capital (Mei et al., 2022). Agricultural extension workers also play a role beyond agricultural development; they are crucial in motivating farmers and increasing the adoption of innovations (Putri & Safitri, 2018).

Economic indicators in the IDM focus on income levels, labor absorption rates, and the presence of digital entrepreneurship. These factors are crucial for evaluating economic vitality (Mei et al., 2022). The integration of Industry 4.0 technologies in rural areas is also linked to increased economic outcomes. The implementation of digital technology in smart villages also impacts sustainable economic development in rural areas (Maja et al.,

2020). Digital development, such as digital communities, will facilitate the advancement of agriculture, food production, and tourism in rural areas (Soldato & Massari, 2023).

Women-run microenterprises in rural areas also play a key role in driving rural economic growth (Behera et al., 2025). In rural fishing communities, that resilience needs to be built through income diversification, infrastructure development, targeted subsidies and community-based environmental management (Putri, Ismail, Mulyadi, Purnama, et al., 2025).

Ecological indicators provide an assessment tool for environmental sustainability. Infrastructure development is seen by the Chinese government as a means of poverty alleviation and economic development in rural areas. Transportation infrastructure development can boost economic growth while preserving the environment (Jiang et al., 2025). For rural fishermen, environmental conservation is also crucial, and mangrove forest “ ” has been shown to increase rural residents’ income through additional earnings from non-fish products available in mangrove forests (Putri, Harianto, & Ismail, 2025).

Ecological indicators also assess environmental sustainability. One such indicator is resource management and biodiversity conservation, which are vital for long-term survival. This can be implemented through digital planning for village development (Zhao et al., 2022). IDM also emphasizes the importance of sustainable practices in agriculture and building rehabilitation. This aligns with the global sustainability goals of SDGs 2 and 11 regarding food security, achieved through sustainable agricultural systems and sound manufacturing planning, ensuring urban access to public transportation to create inclusive, safe, and sustainable cities and settlements while protecting cultural heritage (Nafauzy Harzeina & Agustin, 2025). Further discussion is based on the results of a simple linear regression analysis that calculates the effect of village funds on the IDM.

Simple Linear Regression Analysis

After conducting tests using *SPSS software*, it was found that village funds have an effect on the IDM. The positive relationship indicates that an increase in village funds leads to an increase in the village development index. The following are the results of the simple linear regression analysis for Equation 2.

Regression Y: $-1.487 + 0.64X$ (2) The constant (α) of -1.487 indicates that when village funds are equal to zero (0), the Village Development Index is -1.487

The regression coefficient for rural funds (β) of 0.64 shows a positive impact on the village development index. This implies that an increase of village funds equal to 1 x unit will be followed by a rise in the IDM for 0.064 units as long as other variables are considered constant.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.487	.289		-5.147	.000
	Dana_Desa	.064	.014	.247	4.607	.000

a. Dependent Variable: IDM

Hypothesis Test

This study also tests the variables simultaneously (F-test) to determine whether the independent variables in the model have a combined effect on the dependent variable. The method used is to compare significance levels, where in this study the significance level used is 0.05. If the significance level is less than 0.05, it can be concluded that the independent variables simultaneously/collectively influence the dependent variable.

Table 2. F-Test or Simultaneous Test**ANOVA^b**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.063	1	.063	21.222	.000 ^a
	Residual	.974	328	.003		
	Total	1.037	329			

a. Predictors: (Constant), Dana_Desa

b. Dependent Variable: IDM

Based on the simultaneous test (F-test) in the ANOVA table, the significance value obtained is 0.000; therefore, it can be concluded that H₀ is rejected or H_a is accepted. This means that all variables used in this study have a simultaneous/collective influence on the village development index in Gresik Regency. These results align with several studies by Ifitah & Wibowo (2022); Arina et al. (2021); and Hasibuan & Juanda (2019), which state that village funds significantly influence the improvement of the village development index. The role of government regulations is also crucial to ensure that rural development is integrated, participatory, and that responsive governance can reduce the vulnerability of rural communities and enhance their resilience (Putri, Ismail, Wardhani, Anandya, & Purwanto, 2026).

Coefficient of Determination R^2

**Table 3. Coefficient of Determination
Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.247 ^a	.061	.058	.05450

a. Predictors: (Constant), Dana_Desa

The results of this test also show the coefficient of determination (*R-squared* or R^2). The coefficient of determination conveys the proportion to which independent variables value as a whole affecting dependent variable value. After the test, what is known is that the coefficient of determination is 0.061 or 6.10 percent. It means that these independent variables have a modest 6.10 percent effect on the village development index in Gresik Regency. The remaining 93.90 percent is explained by other variables not included as indicators or tested in this study. This indicates that the village arena is influenced by various factors that can affect the IDM beyond village funds. Bourdieu explains that there are four types of capital, meaning that other forms of capital besides economic capital—represented through village funds—play a more dominant role. Another concept is that the village arena serves as a space for contestation among rural actors competing for the management of village funds.

Discussion

The field is divided into the economic field, the political field, and the social field (Sjaf, 2014). From Pierre Bourdieu’s perspective, the field is understood as a social space where actors interact, compete, and maintain their positions through the possession of specific forms of capital (Bourdieu, 1990). The village arena is not merely an administrative region but a social space where power relations, interests, strategies, and social practices exist among village governments, communities, local elites, religious leaders, informal leaders, community organizations, and external actors such as regional governments and village facilitators. Therefore, village development cannot be understood solely through an economic approach but must also examine how capital configurations operate within this arena.

Village funds have a greater influence on the IDM in geographically disadvantaged areas compared to geographically advantageous areas (Fazri et al., 2022). The low value

of the coefficient of determination at 6.10 percent indicates that Gresik Regency is a geographically advantageous area because it is adjacent to the provincial capital, Surabaya. Village funds, as a representation of economic capital, are not the sole factor determining the level of village development. Within the village context, various other forms of capital often play a more dominant role in determining the success of development and the improvement of the Village Development Index (IDM). Bourdieu explains that, in addition to economic capital, there are social capital, cultural capital, and symbolic capital that interact with one another in influencing social practices within society. Social capital, for example, is reflected in the level of community trust, social solidarity, mutual aid, institutional networks, and the community's ability to build collective cooperation. Villages with strong social capital tend to be better able to optimize the use of village funds compared to villages with high levels of social fragmentation.

Cultural capital also plays a significant role in the village context (Putri, Fauzi, Astuti, et al., 2025). Cultural capital is evident in the human resource capacity of village officials, the community's educational level, administrative and governance capabilities, and the community's understanding of participatory development. In this context, the size of village funds does not automatically lead to optimal development if it is not balanced by adequate management capacity. Many villages face issues ranging from limited administrative literacy and poor development planning capabilities to weak institutional innovation, which ultimately result in the use of village funds failing to significantly and effectively improve the Human Development Index (HDI).

Symbolic capital also influences the dynamics of the village arena. The legitimacy of the village head, the influence of religious leaders, traditional leaders, and local elites often determine the direction of village development policies. In many cases, actors with high symbolic legitimacy are able to influence the distribution of development programs, determine priorities for the use of village funds, and even shape public opinion regarding the success of development. This situation indicates that the village arena is a space of power contestation that does not always operate neutrally but is influenced by social relations and the dominance of certain actors (Putri, Sjaf, & Sri Wahyuni, 2021).

The village arena is also dynamic because it is shaped by the village community's habitus, which emerges from historical experiences, local culture, and rural social structures. This habitus influences how communities respond to development programs, their level of participation, and their patterns of acceptance toward policy innovations

(Zhaoyu et al., 2025). Where strong patron-client culture continues to be a fundamental feature of village life, development remains reliant on particular elite actors and therefore tends to focus community participation into a tokenistic process. In contrast, villages that had a participative habitus plus strong collective culture became more capable of inclusive and sustainable development.

Research findings indicating the low contribution of village funds to the IDM can be understood sociologically: village development is not solely determined by the size of budget allocations but is also influenced by the complex structure of the village arena. The success of village development heavily depends on the ability of actors—within the arena to manage and convert various types of capital into effective development practices. Therefore, village development policies should not only focus on increasing village fund transfers but also strengthen community social capital, village institutional capacity, human resource quality, and participatory governance to ensure village development proceeds more optimally and sustainably.

Meanwhile, the Adjusted R-Square value of 0.0581, or 5.81 percent, indicates that after accounting for the number of variables used in the research model, the ability of the independent variables to explain the variation in the Village Development Index (IDM) remains relatively low. Thus, 94.19 percent of the variation in the IDM is explained by factors outside the scope of the variables in this study. From a sociological perspective, this condition confirms that village development is a multidimensional phenomenon influenced by social structures, power relations, institutional capacity, local culture, and the dynamics of actors within the village arena. Within the context of the village arena as conceptualized by Bourdieu, there are various other factors that can influence the success of village development beyond village funds as economic capital. These factors include the quality of village head leadership, the capacity of village government officials, the level of community participation, the strength of social capital, the quality of community education, access to technology and information, the village's geographical conditions, and the presence of political and institutional networks. Villages with participatory leadership and transparent governance are generally better able to optimize development resources compared to those still trapped in patronage practices and the dominance of local elites (Vyandri et al., 2024a).

The strength of community social capital—such as a culture of mutual aid, community solidarity, and levels of social trust—also plays a crucial role in determining the effectiveness of village development. At the village level, social capital enables

communities to build collective cooperation so that development does not rely solely on state intervention through village funds. Conversely, weak social capital can lead to low community participation, internal village conflicts, and disparities in the distribution of development benefits. Another factor influencing the IDM is cultural capital, which relates to the knowledge capacity and technocratic capabilities of both the community and village officials. The ability to formulate development plans, understand regulations, implement local economic innovations, and manage government administration are crucial aspects in determining the success of village development. In many cases, villages with large village funds do not necessarily have a high IDM if they lack adequate human resource capacity (Putri, Fauzi, Astuti, et al., 2025).

The strength of the community's social capital—such as the culture of mutual aid, community solidarity, and levels of social trust—also plays a crucial role in determining the effectiveness of village development. In the village context, social capital enables communities to build collective cooperation, ensuring that development does not rely solely on state intervention through village funds. Conversely, weak social capital can lead to low community participation, internal village conflicts, and disparities in the distribution of development benefits. Another factor influencing the HDI is cultural capital, which relates to the knowledge capacity and technical expertise of both the community and village officials. The ability to formulate development plans, understand regulations, implement local economic innovations, and manage government administration are crucial aspects in determining the success of village development. In many cases, villages with large village funds do not necessarily have a high IDM if they lack adequate human resource capacity (Putri, Ismail, Wardhani, Wardhani, & Purwanto, 2026).

Regression analysis results indicate that village funds have a positive effect on the increase in the Village Development Index (IPK). However, from Pierre Bourdieu's perspective, this achievement is not merely understood technically as a correlation between funds and improvement indicators, but also as a social dynamic involving the interaction of economic capital, social capital, cultural capital, and symbolic capital in rural areas (Bourdieu, 1990). Village funds can be viewed as economic capital that provides additional resources for villages, but their success is largely determined by how this capital is used, transferred, and utilized by the community within the context of the village's social arena.

The management of village funds directed toward education, health, and community training does indeed strengthen the cultural capital of the rural population. The enhancement of knowledge capacity, digital literacy, and skills opens opportunities for the formation of new *habitus*, such as an entrepreneurial mindset or openness to technological innovation. This indicates that village funds not only build physical infrastructure but also create changes in the social and cultural dispositions of rural communities. In other words, village development through village funds can shift the traditional *habitus* of “ ” toward a more progressive, productive, and adaptive *habitus* (Putri, Sjaf, & Sri Wahyuni, 2021).

In addition, village funds strengthen social capital by encouraging the formation of cooperative networks through village-owned enterprises (BUMDes), farmer groups, and other collective activities. However, the village is not a neutral arena, as various forms of capital influence it. In this arena, village actors (village heads, village administrators, community leaders, marginalized groups) compete using the forms of capital they possess. Village elites, backed by state legitimacy, hold symbolic capital, granting them a dominant position in determining program priorities. This risks the allocation of village funds reproducing existing power structures (Sjaf, 2014).

So as to reiterate within Bourdieu’s framework it is important to highlight that the allocation of funds on the village *ajlaz*, and so this requires human capital and socioeconomic level positively do not increase the population index but also leave room for social transformation. There are numbers of means through which participative management of village funds can symbolically diminish domination by local elites, increase access to capital for groups such as women, smallholder farmers, or poor fishermen and even re-orient the *habitus* of communities toward self-reliance. Thus, village funds play a dual role: first, as an instrument of economic development that increases the Human Development Index (HDI); second, as an arena of struggle over social determinants—whether village development will reproduce old inequalities or transform rural social structures into ones that are more inclusive, fair, and sustainable (Jóvér, 2023).

From the sociological perspective of Pierre Bourdieu, development in Gresik Regency is not merely viewed as an administrative process. It is a dynamic within an arena filled with struggles over interests among village actors. In this arena, the Village Fund functions as the primary economic capital entering the rural social structure. However, the effectiveness of this economic capital heavily depends on its ability to

transform into social capital by strengthening cooperative networks, cultural capital through improved digital literacy and education, and symbolic capital that provides legitimacy to development managers (Melendres et al., 2022).

This process of capital transformation is governed by habitus, the system of dispositions and mental frameworks that shape how Village Funds are managed in daily life. A village's transition toward a more productive and responsive habitus is often hindered by unequal power dynamics. The dominance of the village elite can lead to social reproduction that perpetuates old power imbalances, rather than fostering more inclusive change (Delina et al., 2024). Therefore, Bourdieu's framework explains why, statistically, the impact of Village Funds on the Village Development Index (IDM) tends to be small. Development outcomes depend not only on the availability of budgets but are also the result of interactions between capital accumulation, actors' habitus, and power structures operating within the village's social arena.

CONCLUSION

One of the indicators used to measure rural development is the Village Development Index (IPK). In this study, the researchers found a positive relationship between increased village funds and an increase in the IPK; however, the regression coefficient, marked by a value of 0.64, indicates an influence that is too small on the increase in the IPK. Therefore, from a Bourdieuan perspective, the government must ensure that the distribution and use of village funds not only boost the index but also create opportunities for social transformation if managed in a participatory and inclusive manner; however, it will have adverse effects and weaken social cohesion if the management of village funds is controlled solely by the village elite.

This study focuses on the sociology of rural development by empirically demonstrating that the effectiveness of village funds cannot be reduced to mere fiscal calculations. By integrating quantitative regression analysis with Bourdieu's theory of capital, this study reveals that the IDM is *a product of structural contestation* not merely in policy outcomes. The village serves as a space for the reproduction of symbolic power, where the habitus of fund managers determines the direction of economic capital conversion. This paper contributes to the Indonesian rural sociology tradition so far mainly dominated by administrative approaches - by critically scrutinizing rural development gaps as a social phenomenon deeply embedded in governance structures. The specific objective of this

research was to analyzed the effect of village funds in improving the Village Development Index (IPK) in Gresik Regency. This study could also increase the number of sample locations to obtain larger amounts of data and more accurately reflect conditions between sites.

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