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Increasing Empowerment of Rural Economic Institutions through the Village-Owned Enterprises Development Program

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ABSTRACT: This study explains the program's performance to increase the empowerment of economic institutions of rural communities by the Community and Village Empowerment Office in Sumedang Regency through the village-owned enterprise's development program. This program aims to aid villages and village governments in establishing and enhancing village-owned enterprises. However, this program is different than expected. Because many village-owned enterprises still do not work, people do not know about the benefits of village-owned enterprises. The research was conducted using a qualitative methodology and the performance program guidance theory to evaluate program performance based on input, process, output, and outcome indicators. According to the study's findings, the program has not performed optimally. Since several indicators have not been met, in the input indicator, the resources owned do not support program activities. Regarding process indicators, village-owned enterprise managers must improve their skills. Indicators of output reveal that village-owned enterprises could not develop village potential and locate suitable business units. Moreover, the community in the outcome indicators has not experienced the benefits due to a lack of ownership. Without considering the community's needs, the village council established village-owned enterprises to comply with the rules.

KEYWORDS: development, village-owned enterprises, performance program.

INTRODUCTION

Utilizing local resources and potential to their fullest extent is one way to maximize a location's resources and potential. The local potential is comprised of natural resources, human resources, and social resources. The establishment of economic institutions in the Village supports the potential of local resources. Under Law Number 6 of 2014 about Villages, villages are permitted to establish village-owned enterprises to utilize all economic institutions, economic potential, and potential human and natural resources to advance the well-being of village communities.

Establishing economic organizations whose management is carried out by the community is a novel strategy anticipated to expand and develop the village economy in light of acquired knowledge (Alkadafi, 2016, p. 33). A local economic institution is an institution at the local level engaged in economic activities that seek to meet people's needs and contribute to attaining a certain level of community welfare (Mariana & Sukasmanto, 2019, p. 43). Compared to urban areas, villages have more natural and human resources but lower poverty levels and community welfare (Sofianto, 2020, pp. 93–94).

For this reason, the government of the Sumedang Regency established a program to empower economic institutions and improve the well-being of rural communities. This program is a component of a government policy that allows villages to establish village-owned enterprises. It is anticipated that the village-owned enterprise program will contribute to reducing social problems in society, such as unemployment and poverty, as well as assisting in the economic development of villages; thus, they can independently finance their own needs. However, until 2020, the level of Village, independent in the Sumedang Regency, remains low. Sumedang Regency had five independent villages by 2020, 91 developed villages and 175 still developing villages. Consequently, there are still a large number of villages that are economically dependent on the local government.

As a village economic institution, it is anticipated that Village-owned enterprises will serve as the community's central economic pillar and contribute to its prosperity. Despite this, many village-owned enterprises in Sumedang Regency still struggle to manage and fully realize their communities' potential. Based on the information provided by the Community and Village Empowerment Office of the Sumedang Regency through 2020. There are 39 primary village-owned enterprises, 190 developing enterprises, 39 developed enterprises, and five independent enterprises (Community and Village Office Sumedang Regency, 2021). According to

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the performance of village-owned enterprises. The following is the performance development program for the village-owned enterprise:

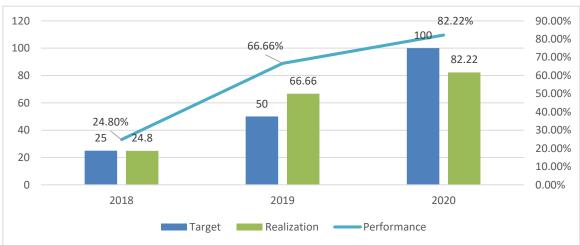


Figure 1. Performance of Village-owned Enterprises Development Program (**Source:** Research Findings, 2022)

The percentage indicator for the performance of the development program in 2020 in figure 1 indicates that the program to increase the empowerment of economic institutions carried out through the village-owned enterprise development program has not been met. The expected target for 2020 is 100%, but the actual achievement is 82.2%, below the expected target. The Regional Government has endeavored to assist village-owned enterprises in establishing business units and enhancing the village economy. There are still deficiencies in the program's performance to increase the empowerment of village economic institutions and the welfare of rural communities through the development of existing village-owned enterprises. The performance of this program is one of the crucial factors that must be evaluated to determine the program's benefits. Good performance in a social program is required to reach the program's ideal objectives (Irmayani et al., 2019, p. 39).

The problems include the community being unaware of the benefits of the village-owned enterprise program, and the Village's human resources remaining inadequate. The community believes those managing village-owned enterprises will receive a salary or wages initially. However, the community will be compensated if the relocated village-owned enterprises are profitable. Therefore, managers are compensated by the cash flow of village-owned enterprises. The Community and Village Empowerment Office is essential in developing village-owned enterprises.

The development of village-owned enterprises necessitates participating in a performance program to determine which factors influence program performance. Based on initial observations, several things indicate problems with the performance of programs. First, as a village economic institution, many village-owned enterprises in Sumedang Regency still need to increase their Village's original income. There are only five village-owned enterprises that are capable of being independent. Thus, only five village-owned enterprises have brought economic independence, indicating that only five economic institutions can stand independently to improve people's welfare. Second, until 2020 Sumedang Regency has formed village-owned enterprises in all villages. There are active and idle village-owned enterprises among the 270 established. Where the village-owned enterprises are formed, but the business units are not running (The Community and Village Office, 2020). As a village economic institution the village-owned enterprises in Sumedang Regency have not successfully raised people's welfare. Between 2017 and 2019, village-owned enterprises in the Sumedang Regency were established. As a result, the anticipated benefits were not experienced. As a final point, many residents of Sumedang Regency are still unaware of the program's advantages for the village-owned enterprises as a community economic institution. Therefore, this study considers it essential to see why the performance program has not been optimal in empowering village-owned enterprises. This study offer recommendations for the underperformance of the development program based on the description before.

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METHOD

This research uses a qualitative methodology; qualitative research is a method used to explore and comprehend the significance of individuals or groups in human or social problems (Creswell & Creswell, 2018). This research method involves various participant-collected questions, procedures, and data. This research aims to unearth in-depth information regarding the effectiveness of programs designed to increase the empowerment of village economic institutions and the well-being of rural communities by the Community and Village Empowerment Office in Sumedang Regency. The obtained source data consists of both primary and secondary data. Primary data were collected directly from the Community and Village Empowerment Office in the Sumedang Regency, and secondary data were collected from relevant literature, journals, and other sources. The data was collected via observations, interviews, documents, and relevant literature studies.

The interview was conducted with several chosen informants. The informants included divisions of community economic empowerment, sections of community economic enterprises, village-owned enterprise managers, and residents of the Sumedang Regency. The gathered data is then analyzed to provide researchers with a basis for analyzing the data to comprehend the significance of the underlying social processes and interactions that represent reality on the ground.

In addition, data arrangement and organization aid in the processing and interpretation of field data. The results of the data analysis provide a foundation for researchers to interpret the data and gain a deeper understanding of the performance program for the development of village-owned enterprises by the Community and Village Empowerment Office in Sumedang Regency. An approach to data analysis organizes data by reading or viewing the entire dataset, encoding all information, creating a summary, and interpreting or determining the significance of the data. The triangulation use source and method to evaluate the validity of the data.

RESULTS AND DISCUSSION

I. Input Indicator

Input indicators are fundamental program requirements used to determine how well these requirements support the program's operation. Allocated resources can affect the performance of a program. Therefore it requires attention. The necessary program resources include the legal foundation, human resources, budget, infrastructure, and institutions. These resources are helpful, as they enable decision-makers to determine and ensure that the program's needs can be met and used to address existing problems. Thus, input indicators can be identified from several needs, such as legal foundation, human resources, budget, infrastructure, and institutions.

a. Legal Foundation

The legal or policy foundation is the guiding principle for diverse program implementation activities. This legal foundation is necessary for implementing the program. Thus the actions or activities are directed and achieve the desired results. It is also advantageous for the village government and the community to comprehend village-owned enterprises established and managed. Therefore, the village government and the community comprehend the steps involved in establishing and managing village-owned enterprises and enhancing local own-source revenue (Ridlwan, 2013, p. 356).

This program is based on the national village-owned enterprise program and the Villages Law No. 6 of 2014. Establishing village-owned enterprises aims to ensure the Village community grows prosperous enterprises as diverse businesses to support rural communities' economies and meet their needs and potential. The 2015 Minister of Villages, Development of Disadvantaged Regions and Transmigration Regulation regarding Establishment, Management and Management and Changes in Village-Owned Enterprises supports the program to enhance the empowerment of village economic institutions and the welfare of rural communities at the Community and Village Empowerment of Sumedang Regency. The legal foundation for the program to enhance the empowerment of economic institutions and the well-being of rural communities in the Sumedang Regency has been articulated and implemented.

b. Human Resources

Human resources are crucial to the operation of a program. The human capital required for developing village-owned enterprises consists of development implementers. The coaching development must comprehend village-owned enterprises' regulations per the Minimum Service Standards. Development implementers must comprehend village-owned enterprises to provide innovation for enhancing the local economy and the community's economic welfare. Development executors must possess the necessary skills to provide material that meets the needs of village-owned enterprises.

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In this instance, the guidelines are directly implemented by personnel working in the community economic empowerment divisions. In communities where all divisions participate in development, eleven people work in the divisions of community economic empowerment. All employees carry out program activities via the Community Economic Empowerment Divisions, particularly the six-person Community Economic Enterprises sections. Therefore, Community Economic Empowerment Sector employees must divide program administration duties. Department employees divide the village-owned enterprise's development program into groups based on the requirements of the Village in which the development will be carried out. At least in one group, two people are required for the development. The number of villages in Sumedang Regency is 270, and all villages have established village-owned enterprises, making it impossible for Community Economic Empowerment Sector employees to implement this development program routinely.

In the Village Cooperation Improvement Sector, the number of workers is an obstacle. Community and Village Empowerment office personnel are insufficiently qualified to instruct village-owned enterprise managers. Not every employee has received education or training (Maharani, 2022, p. 10).). Human resources are essential to implementing the development program of village enterprises. However, the need for more human resources relative to the number of existing village-owned enterprises prevents optimal implementation of development due to a lack of personnel. Therefore, routinely implemented development programs cannot be implemented.

c. Budget

Budget is another factor that can affect the program's long-term viability. The program can be implemented with a budget because the budget is used to fund program implementation. Relates to the operational activities of the Office in running the program. A budget objective is a decision-making step when executing program activities (Manurung, 2022, pp. 6–7). The department's budget, derived from the Regional Revenue and Expenditure Budget, is used to implement the development program. The budget is developed following the requirements of the Office's planned program activities. The budget for the village-owned enterprise's development program is IDR 2,400,000,000, or approximately USD 158,468.16, and is adjusted annually.

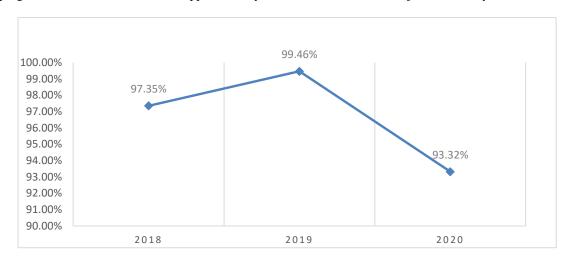


Figure 2. Budget Absorption Rate of Village-Owned Enterprises Development Program (**Source:** Community and Village Empowerment Office of Sumedang Regency, 2022)

In 2023, the Community and Village Empowerment Office of Sumedang Regency are projected to absorb up to 98% of the budget for the Community Economic Empowerment sector. The program performs well according to the budget utilization depicted in the preceding figure. The budget is absorbable, and even absorption in 2019 can exceed expectations for the 2023 target. In 2020, however, the budget's utilization decreased due to the unpredictability of environmental changes. The community economic empowerment sector staff stated that there was still an insufficient budget to meet the needs of the village-owned enterprise development program in all 270 villages of the Sumedang Regency due to the division's obligation to provide development to these villages.

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d. Facilities and Infrastructure

Infrastructure and facilities also impact program implementation. These facilities and infrastructure are essential for serving villages and village-owned enterprises. With adequate facilities and infrastructure, it will be easier for program implementers to meet the program's requirements. These facilities and infrastructure may include vehicle facilities, office stationery facilities, and other facilities that support the program implementation.

The Office provides usable facilities to support implementing this village-owned enterprise development program. The Office of Community Economic Empowerment provides vehicles, computers, printers, office supplies, and questionnaires, among other infrastructure and facilities. According to the staff of the division of community economic empowerment, these facilities and infrastructure are insufficient to implement development. The ongoing development program must visit the Village or invite the managers to a meeting room. When carrying out the village-owned enterprise's development program in the Village, the vehicles owned were insufficient. Sometimes they even utilize the personal vehicles of employees. Making development experience problems for the place, time, facilities, and budget (Apriyanti et al., 2019, p. 265).

e. Institutional

Institutional is another variable that can affect the program. Where this institution is a container used to achieve specific goals, it can optimally manage the organization's existing resources to achieve the program's objectives. This program only includes institutions in the department of community economic empowerment. All employees in this department implement the development program of the village-owned enterprise. The development program begins with the scheduling and ends with preparing development reports; no other divisions or institutions are involved.

Collaboration and cooperation have not been established between the division of community economic empowerment and other divisions. Currently, the Office directs collaboration and cooperation to ensure each sector knows the other's advancements in other fields. No outside parties have contributed to the expansion of village-owned enterprises. In the meantime, the division of community economic empowerment only did this and invited expert sources to provide information to managers of village-owned enterprises.

II. Process Indicator

This indicator process aims to evaluate the implementation of the planned program. This process indicator is therefore determined by examining the executor's knowledge of the village-owned enterprise's development plan. Process indicators on program performance are utilized to determine the conformity of program implementation with the initial program implementation plan. Based on the minimum service standards, the Community and Village Empowerment Office's program for the development of village-owned enterprises is structured as follows:

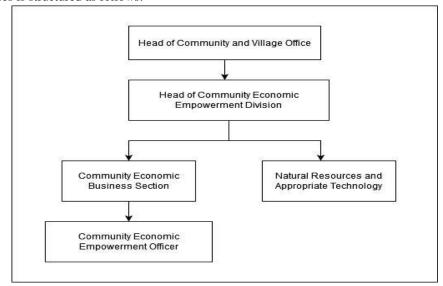


Figure 3. Structure Flow of the Village-Owned Enterprises Development Program (**Source:** Adaptation from Community and Village Empowerment Office Sumedang Regency, 2022)

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Figure 3 shows the structure flow of the Community and Village Empowerment Office's development program for the village-owned enterprise. When conducting development programs, the Community Economic Empowerment Division is responsible. This division is responsible for the Community Economic Enterprises and Natural Resources and Appropriate Technology sections. The Community Economic Enterprises section is responsible for establishing village-owned enterprises, which is technically carried out by the community economic empowerment section's employees. The technical staff of the Community Economic Empowerment Sector conducts development by traveling directly to the Village or inviting village-owned enterprises' managers to participate in the District.

Standard operating procedures based on the Office's Minimum Service Standards are used to implement the development program for the village-owned enterprise. The Minimum Service Standard is a benchmark used to provide good service, and as a guide for evaluating the quality of services, the Office has provided. Therefore, the program's implementation is directed and achieves its objectives, and the development process must be streamlined. Thus it does not fall apart during the execution of development activities. The Community Economic Empowerment Sector's program for the development of village-owned enterprises entails the following steps:



Figure 4. Process Flow for Village-owned Enterprises Development (**Source:** Adaptation from Community and Village Empowerment Office Sumedang, 2022)

The Community Economic Empowerment Sector executes four stages of the development program's implementation, as depicted in figure 4. The stages of implementing this development of village-owned enterprises are described: First, it is necessary to examine the expansion of existing village-owned enterprises. Second, the Community Economic Empowerment Sector plans and composes letters for development purposes. In this instance, the Community Economic Empowerment Sector creates classification tools for the current year's level of development of village-owned enterprises. Third, carrying out development, the Community Economic Empowerment Sector carries out the implementation of this development, which comes directly to the Village or is carried out in the District, and invites village-owned enterprises to the meeting building in the Service. Fourthly, the Community Economic Empowerment Sector generates an accountability report on all completed activities for budget utilization and evaluation purposes for future development.

This planning is accomplished by examining the still-operating village-owned enterprises, determining which development activities will be carried out by the Community Economic Empowerment Divisions, and forming a team. In its implementation, the team consists of a minimum of two members. The size of the team is proportional to the number of villages to be fostered. Its implementation is directly monitored and supervised by superiors. The supervisor, in this case, is the Division Head of Community Economic Empowerment. The Community Economic Empowerment Sector will report the completed activities once the development has been completed.

This program's development procedure is executed each month irregularly. Nonetheless, the Office has formulated a specific schedule. In addition to this program, the division has other programs. As village markets, tourist villages, and activity integration between the Indonesian national army and the regional government to expedite development breakthroughs in rural areas. Furthermore, a collaboration between the regional government and the Indonesian national army to improve welfare via various physical and non-physical regional development programs.

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Therefore, the implementation is segmented to ensure that no other programs are neglected. For now, the development is being carried out according to the needs of village-owned enterprises. Even though the service is not routinely provided, it is still available to villages that desire guidance. On the Village's request, the Community Economic Empowerment Division of the Office will send a resource person to the village-owned enterprises. The program's materials include business management, business analysis, business planning, a map of potential villages, and financial statements.

The province also monitors and evaluates how far the village-owned enterprises in Sumedang Regency have progressed. The Community Economic Empowerment Sector's development process is adequate, particularly in the Community Economic Enterprises section. The Community Economic Enterprises section staff comprehends the direction flow following the applicable Standard Operating Procedures. In addition, staff from the Community Economic Empowerment section will travel to villages or subdistricts if requested by the manager of village-owned enterprises. Then, village-owned enterprise managers actively participated in the Office's development efforts.

III. Output Indicator

This output indicator measures the degree to which the program has met its objectives. Additionally, to discover the goods and services produced by the program. As an indicator of output, the number of village-owned enterprises established and expanded in Sumedang Regency can be considered. This indicator is used to measure the development program's effectiveness. Consequently, the development can be changed, maintained, or replaced with other activities or programs, making it easier to use as evaluation material for subsequent development programs.

The establishment of village-owned enterprises in the Sumedang Regency began in 2017 as part of a national initiative. This is a 2017 priority project for the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration of Indonesia. It is required by article 87 of Law No. 6 of 2014 on Villages. As a result, the Community and Village Empowerment Office of Sumedang Regency organize the program as an organization that addresses village issues—assisting villages in establishing village-owned enterprises and implementing development programs. As a result of the implemented development program, the following figure depicts the development of village-owned enterprises in Sumedang Regency between 2017 and 2020:

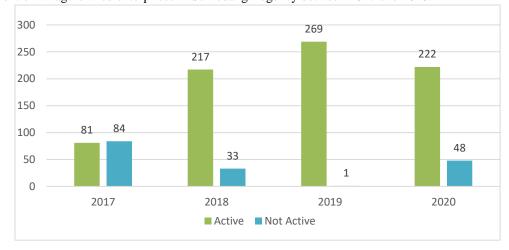


Figure 5.Development of Village-owned Enterprises in 2017-2020 (**Source:** Research Findings, 2022)

According to Figure 5, village-owned enterprises in Sumedang are growing annually. In Sumedang Regency, 165 village-owned enterprises were established in 2017. There are a total of 165 village-owned enterprises, 84 of which are operational and 81 of which are not. In 2018, the Village-owned enterprises were 217 active and 33 inactive. In 2019, there were 269 active and inactive. Moreover, in 2020, 222 were active, and 48 were dormant in Sumedang Regency's villages.

The village government's development program for the village-owned enterprise has been implemented. Every Village in the Sumedang Regency has a village-owned enterprise. Although most communities have established village-owned enterprises, not all

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have successfully developed them. Many village-owned enterprises are formed, but their maintenance or management must be addressed. Some village-owned enterprises are operating or forming, but their business units have not begun operations. Therefore, the initial objective will be to establish village-owned enterprises capable of managing their potential to improve the Village's economy to benefit the community. However, Sumedang Regency has not implemented this. Many village-owned enterprises have not contributed to the community's well-being. Due to several factors, which include the following: 1) Inadequate human resources, 2) The coordination between the village government, village-owned enterprises managers, and the community is still lacking, 3) village-owned enterprises supervisors who do not play a role, 3) non-routine implementation of development programs, 4) Managers have difficulty conducting business analysis and mapping village potential, and 5) insufficient capital to develop village-owned enterprises.

The output of this development program indicates that village-owned enterprises have been established in every Village in the Sumedang Regency. Due to the inadequacy of village-owned enterprise managers' business management skills. The community has not felt the positive effects of village-owned enterprises. It is because of a lack of coordination between the Village Government, enterprise managers, and the community. Due to their lack of training and business experience, the directors lacked leadership, management, and governance knowledge. The existing village-owned enterprises were not founded in the spirit of local emancipation. This resulted in a lack of cooperation in the Village, and the absence of support from the village government rendered them unmanageable (Mayu, 2016).

IV. Outcome Indicator

This village-owned enterprises development program is being implemented to assist villages in managing their potential and improving community welfare; thus, the Village can become the economic hub. The accomplishment of this development program is the establishment of village-owned enterprises in all Sumedang Regency villages. Community and Village Empowerment Office tried to assist the village administration in establishing village-owned enterprises. They assisted with the feasibility and business analysis of village-owned enterprises to help villages increase their budget income and, ideally, improve community welfare.

The medium-term objective has been attained regarding the Village's expected formation of a village-owned enterprise. However, it is common knowledge that there are villages where the business unit for village-owned enterprises does not operate. As a result, the objective to enhance the community's welfare and serve as a forum for the Village's economy has not been realized. This resulted in the formation of village-owned enterprises that strictly adhered to existing regulations and lacked careful planning. Due to the difficulty of mapping village potential, the average village-owned enterprise manager does not conduct a business analysis to determine the potential of their Village.

In addition, some individuals are still unaware of village-owned enterprises' advantages, effects, and influences. In this instance, the community recognizes that village-owned enterprises already exist but cannot provide welfare or improve the village economy. Therefore, support from the village government and the surrounding community significantly impacts the management of village-owned enterprises. The majority of Sumedang Regency communities are still not actively involved in the management of village-owned enterprises. Consequently, society has remained unchanged. Coordination among the village government, village-owned enterprise managers, and the community are essential. In the majority of Sumedang Regency's village-owned enterprises, this coordination has not been successful on average. In Sumedang Regency, most village-owned enterprise managers are appointed through the political content of village head elections.

It is logically that most village-owned enterprises in the Sumedang Regency lack adequate human resources. Due to the dense political atmosphere in Sumedang Regency, village-owned companies are unmanaged and choose business units to operate arbitrarily. The village head appoints the manager of the village-owned enterprise. Then, village-owned enterprises that served the community and the pursuit of profit were established. It is essential to consider society's needs. However, most village-owned enterprises have not considered the community's requirements. Managers of village-owned enterprises have a more significant influence over the growth-supporting variables. Nonetheless, community involvement is essential for the success of village-owned enterprises. Community participation in implementing village-owned enterprises can provide suggestions and input for program development (Kuria & Rodiyah, 2022, p. 1). Regarding outcome indicators, the community has not benefited from the village-owned enterprises, as the plan for the village-owned business was developed with little community input. In the village-owned enterprise's program, the sense of community ownership is weak.

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CONCLUSION

Based on analysis and research findings regarding program performance to increase the empowerment of village economic institutions and the welfare of rural communities by the Community and Village Empowerment Office by Sumedang Regency through the village-owned enterprise's development program, utilizing four program performance indicators. It is understood that it is not optimal yet. Because several input indicators have not been met, the resources owned do not support program activities, and collaboration between divisions within the Office is still inadequate. It will only be allocated there due to the need for facilities and infrastructure and insufficient funds to support the execution of activities. Community Economic Empowerment Divisions are responsible for developing village-owned enterprises based on process indicators. However, the management skills of village-owned enterprises must be enhanced. Improving the coordination between the village government, village-owned enterprise managers, and the community is necessary. Due to a lack of human and financial resources, village-owned enterprises have been unable to develop the Village's potential and locate suitable business units. Moreover, the community outcome indicators have not experienced the benefits due to a lack of ownership. The government established village-owned enterprises to comply with the rules without considering the community's needs.

According to the conclusion, the following recommendations are made: first, all divisions must collaborate and coordinate. Because village development matters in Sumedang Regency are interconnected between sections, the community and the Village Office must improve their collaboration. Coordination between sectors is required to grow and expand village development. Second, because of the difficulty in mapping potential and identifying suitable business units for the Village. It requires collaboration with academics to map the economic potential of villages. Third, the participation of the residents of the Sumedang Regency in the village-owned enterprise program must be enhanced. Improving community capacity is essential if one wishes for the community to care more about expanding village-owned enterprises.

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