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Struggles of village-owned enterprise to improve performance: A case in Kupang Regency, Indonesia

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Abstract

Research aims: This research assessed the struggles of the village-owned enterprise of Raknamo Village in Kupang Regency, East Nusa Tenggara Province, to enhance performance.

Design/Methodology/Approach: This research used a qualitative approach consisting of stages, such as data collection, data reduction, data display, and conclusion drawing. It collected data through in-depth interviews, non-participant observation, and document review. It analyzed data on performance indicators: resource provision, task implementation, outputs, and goal attainment that the village-owned enterprise struggles to accomplish.

Research findings: This research uncovered that the village-owned enterprise of Raknamo Village faces difficulties even now, thus generally performing low in its efforts to provide resources needed, such as personnel, finances, and facilities, implement tasks, produce outputs/products, and attain goals. Specifically, it performed relatively well in renting tents and chairs, increasing little profit; however, it performed poorly in the savings and loan business and traditional weaving home industry, thus experiencing financial loss. The primary factors affecting such performance were the core managers' low managerial and entrepreneurial skills, financial inability and low cooperative attitude of the village society to repay loans, inability of village society to do profitable business, and low income.

Theoretical contribution/Originality: This research evaluated the struggles of the village-owned enterprise of Raknamo Village in Kupang Regency to boost performance, which prior studies have not widely investigated. Theoretically, this research is expected to add specified academic or analytical insight into the village-owned enterprises struggling as small business organizations to improve performance.

Practitioner implication: The finding has profound implications that eliminating difficulties that hinder the village-owned enterprise's performance and building its ability to perform better hereafter are both necessary. To reach this expectation, the government should create a capacity-building program for the village-owned enterprise.

Keywords: Village-Owned Enterprise; Struggle; Organization; Business; Performance

Introduction

The village-owned enterprises have been recently paid much attention to as local business entities by the government and academicians. Based on the existing regulations, the government has made intensive efforts and

policy strategies to facilitate the establishment of village-owned enterprises throughout the country. Academicians have also paid much interest in researching various aspects of village-owned enterprises. Hence, village-owned enterprises as local business entities have recently become one of the government policy priorities and a fascinating academic field of study.

The legal basics of establishing a village-owned enterprise are Act Number 32 of 2004 on Local Government and Act Number 6 of 2014 on Village, followed by Government Regulation Number 43 of 2014 (Razak & Sofyan, 2020). Village-owned enterprises, also called Badan Usaha Milik Desa (BUMDes), are a village business board established and managed by the village government and society to increase village economic development, village government revenue, and society standard of living and well-being (Larasdiputra et al., 2019; Zainal & Putri, 2021). Articles 87-90 of Act Number 6 of 2014 on Village state that establishing a village-owned enterprise should be agreed upon through village meetings and managed with a spirit of family and mutual cooperation. When it functions as a social entity, it contributes as a social service provider, whereas when it serves as a commercial entity, it aims to make a profit by offering goods and services to the market (Wijanarko, 2012; Razak & Sofyan, 2020).

In implementing Act Number 6 of 2014 on Villages, a high commitment of the local government is exhibited by the establishment of village-owned enterprises, including those in East Nusa Tenggara Province, Indonesia. In this case, attaining the aims of a village-owned enterprise is an essential factor in measuring its performance. However, achieving these benchmarks of success is challenging because numerous village-owned businesses are encountering obstacles in carrying out their successes. Sofyani, Atmaja, and Rezki (2019) stated that not all village-owned enterprises that have been established could perform satisfactorily. In fact, out of 3900 existing village-owned enterprises, only a tiny percentage showed satisfactory performance. Additionally, the mass media report revealed that among 1.415 existing village-owned enterprises in East Nusa Tenggara Province, only two were included in the ten best nationally due to the successful creation of digital-based market share (Merdeka.com, 2020; Kupang.IndonesiaSatu.co, 2020). Therefore, the unsatisfactory performance of the most significant number of village-owned enterprises around the nation remains unresolved.

Nevertheless, studies on the performance of village-owned enterprises are few, each focusing on a specific interest. For example, a study by Sofyani, Atmaja, and Rezki (2019) first explored individual, psychological, and organizational factors as success factors of village-owned enterprises' performance in Indonesia. Second, Sari et al.'s (2019) research discussed transformational leadership as essential in improving village-owned enterprises' performance. Third, research by Saria, Putra, and Sujarwotoba (2020) provided good knowledge of human resources, support from the village government, and the ability of village-owned enterprises to see business opportunities as factors affecting the financial performance of village-owned enterprises. Fourth, a study conducted by Suwito and Jannang (2021) reviewed the importance of market opportunities, availability of raw materials, product competitiveness, and product uniqueness to develop the business of village-owned enterprises. Fifth, Isa et al.'s (2022)

study examined organizational culture as a factor that positively affects the performance of village-owned enterprises.

This study, hence, aims to fill a gap in the performance of the village-owned enterprise literature by responding to requests for future research from several scholars. For instance, Sari et al. (2019) recommended future research on other variables to broaden the understanding of how the performance of village-owned enterprises can be improved. Moreover, Sabilla, Azlina, and Nurulit (2022) suggested further study to add other independent, moderating, and intervening variables to observe their effect on the performance of village-owned enterprises. As such, this current qualitative study investigates how the village-owned enterprise in Raknamo Village, Kupang Regency, East Nusa Tenggara Province, struggles to improve its performance. Since Kupang Regency is a part of Indonesia, this study is under the suggestion by Sofyani, Atmaja, and Rezki (2019) that future research is expected to expand the study to other village-owned enterprises in Indonesia to provide feedback for the village-owned enterprises' development. Thus, Raknamo Village in Kupang Regency may be an appropriate place to examine the struggling phenomena of the village-owned enterprise to reach high performance.

This study differs from earlier research conducted by Sofyani, Atmaja, and Rezki (2019), Sari et al. (2019), Saria, Putra, and Sujarwotoba (2020), Suwito and Jannang (2021), and Isa et al. (2022) in the following three measures. First, the previous studies investigated success factors or the factors affecting the performance of village-owned enterprises wherein they are judged to have good performance and be role models for how they should be managed (Sofyani, Atmaja & Rezki, 2019). In contrast, this current study describes how the village-owned enterprise of Raknamo Village in Kupang Regency is making attempts to face various challenges to create high performance, in which it is considered to perform poor, mainly in the saving and loan business and traditional weaving home industry because of crash credit. Second, earlier studies used the quantitative method (Sari et al., 2019; Isa et al., 2022), multi-method design (Sari, Putra & Sujarwoto, 2020), interview-based qualitative approach (Sofyani, Atmaja, & Rezki, 2019), and qualitative method employing the analytical hierarchy process (Suwito & Jannang, 2021), while this study utilized qualitative approach (covering in-depth interview, non-participant observation, and document review). Third, the previous studies were contextualized in Java, Sumatra, Sulawesi, and Maluku regions. On the contrary, this study is set in the context of the East Nusa Tenggara region, where the study on the struggle of village-owned enterprises to reach high performance remains limited. Thus, this study assesses how the village-owned enterprise of Raknamo Village in Kupang Regency struggles to improve performance in running its business programs.

The contributions of this study are twofold. First, it can contribute empirical evidence and scientific knowledge on management capacity and struggling village-owned enterprises to overcome various management difficulties to perform better. Second, it can provide feedback to the village government and the village-owned enterprise to develop better strategies to remove various management challenges so that it can perform more satisfactorily. The rest of the article is structured as follows: literature

review, methods, results, discussions, limitations, scope for future research, and conclusion.

Literature Review

Village Owned-Enterprise

Several references have given varied conceptualizations for the term village-owned enterprises. Although the researchers perhaps are not entirely correct, from the literature review, the researchers may identify at least three types of perspectives to define village-owned enterprises. The three perspectives include legal, business institution and management, and policy strategy perspectives. From a legal perspective, village-owned enterprise is defined in three ways. First, according to Act Number 32 of 2004 concerning Local Government and Government Regulation Number 43 of 2014 concerning Villages, it is explained as a legal business entity in the village owns all or most of its capital through direct participation from village assets, which are separated to manage assets, services, and other businesses for the most excellent welfare of the village community (Sari, Putra & Sujarwoto, 2020). Second, it can also be described as a legal entity established and owned by the village and is profit-seeking (Iswoyo et al., 2021). Third, it is outlined as a rural-based business with legal entities managed by the village government to create added value for community agricultural products (Syahza et al., 2021).

Concerning the business institution and management perspective, the term village-owned enterprise is defined in three ways. First, it is expressed as a village business institution managed by the society and village government to strengthen the village economy and be formed based on the village's needs and potential (Prena & Kustina, 2020) as an effort to improve village people's welfare (Atmanegara et al., 2020). Second, it may be stated as an institutional manifestation of the village community participation as a whole; because it is built on village community initiatives and participation, it does not create a business institution model that certain groups in the village region dissociate (Atmanegara et al., 2020). Third, it is a village business entity formed and established by the village government with capital ownership, and its management is carried out by the village government and the community (Razak & Sofyan, 2020).

Then, to understand the conceptualization of village-owned enterprises from policy strategy perspectives, the statement that establishing village-owned enterprises is mainly positioned as one of the policy strategies to realize the first, third, fifth, and seventh Nawa Cita needs to be examined. Thus, it has at least four meanings (Putra, 2015). First, it is defined as one of the policy strategies to present state institutions in community and state life in villages or rural traditions; second, it is one of the policy strategies to develop Indonesia from the periphery through the development of collective village economic enterprises; third, it is a policy strategy to improve the quality of life of Indonesian people in villages; and fourth, it is a form of village economic

independence by mobilizing strategic business units for village collective economic enterprises (Iswoyo et al, 2021).

One of the essential aspects of establishing a village-owned enterprise is its goals. This aspect directs the management of the village-owned enterprise to operate well and achieve specific results. This aspect has been stated clearly in the two existing regulations as follows. First, according to Article 3 of the Regulation of the Minister of Villages, Development of Disadvantaged Areas, and Transmigration of the Republic of Indonesia Number 4 of 2015 concerning the Establishment, Management, and Dismissal of Village-Owned Enterprises, the establishment of the village-owned enterprises aims to: 1) improving the village economy; 2) optimizing village assets to be beneficial for village welfare; 3) increasing community efforts in managing the village economic potential; 4) developing plans for inter-village business cooperation and/or with third parties; 5) creating market opportunities and networks that support citizens' public service needs; 6) creating employment opportunities; 7) increasing the community welfare through improving public services, growth, and equitable distribution of village economy; and 8) increasing the village community income and the village's original income (Iswoyo et al., 2021; Sari, Putra & Sujarwoto, 2020). Second, as Article 3 of Government Regulation Number 11 of 2021 concerning Village-Owned Enterprises stipulated, the establishment of village-owned enterprises or cooperative village-owned enterprises is intended to: 1) conduct economic business activities through business management, investment development, and economic productivity, as well as village potential; 2) carry out public service activities through the provision of goods and services, meet the general needs of rural communities, and manage village food barns; 3) acquire a profit or net profit for increasing the village's original income and develop the maximum benefits or economic resources of the village community; 4) utilize the village assets to create added value for village assets; and 5) develop a digital economic ecosystem in the village (Sabilla, Azlina & Nurulita, 2022).

Further, strengthening the institutional capacity of village-owned enterprises is necessary to reinforce their strength, independence, and ability to build good cooperatives. When village-owned enterprises become solid and independent businesses, they will succeed highly with increased profits and varied business units and/or products (Atmanegara et al., 2020). In a broader sense, it will be an advanced and independent village-owned enterprise with at least four leading indicators of success: 1) profit and assets that increase continuously and/or consistently; 2) increased network, including the widespread coverage of consumers/markets through the ability to create a variety of products, business units, mutually beneficial collaborations with other parties, such as private and government; 3) manager satisfaction with positive and high performance, the management aspects of the organization, and employees ability to perform tasks; and 4) people satisfaction with the performance of the village-owned enterprise (Atmanegara et al., 2020).

Struggling Organization

Academic literature has not clearly defined the term struggle; however, dictionaries may give more guidance. For example, the Oxford Dictionary defines struggle as “striving to achieve or attain something in the face of difficulty or resistance,” whereas Dictionary.com describes struggle as “to contend with an adversary or opposing force” (Kaptein, 2017). Based on these definitions, Kaptein (2017) distinguished four struggle characteristics. First, there is an object that is deemed valuable. People can struggle for a better life because this is valuable to them. Second, the valuable object has not yet been realized or guaranteed. People want to realize or preserve something valuable because its future existence is not specific and has a risk of losing. Third, the risk of losing an object's value is created by adversarial or opposing forces that work against the achievement or preservation of the valued object. The opposing forces cause difficulty or even great difficulty in achieving or preserving the valuable object. Fourth, opposing forces require intense, demanding, challenging, and strenuous efforts. Moreover, Kaptein (2017) added that a struggle is not necessarily physical but can be psychological or intellectual, involving human opponents, as the opposing forces can be nonhuman, such as evil ideologies (Adams & Balfour 1998); can be related to external or internal forces; does not necessarily have to last long, but it can be brief; and whether it is good or bad does not depend on whether the goal is to defeat the bad or achieve the good, but whether the object one is trying to realize or preserve what is deemed good or bad (cf. Badaracco, 2013).

About external and internal forces that can affect the ability of an organization to provide optimal services, Valerie et al. (2017) identify five domain organizational factors associated with struggling healthcare organizations: (1) poor organizational culture (limited ownership, not collaborative, hierarchical, with disconnected leadership); (2) inadequate infrastructure (limited quality improvement, staffing, information technology or resources); (3) lack of a cohesive mission (mission conflicts with other missions, is externally motivated, poorly defined, or promotes mediocrity); (4) system shocks (i.e., events such as leadership turnover, new electronic health record system, or organizational scandals that detract from daily operations); and (5) dysfunctional external relations with other hospitals, stakeholders, or governing bodies. Valerie et al. (2017) conclude that these five domain organizational characteristics may affect the ability of struggling healthcare organizations to provide optimal care. Thus, understanding and identifying these characteristics may help the low performers address organizational challenges for improvement.

Furthermore, struggling is necessary due to the pressures and temptations management and employees encounter in and around organizations. The greater the pressures and temptations of management, the greater the organization's struggle required (Kaptein, 2017). In dealing with the pressures and temptations, struggling organizations face three main dimensional objects, including (1) a struggle to avoid sliding downhill, (2) a struggle to move uphill, and (3) a struggle to face dilemmas. Next to these dimensional organizational objects, a struggle can vary in location, duration, intensity, and strategy (Kaptein, 2017). The present literature also clarifies that in evolutionary theory, the

struggle is unique in the relationship between selection and adaptation (Krashniak, 2021). In addition, in their analysis, Nielsen et al. (2023) use the term 'struggle for value' to understand the early work life of young people as a struggle through which they individually fight to win recognition as a subject of value while also fight to avoid being positioned as an individual without value to society.

Organizational Performance

Scholars throughout the twentieth and twenty-first centuries stated various and different definitions of performance. This may start from the 50s to the end of the last decade of the twentieth century and from the first decade of the twenty-first century (Taouab & Issor, 2019). For example, during the '60s and '70s, Yuchtman & Seashore (1967) defined performance as an organization's ability to exploit its environment for accessing and using limited resources, and in the 90s, Cohen (1994) explained performance as the result obtained by the organization concerning the use of resources. Later, in the twenty-first century's first decade, for example, Colase (2009) considers that performance contains various notions, such as growth, profitability, return, productivity, efficiency, and competitiveness. In addition, according to Van Dooren, Bouckaert, and Halligan (2015), when performance is conceptualized with attention to both the quality of actions and achievements, it may be typified as sustainable results. It refers to a productive organization that can perform and convert this capacity into outputs and outcomes. In their perspective, performance indicators may cover the whole value chain from inputs over outputs to outcomes. Finally, Abu Mahfouz (2019) deems that performance may mean the outcome and the number of workforce. It can be the outcome of a person, team, organization, or process.

Much literature on performance has also put different conceptualizations of organizational performance. Accordingly, since organizations have many facets and frequently changing goals, it is not easy to define the concept of organizational performance (Chow, Heaver & Henriksson, 1994; Conde et al., 2013). Likewise, Peterson, Gijbers, and Wilks (2003) assert that "there is no simple or universally recognized definition of what performance is at the level of an individual organization. Organizational performance is multidimensional, connected to its goals and objectives, and may be defined as an organization's ability to use its resources efficiently and produce outputs consistent with its objectives and relevant for its users." Two principal accounts can also indicate the different conceptualizations of organizational performance. First, there are three main domains of organizational performance, namely financial performance, operational performance, and organizational effectiveness (Venkatraman; Ramanujam, 1986), and second, there are four main elements of organizational performance that should be considered: effectiveness, efficiency, relevance, and financial viability (Lusthuas, 2002).

Previous studies took into account two elements of organizational performance, i.e., financial and non-financial performance (González & González, 2011; Waggoner, Neely, & Kennerley, 1999). Financial performance covers indicators such as sales growth, return on investment (ROI), return on asset (ROA), profit rate, return on sales, and

earnings per share (EPS). In contrast, non-financial performance has indicators such as product quality, total quality management (TQM), marketing effectiveness, and others (Singh & Misra, 2021). In addition, Terry Kim, Lee, and Paek (2013) define organizational performance as achieving goals related to long-term profitability, income level, work satisfaction, worker productivity, and product and service quality. Such a definition emphasizes the performance of the business organization. Verbeeten and Speklé (2015) also stated that the performance of public sector organizations encompasses the accomplishment of work quantity, work quality, innovation quantity, excellent work reputation, work efficiency, and worker morale of every unit.

Additionally, performance measurement may be a vital approach to assessing an organization's success. It has recently become an explicit and crucial emphasis in public administration research, teaching, and practice. It may be described widely as the ongoing data collection regarding program activities and accomplishments (de Lancer Julnes & Holzer, 2014). The performance measurement system may be a typical approach that presents several indicators, including workload, inputs, outputs, outcomes, and efficiency. Indicators of workload include requests or demands for services. Indicators of inputs contain resources utilized in service delivery, either financial or other (especially personnel). Indicators of outputs or work accomplished indicate the amount of work performed or the number of services delivered. Indicators of outcomes denote the report of the service results (including quality), either intermediate that is expected to lead to a desired end or end outcomes that are the program's stated goals. Efficiency, cost-effectiveness, or productivity indicators cover output-to-input ratios (Julnes & Holzer, 2015). A system model of performance measurement emphasizes the relationship between inputs (resources needed by the organization), processes (managerial and operational functions needed to produce outputs), outputs (product and service results), and outcomes (the consequences in the form of profit and financial lost resulted from products and services) (Flynn, 1993).

Research Method

This research used a qualitative approach (in-depth interview, non-participant observation, and document review) to obtain, process, and analyze data regarding the struggles of the village-owned enterprise of Raknamo Village to improve performance. This village-owned enterprise is located in Raknamo Village, Kupang Regency, East Nusa Tenggara Province, Indonesia. This research focused the data collection, data processing, and analysis on indicators of performance measurement: (1) the provision of resources needed (inputs); (2) the implementation of tasks and functions (process); (3) goods and services produced (outputs); and (4) goals attainment. Using a qualitative approach implies that this research did not rely on quantitative measurement or statistical analysis. This was mainly based on the concept that qualitative study widely refers to a category of study approaches that generate findings without reliance on quantitative or statistical analysis (Corbin & Strauss 2015).

The subjects of this research were classified into two groups. The first group consisted of the head of the Raknamo village government, the Raknamo Village apparatus, and core managers of the village-owned enterprise. They were selected by using a purposive sampling technique. The second group was the village community members selected using snowball sampling. The first group was selected because they were in charge and had played a significant role since the village-owned enterprise's establishment, operational management, and survival. Meanwhile, the reason for selecting the second group was that they were the users of the goods and services provided by the village-owned enterprise. The researchers also considered that all subjects of this research had sufficient knowledge and experience about the work or the operational management and the struggles of the village-owned enterprise to survive and achieve its goals. The research subjects were at least ten informants.

This research analyzed the qualitative data by referring to the interactive model Miles and Huberman (1994) suggested, covering three concurrent flows of activity: data reduction, data display, and conclusion drawing/verification. Data reduction refers to selecting, focusing, simplifying, abstracting, and transforming data that appear in the transcription. Data display refers to an organized and compressed group of information that permits conclusion drawing and action. Conclusion drawing and verification reflect the decision on what things mean that cover noting regularities, patterns, explanations, possible configurations, causal flows, and propositions. The general view of the interactive model of qualitative analysis proposed by Miles and Huberman (1994) is outlined in Figure 1.

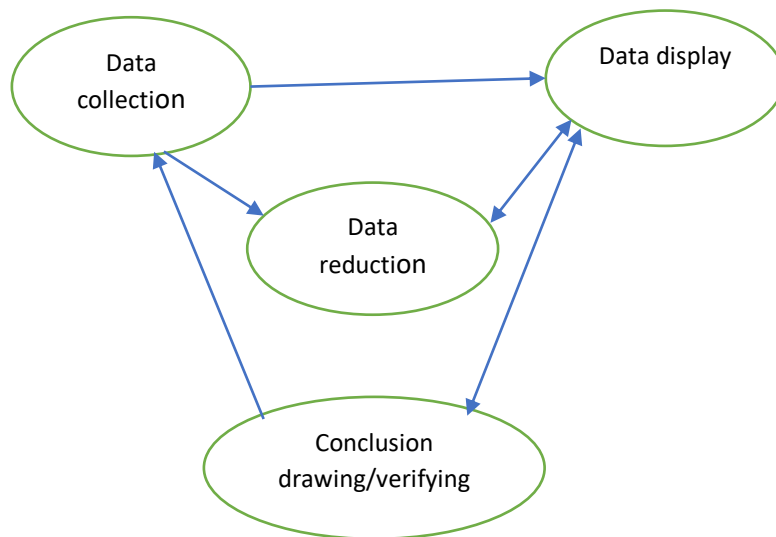


Figure 1 Components of Data Analysis: Interactive Model

This research also tested the validity of the qualitative data using two triangulation techniques: (1) data source triangulation to check the degree of data trust and (2) triangulation method to check the accuracy of data collection method, whether observation, in-depth interview, or document review. Relevant analytical findings from

previous studies were also used to guide and strengthen the research process, data analysis, results, and discussion.

Result and Discussion

Resource Provision

The availability of primary resources is essential to support the operational management of a business organization, including the village-owned enterprise of Raknamo Village. However, providing the resources is often difficult due to their quantity or quality scarcity. The primary resources intended in this study were personnel, finances, and facilities. These resources are explained as follows. The first resource is personnel competency. From the quantity aspect, since its establishment in 2016, the village-owned enterprise of Raknamo Village has possessed the personnel needed, known by the number and the composition manager. In fact, it has core managers that comprise the head, secretary, treasurer, and three heads of business units. Nevertheless, from a quality aspect, generally, the core managers have not yet entirely fit into the right qualifications, such as education level, work experience, and entrepreneurial skills. Table 1 provides data on the personnel education level of the Raknamo village-owned enterprise.

Table 1 Core manager education level of Raknamo village-owned enterprise

No.	Position	Education level				Total number
		Junior high school	Senior high school	Diploma 3	Bachelor	
1.	Head	-	-	-	1	1
2.	Secretary	-	-	1	-	1
3.	Treasurer	-	-	-	1	1
4.	Supervisor	2	5	-	-	7
5.	Business units	-	6	-	2	8
	Total number	2	11	1	4	18

Data in Table 1 explains that only two of the core managers of the Raknamo village-owned enterprise possess a formal education level, i.e., a diploma or a bachelor's degree. In contrast, others, such as supervisors and business units, had formal education levels as junior high school and senior high school. Such education level is considered relatively low and insufficient to enhance the quality management of the village-owned enterprise since the core managers proved to be less successful in managing the saving and loan business unit and traditional weaving home industry. To clarify the current competence of the core managers and its effect on the successful management of the village-owned enterprise of Raknamo Village, this research presents interview results with the head of Raknamo Village Government as follows.

“As far as I know, the core managers of our village-owned enterprise have not yet possessed adequate competence or experience to manage the village-owned enterprise, notably in terms of planning, directing, and controlling the business program and activities, as well as solving some obstacles faced by it. As a result, yeah..... at least our

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village-owned enterprise was not operated well and, of course, slightly difficult to succeed.”

The researchers believe that the sufficient education level and competence of an organization's personnel are essential for the organization's success. This is consistent with the argument that “educated employees play an important role in enhancing organizational performance” (Khan & Afzal, 2011). That high formal education level is a valuable asset as it enables employees to develop their skills and abilities in the workplace (Storey, 2002). Thus, a high education level can provide human resources to face the world of work (Sousa et al., 2019).

The second resource is financial capacity, notably business capital. This research found that since its establishment in 2016, the village-owned enterprise of Raknamo Village has attempted to procure capital to support its three central business units: the saving and loan business, the traditional weaving home industry, and renting tents and chairs. The data of this study revealed that the village-owned enterprise's only source of financial capital was the village fund possessed by the Raknamo Village Government. For example, in 2016, the Raknamo Village Government provided IDR 56,000,000 for the savings and loan business and IDR 8,000,000 for the traditional weaving home industry. In 2018, it added IDR 44,800,000 for the savings and loan business. Finally, in 2019, it included IDR 173,000,000 to develop the business rent of tents and chairs. The interview results of this research with the treasure of the village-owned enterprise of Raknamo Village, as presented below, explained the source and the amount of financial support for the village-owned enterprise of Raknamo Village.

“According to my financial notebook, since the establishment of our village-owned enterprise in 2016, Raknamo village government has provided financial capital amounted to IDR 64,000,000.- This fund was divided into two parts and delivered: first, IDR 56,000,000,- to the savings and loan business unit, and second, IDR 8,000,000,- to the traditional waving home industry. Then, in 2018, the Raknamo Village Government added financial capital (IDR 44,800,000) to the savings and loan business unit. Finally, in 2019, the Raknamo Village Government again provided the financial capital of IDR 173,000,000 to facilitate our new business unit, namely, the business rent of tents and chairs. From 2020 to 2022, the Raknamo Village Government stopped supporting financial capital for our village-owned enterprise.”

This data indicated that the allocation of funds from the Raknamo Village Government to support the operational management of the village-owned enterprise is not continuous and unequal every year. This is because while the Raknamo Village Government has many governmental affairs to be funded, it also intends to let the core managers of the village-owned enterprise be independent to manage and optimize the existing financial capital for the development of its business units. Moreover, after the Raknamo Village Government stopped allocating funds the following year and unallowed capital expansion from external sources, such as banks or cooperation, the village-owned enterprise experienced hard financial capital and strict business management. Such experience can be recognized as a condition within which the village-owned enterprise is trapped in “financial constraints.” Financial constraints refer to the difficulties a company experiences when it has funding needs but cannot successfully obtain them (Chen, 2016). They may occur when the company faces credit constraints, corporate tax, inability to borrow, inability to issue equity, unavailability of bank loans, or illiquidity of assets (Cheng et al., 2014; Hennessy & Whited, 2007; Lamont et al., 2001). They play an essential role in determining the possibility of firm survival (Musso & Schiavo, 2008). They also refer to the accessibility of funding to undertake desired investments” (Ahamed, Houqe, & van Zijl, 2023).

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The third resource is business facilities. This research exposed that to support the work of the village-owned enterprise, the Raknamo Village Government has distributed work facilities such as an office room and other adequate equipment in the village office. On the other hand, to support the operational work of the business rent of tents and chairs, the village-owned enterprise needs a transportation facility such as a car to drop the tents and chairs to the customers, but it cannot accomplish the need due to its low financial capacity. This condition may affect the ability of the village-owned enterprise to serve and satisfy the customers. Sufficient facilities will help the village-owned enterprise's core managers complete their tasks efficiently and effectively. The importance of facilities for work effectiveness in an organization has been recognized by previous literature, stating that work facilities are crucial for employees since they can provide a comfortable feeling of home working and allow the employees to fulfill their needs as humans, not as the only means of production (Sedarmayanti & Rahadian, 2018). They are factors that cannot be separated from the world of work and are essential for employees to complete their tasks. Their availability will encourage employees to increase productivity, performance, and the achievement of the organization's goals effectively (Bandonno et al., 2022). They can also be interpreted as facilities and infrastructure available in the environment and inside, intended to provide maximum service to satisfy people (Prayudi, 2022).

Implementation of Tasks and Functions

As a business sector organization in the village region, the village-owned enterprise of Raknamo Village has been designed and is assigned to accomplish distinguishing vision, missions, and goals. Efficient and effective implementation of tasks and functions may be essential to accomplish the vision, missions, and goals. This research found that the core managers of the Raknamo village-owned enterprise have attempted to do their tasks and functions within the three business units: the saving and loan business, the traditional weaving home industry, and the business rents of tents and chairs, but they still encounter some difficulties, leading to less successful implementation and less achievable benefit expected from these business units. The most difficulties experienced by the core managers of the Raknamo village-owned enterprise in undertaking their tasks and functions could be found in the saving and loan business unit and the traditional waving home industry. To confirm that the core managers of the Raknamo village-owned enterprise faced such difficult conditions, this research presents the interview results with the secretary of the Raknamo Village Government as follows.

“In my view, the core managers of our village-owned enterprise have done their tasks and functions in accordance with the demand of the three business units: saving and loan business, traditional waving home industry, and business rent of tents and chairs, but they seem to be less successful. In particular, they still experience difficulties managing and controlling those business units, notably the saving and loan business unit and the traditional waving home industry, because the borrowers are less cooperative in repaying their loans. Well, I recognize that this condition affects the core managers' ability and commitment to make adequate solutions to minimize their managerial weaknesses.”

The researchers consider that factors affecting the less successful implementation of the tasks and functions were low management ability and entrepreneurial skill of the personnel, low village economic potential, and uncooperative attitude of the borrowing

community to repay loans. The possible arguments related to this finding emphasize that “the main difficulties in Enterprise System (ES) implementation in emerging economies are connected to the human resources involved in the project and the high costs incurred” (Soja, 2008) and that “the most critical barriers ES adopters experience in transition economies are connected with people and the need to incorporate multiple stakeholder perspectives, both internal and external, in order to gain full insight into ES adoption” (Soja, 2015). Another study also mentions seven source difficulties in ES implementation, including knowledge of employees holding various positions in the organization's hierarchy, changes in the enterprise occurring during ES adoption, finance, enterprise structure, information technology (IT) infrastructure, data import, and legacy systems, and training schedule (Soja & Paliwoda - Pękosz, 2009). Conversely, a study revealed that “the main determinants of full-scope ES adoption success are associated with the project team's involvement and empowerment, with system reliability and cooperation with the system supplier (Soja, 2010).

Output Enhancement

As aforementioned, the village-owned enterprise of Raknamo Village runs three business units, including the savings and loan business, the traditional weaving home industry, and renting tents and chairs. These business units have focused on producing and selling certain products to the village community. The number of products produced, sales delivered to the village community members, and the number of profits received can be the leading indicators of outputs the village-owned enterprise creates in their business operation. In terms of measuring service innovation outputs, for example, some critical indicators used for the measurement included sales of innovative or imitated products, sales of innovative and imitated products, new product announcements, people engaged in knowledge-intensive activities, protection of innovation during the research period (Taques et al., 2021).

This research unveiled that money loans and rent of tents and chairs are the leading products and services that the village-owned enterprise of Raknamo Village could sell to the community members. The truth that the village-owned enterprise of Raknamo Village possesses these primary products and services can be supported by the interview result of this research with the head of the village-owned enterprise as follows.

“So far, our village-owned enterprise has produced and sold products and services, including money loans and savings, money loans for the traditional waving home industry, and the rent of tents and chairs. Since we started marketing these products and services, the village community members have been attracted to demand these products and services, and the number of sales has also increased.”

The increased sales of these products and services owned by the village-owned enterprise of Raknamo Village is a business potential to expand and increase the village-owned enterprise's profit. Previous studies have shown that sales growth significantly affects profit growth. Sales growth refers to past manifestations of investment success

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and can help predict future profit growth (Rice, 2016). Also, earning mechanisms can significantly increase sales and gross profits for firms (Chaudhuri, Voorhees & Beck, 2019).

However, two of the core business units possessed by the village-owned enterprise of Raknamo Village, i.e., the savings and loan businesses and the traditional weaving home industry, could not operate well and sell the money loans continuously in the following years because they experienced crash credit. This condition caused difficulties for the village-owned enterprise in arranging the capital rotation to fulfill the demand of several society members in the village region. Conversely, the sales of the business rent of tents and chairs are more prospective and profitable since it routinely serves the demand of two primary users: the Raknamo village community and the neighboring village community. The challenging experiences of the two business units can be confirmed by the interview result of this research with the treasure of the village-owned enterprise of Raknamo Village as follows.

“So far, I know that the village society members who borrowed money from our village-owned enterprise have undertaken their businesses, such as small stalls, tiny snack foods, and traditional waving home industry, but they seem less successful. As a result, they cannot repay the money loans to us, and the loan circulation also stopped.”

Critical factors affecting the inability of the borrowing community to repay the money loans were uncooperative attitude, low income, and unprofitable personal business. In line with this finding, a previous study conducted in Bangladesh revealed that “the lack of independence in the board, biased loan distributing, political coercion, inadequate collateral associating indecorous personal guarantee, compliant independent directors and “unwillingness to pay” motive have significantly contributed for nonperforming loans” (Ghosh, Sen & Riva, 2020).

Goal Attainment

Goal attainment of a business sector organization is probably the most expected dimension of organizational performance. This dimension implies how significant changes or impacts the business sector organization creates. This research reported that the village-owned enterprise of Raknamo Village has not yet generated substantial changes or impacts on its business operation. The saving and loan business and traditional weaving home industry have experienced financial loss because the money borrowers could not repay the loans. Because they are primarily farmers, they pay more attention to working in their fields to fulfill their families' food security rather than operating in business sectors they cannot manage. Conversely, renting tents and chairs could generate a little profit due to its routine service provision and limited expansion.

This reality demonstrates that the village-owned enterprise of Raknamo Village did not yet exist as a locomotive of rural economic growth, community income, and well-being. Its goals that provide the best inspiration and expectations remain challenging. To

confirm this reality, this research presents the interview results with the head of the Raknamo Village Government as follows.

“I can say the main thing I acknowledge that since its establishment in 2016, our village-owned enterprise has undertaken several business programs and activities, such as the saving and loan business, the traditional waving home industry, and renting tents and chairs. Instead, I also recognize that I have not yet seen any progress or economic impact that those programs and business activities have had on the Raknamo people. As long as I know, the economy and the welfare of Raknamo people have not changed yet much to better conditions.”

Weak management of a profitable business, the uncooperative attitude of the money borrowers to repay the loans, and different understanding among stakeholders regarding the importance of the village-owned enterprise as the mover institution of economic growth in the village region might be the most influencing factors hindering goal attainment. About this finding, an earlier study on organizational performance with regards to either financial or operational aspects reveals many different factors that significantly affect organizational performance, including (1) enterprise risk management; (2) multidivisional structures of organizations; (3) CEO charisma; (4) stakeholders' involvement and support; (5) intellectual capital; (6) human capital; (6) CEOs' social networks; (7) organizational learning; (8) the strategic integration of human resource management; (9) managerial practices related to strategies, performance measurement, corporate governance, innovation and development, along with the external environment; (10) adoption of green supply chain management (SCM) practices; (11) human resource practices; (12) knowledge management capacity; (13) supportive organizational climate; (14) supply chain quality management; (15) supply chain innovation; (16) human capital disclosure; and (17) knowledge creation (Al-Tit, 2017). In addition, two other studies mention that servant leadership promotes employees' goals. The first study explains that servant leadership positively influences the integration of work as part of life and the energy resources of workers to achieve their daily goals (Rodríguez-Carvajal et al., 2019). Meanwhile, the second study denotes that servant leadership that executes some actual course of action, such as a succession plan, staffing plan, and talent management strategy, augments the firm's efficacious performance (Chakraborty & Biswas, 2019).

Conclusion

The village-owned enterprise of Raknamo Village in Kupang Regency has struggled enough to fulfill all resource needs, such as personnel, finance, and facilities, and performed poorly in acquiring them. It has also struggled to implement its tasks and functions responsibly but remains low in producing business products and achieving goals. Two of its core business units, including the savings and loan businesses and traditional weaving home industries, performed low management and attained low success, thus experiencing financial loss. In comparison, business rent of tents and chairs performed relatively well, thus generating little profit. It can be assumed that although

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the village-owned enterprise of Raknamo Village has struggled enough to perform better, it remains less successful in managing its core business units and driving and increasing the rural economic growth, community standard of living, and well-being. The primary factors affecting such performance were low managerial and entrepreneurial skills of the core managers, financial inability and low cooperative attitude of the village society to repay loans, inability of village society to undertake profitable business, and low income.

Such research findings have profound implications, both theoretically and practically. Theoretically, the research finding is expected to add specified academic or analytical insight into the village-owned enterprises struggling as small business organizations to improve performance. Practically, it is necessary to diminish difficulties that hinder the performance of the Raknamo village-owned enterprise and build its ability to perform better hereafter. To reach this expectation, the government and all stakeholders should do a capacity-building program for the village-owned enterprise to have higher capacity in terms of managerial and entrepreneurial skill, cooperation attitude, organizational commitment, business compliance, and sustainability. These kinds of capacities are considered essential preconditions for the village-owned enterprise to perform better and achieve its goals, thus driving rural economic growth, community standard of living, and well-being in the future.

This study has limitations, which mainly only focused on assessing the struggles of the village-owned enterprise of Raknamo Village in Kupang Regency to improve performance in terms of four dimensions of performance measurement: inputs (resources provision), process (the implementation of tasks and functions), outputs/products (goods and services produced), and goal attainment. It did not examine other factors that perhaps critically affect the performance of the village-owned enterprise, such as social capital, knowledge sharing, policy capacity, policy types, collaboration, leadership, indigenous values, and others. Hence, further research is necessary to examine more comprehensive and critical factors that may affect the business performance of the Raknamo village-owned enterprise by using quantitative or mixed methods.

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Conflicts of Interest

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