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**DEVELOPMENT STRATEGY OF VILLAGE-OWNED ENTERPRISE BY THE VILLAGE
AND COMMUNITY EMPOWERMENT AGENCY OF SOUTH CENTRAL TIMOR,
EAST NUSA TENGGARA, INDONESIA**

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ABSTRACT

One of the main programs of the government of Indonesia through the Ministry of Village, Development of Disadvantaged Regions, and Transmigrations in developing the economy of rural communities in the country is the establishment of a Village-Owned Enterprise (VOE). The Village and Community Empowerment Agency of South Central Timor as an extension of the central government has the task and function one of which is to empower the economy of rural communities through the development of VOE. The results showed that the main internal factor is the existence of official authority, while the main external factor is the issuance of Law number 6 of 2014 concerning villages. The resulting priority strategies are to encourage the reorientation of village officials' understanding to strengthen development based on community economic empowerment, improve the alignment of the Agency's community economic empowerment programs with other Ministries/Agencies, increase the Agency's accountability through information transparency, and optimize the role of village facilitators.

KEY WORDS

Village-owned enterprise, village, community empowerment agency, South Central Timor.

One of the main programs of the government of Indonesia through the Ministry of Village, Development of Disadvantaged Regions, and Transmigrations in developing the economy of rural communities in the country is the establishment of a Village-Owned Enterprise (VOE). VOE is defined as a business institution managed by the community and the village government in an effort to strengthen its economy and is formed based on the needs and potential of the village. The existence of VOE itself is a central point in strengthening the rural economy through its contribution to increasing village original income, meeting the needs of village communities, empowering rural communities, and independent rural development (Ramadana et al. 2013; Chikamawati 2015; Kurniawan 2016; Pratiwi 2016 et al. 2014; Ridlwan 2014). The number of VOEs recorded by the Ministry as of June 2019 amounted to 45,549 VOEs spread throughout the 33 provinces of Indonesia. This number has exceeded the National Medium-Term Development Plan targeted by the Indonesian government at 5000 VOEs by 2019. However, the number of VOEs that are successfully established in the provinces that most needed its existence is very small such as in the province of East Nusa Tenggara.

The Indonesian province of East Nusa Tenggara is ranked fourth in terms of the highest percentage of rural poverty in Indonesia under the provinces of Papua, West Papua and Maluku. Percentage of rural population living below the poverty line in East Nusa Tenggara as of March 2018 reached 24.74% (BPS 2018). Nationally, it is ranked 29th out of 33 provinces in terms of the number of active VOEs. The percentage of the number of VOEs relative to the number of villages in the province of East Nusa Tenggara is also very low at 25%, with a national percentage around 61%. The success of a province in reducing poverty is highly dependent on the success of the district/city governments in reducing poverty in their respective regions. One of the regencies in the province of East Nusa Tenggara that has the highest percentage of poverty is South Central Timor with a poverty rate of 29.44%. In effort to reduce the rate of poverty in the region, the local regency government through The Agency of Village and Community Empowerment is intensifying the development of

VOEs in the area through various programs. Nevertheless, this effort has experienced many obstacles resulting in a relatively low number of VOEs successfully established in the region at 85 VOEs. This is a small number considering the number of villages in the regency which amounted to 266 villages (BPS 2018), generating a percentage of 30% or way below the national percentage. From the description above, it is found that the problem that can be used as the basis of this research is that the number and impact of VOEs in the regency of South Central Timor is considered not optimal. The central government places VOEs as a strategic tool in increasing the economic empowerment of rural communities, which then encourages the regional government to also prioritize VOEs in efforts to increase the economic empowerment of rural communities in the region.

METHODS OF RESEARCH

This research was conducted at the Village and Community Empowerment Agency of South Central Timor, involving five internal respondents and three external respondents. The sampling of respondents used in this study were carried out using a purposive and judgment sampling technique, which is a sampling technique that aims to obtain respondent samples that fit the needs of the study (Imron 2018). The respondents were then interviewed to obtain primary data. Secondary data used are literature relating to the development strategy of VOE as well as related information from the agency and other related agencies or organizations.

In compiling a strategy for the development of VOEs by the Village and Community Empowerment Agency of South Central Timor, it is necessary to analyze the internal and external environment. In this study, the evaluation of internal and external factors is carried out by considering the aspects of Public Value (Moore 1995). The identification and evaluation of internal and external factors is carried out using the Internal Factor Evaluation Matrix (IFE) and the External Factor Evaluation Matrix (EFE). The results obtained from these two matrices then produce the Internal-External Matrix (IE) which shows the current position of the Agency. The results of the IE matrix then become the basis in the formulation of alternative strategies using the Strength, Weakness, Opportunity, and Threats Matrix (SWOT). Alternative strategies produced by the SWOT Matrix are then prioritized using the Quantitative Strategic Planning Matrix (QSPM) to obtain priority strategies for the development of VOEs by the Agency.

RESULTS AND DISCUSSION

The Community and Village Empowerment Agency of South Central Timor is one of the Regional Technical Institutions that was formed through the stipulation of the South Central Timor Regional Regulation No. 5 of 2016. The main duty of the Agency is to assist the Regent in the implementation of decentralization tasks on the aspect of empowering the rural communities. The Agency consists of one Secretariat and four Divisions namely Village Government Development Division, Village Financial and Wealth Management Division, Community Economic Empowerment Division, and the Division of Institutional Development and Community Participation.

The regency of South Central Timor has 85 active VOEs with 46 VOEs having more than one business unit. The majority of VOEs in the regency (60 VOEs) mainly operates in the trading of commodities and agricultural products. While a number of 44 VOEs engage in providing party equipments and agricultural machinery. Furthermore, there are 19 VOEs involved in providing loans and savings for the community. Lastly, there are 10 VOEs actively providing services for their respective communities. Services include vehicle repair and wash, internet cafes, land transportation services, water supply and sanitation services.

IFE (Internal Factor Evaluation) Matrix Analysis. Based on the IFE matrix, the main strength of the Agency is the existence of authority in the developing VOEs, with a total score of 0.62, whereas the main weakness is the unavailability of functional personnel with a total score of 0.07. The total score from the IFE Matrix is 2.66 as seen in Table 1.

Table 1 – IFE Matrix

Indicator	Weight	Ranking	Total
STRENGTH			
Existence of Authority	0,19	3,3	0,62
Budget Availability	0,14	3,3	0,46
Standard operational system	0,12	2,7	0,32
Coordination capacity	0,13	3,7	0,49
Qualification of civil servants	0,08	3,0	0,25
WEAKNESS			
Number of civil servants	0,06	1,7	0,09
Information Management System	0,07	1,7	0,11
Database availability used in planning	0,10	1,7	0,16
Functional personnel availability	0,07	1,0	0,07
Lack of employee development system	0,05	1,7	0,08
Total	1,00		2,66

EFE (External Factor Evaluation) Matrix Analysis. Based on the EFE matrix, the main opportunity is the issuance of Law No. 6 of 2014 concerning Villages with a weight of 0.19, while the main threat is the understanding of village officials towards the role of VOEs in village development and the lack of managerial capacity of its administrators with a weight of 0.13. The total external score of the Agency is 3.02 as seen in Table 2.

Table 2 – EFE Matrix

Indicator	Weight	Ranking	Total
OPPORTUNITIES			
Law No. 6 of 2014 concerning Villages	0,19	4,0	0,75
Supporting programs from the central and provincial governments	0,11	3,5	0,39
Increased allocation of village funds	0,13	3,5	0,45
Cross sector support	0,07	3,0	0,22
The development of information and communication technology	0,05	2,3	0,12
THREATS			
Understanding of village officials towards the role of VOEs in village development	0,13	2,7	0,35
Managerial capacity of VOEs administrators	0,13	2,7	0,35
Lack of appropriate technology and innovation application in rural areas	0,05	2,3	0,13
Product marketing channel	0,07	2,3	0,16
Low youth participation	0,06	1,8	0,12
Total	1,00		3,02

IE (Internal-External) Matrix. The next step in strategy formulation is to figure the position of the organization considering the key factors. Based on the IE Matrix, the Agency is currently at grow and build position with a total IFE score of 2.66 and a total EFE score of 3.02. The appropriate strategy to be implemented is an intensive strategy and/or integrative strategy. Intensive strategy is the effort of an organization in carrying out market penetration, developing markets, and also developing products (Taus 2019). The Agency as a public organization has a product in the form of a public value that it wants to produce in this case the economic empowerment of rural communities through the development of VOEs. Market in the context of public organizations is the public which receives the impact of the value to be produced (Moore 1995), in this case the rural communities of South Central Timor Regency. Integrative strategy in the context of public organizations emphasizes on efforts to optimize the authority of the organization through coordination both vertically and horizontally (Keast et al. 2007).

SWOT Matrix Analysis. The SWOT matrix is a matching tool used to generate alternative strategies taking into account internal and external factors and the organization's position in the IE matrix (Aprianti 2017). Results of the SWOT matrix in this study generates 13 alternative strategies which are categorized into 4 categories, namely the SO strategy (strength-opportunities), ST (strength-threats), WO (weakness-opportunities), and WT (weakness-threats) as seen in Table 3.

QSPM (Quantitative Strategic Planning Matrix). The QSPM is carried out in the decision stage to determine priority strategies that can be implemented by the Agency. Prioritizing the strategies is important considering the limited resources and capabilities possessed by each organization (Alawiyah 2017). Analysis using the QSPM generates four

priority strategies, namely to encourage the reorientation of village officials' understanding to strengthen development based on community economic empowerment, improve the alignment of the Agency's community economic empowerment programs with other Ministries/Agencies, increase the Agency's accountability through information transparency, and optimize the role of village facilitators.

Table 3 – SWOT Matrix

n/n	Strength (S) Existence of Authority Budget Availability Standard operational system Coordination capacity Qualification of civil servants	Weakness (W) Number of civil servants Information Management System Database availability used in planning Functional personnel availability Lack of employee development system
Opportunity (O) Law No. 6 of 2014 concerning Villages Supporting programs from the central and provincial governments Increased allocation of village funds Cross sector support The development of information and communication technology	Strategy SO Create a dedicated team in evaluating and monitoring the implementation of Law No. 6 of 2014 concerning Villages (S1, S2, S3, S4, S5, O1) Increase the Agency's accountability through information transparency (S3, S5, O2, O3, O4, O5) Encourage an innovative use of Village Funds by village officials (S1, S2, S3, S4, S5, O2, O3, O4, O5) Improve the alignment of the Agency's community economic empowerment programs with other Ministries/Agencies (S1, S3, S4, O2)	Strategy WO Collaborating with universities and NGOs (W1, W3, W4, O2, O4) Improve education and training of civil servants (W5, O2) Improve data and information sources (W3, O2, O4, O5) Encourage the application of management information systems (W2, O5)
Threats (T) Understanding of village officials towards the role of VOEs in village development Managerial capacity of VOEs administrators Lack of appropriate technology and innovation application in rural areas Product marketing channel Low youth participation	Strategy ST Encourage the reorientation of village officials' understanding to strengthen development based on community economic empowerment (S1, S4, T1) Optimize the role of village facilitators (S1, S4, T1, T2, T3, T4, T5) Intervention of the VOEs recruitment process (S1, S4, T2) Intensify the promotion of potential VOE products (S1, S4, T4)	Strategy WT Encourage the establishment of Joint VOEs (W1, W4, T2, T3, T4, T5)

Table 4 – QSPM

Strategy	STAS
S5 Encourage the reorientation of village officials' understanding to strengthen development based on community economic empowerment	6,36
S4 Improve the alignment of the Agency's community economic empowerment programs with other Ministries/Agencies	6,32
S2 Increase the Agency's accountability through information transparency	6,24
S6 Optimize the role of village facilitators	6,20
S1 Create a dedicated team in evaluating and monitoring the implementation of Law No. 6 of 2014 concerning Villages	6,16
S3 Encourage an innovative use of Village Funds by village officials	6,12
S9 Collaborating with universities and NGOs	6,08
S11 Improve data and information sources	5,96
S12 Encourage the application of management information systems	5,87
S7 Intervention of the VOEs recruitment process	5,82
S13 Encourage the establishment of Joint VOEs	5,64
S8 Intensify the promotion of potential VOE products	5,51
S10 Improve education and training of civil servants	5,18

Managerial Implications. In implementing the first priority strategy, the Agency can develop various programs and policies that encourage the reorientation of rural community's understanding towards community development through economic empowerment. Activities such as socialization or workshops continually involving representatives of rural communities are recommended. In addition, the Agency can issue regulations which enforce prioritizing aspects of community economic empowerment, such for example regulating the use of village funds specifically towards community economic empowerment. Furthermore, activities that can be carried out to implement the second priority strategy is to inventory ministries/agencies with programs related to the development of the VOEs and other potential institutions that also shares the same interest. Next is to initiate meetings and forums to synchronize the efforts of each party in developing VOEs, resulting in generating concrete steps in developing VOEs. In applying the third priority strategy, it is needed to strengthen the Agency's capacity in inventorying information through the operation of information technology. Activities that can be carried out are creating an official website and

utilizing various social media to communicate related information to stakeholders. The implementation of the fourth strategy can be done by improving the facilitators understanding towards its main tasks, targets and output indicators that must be achieved related to community economic empowerment. This can be done through socialization and technical guidance. Furthermore, the Agency should re-evaluate the contract system in order to provide assurance for the facilitators. Result-based promotion and incentives can also increase their motivation and morale. In addition, coordination meetings between the Agency, village facilitators, and other interested parties can also be planned periodically to establish synchronization.

CONCLUSION

The main strength of the Agency is the existence of authority in the developing VOEs, whereas the main weakness is the lack of functional personnel. The main opportunity is the issuance of Law No. 6 of 2014 concerning Villages, whereas the main threat is the understanding of village officials towards the role of VOEs in village development and the lack of managerial capacity of its administrators. In respect to the position of the Agency, the appropriate strategy to be implemented is an intensive strategy and/or integrative strategy. Results of the study generated thirteen alternative strategies with four priority strategies namely to encourage the reorientation of village officials' understanding to strengthen development based on community economic empowerment, improve the alignment of the Agency's community economic empowerment programs with other Ministries/Agencies, increase the Agency's accountability through information transparency, and optimize the role of village facilitators.

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