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DETERMINANTS IN ACHIEVING SUSTAINABLE PERFORMANCE OF VILLAGE-OWNED ENTERPRISES

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Abstract:

Sustainable performance of village-owned enterprises, as one of the social enterprise organizations in Indonesia, has become the focus of various parties. This is because the performance of village-owned enterprises has not yet met expectations. Most village owned enterprises are inactive, and the rest barely survive in the villages. This study is an initial step to examine the factors that can influence the sustainable performance of village-owned enterprises. Based on previous literature and applicable regulations in Indonesia, this study suggests examining the impact of transformational leadership, organizational capability, good governance, and innovation on the sustainable performance of village-owned enterprises. This study also suggests exploring in-depth the measurement of sustainable performance in two dimensions, financial and social. Furthermore, for the future, measuring the good governance of village-owned enterprises can refer to the principles established in the regulations.

Keywords:

Good Governance, Innovation, Organizational Capability, Sustainable Performance, Transformational Leadership, Village-Owned Enterprises

Introduction

Social enterprises have emerged as a powerful force in addressing complex societal challenges, combining the passion and mission-driven approach of non-profit organizations with the operational efficiency and financial sustainability of for-profit businesses. Because of this,

many governments around the world have made them partners in solving the social problems they face (Doherty et al, 2014; Spear et al., 2009). The recognition of their potential impact has led to the development and adoption of policies in various countries, particularly in Europe, America, and Africa (Prochazkova and Noskova, 2020; Twuijver et al., 2020). As social enterprises expand worldwide, they are crucial catalysts for sustainable social change, driving new models of partnership and policy innovation in diverse regions.

Village-owned enterprises have emerged as a recognized form of social enterprise within the Indonesian context. Since the implementation of regulations governing their establishment, these entities have experienced a significant increase in number from 2014 to 2023 (see Figure 1). According to the Ministry of Villages, Disadvantaged Regions, and Transmigration, the total number of VEs in Indonesia has reached 62,051 by the end of 2023 (bpi.kemendesa.go.id). This proliferation underscores the growing importance of village-owned enterprises within Indonesia's rural economic landscape, underscoring their potential to revitalize village economies and enhance the overall well-being of local communities.

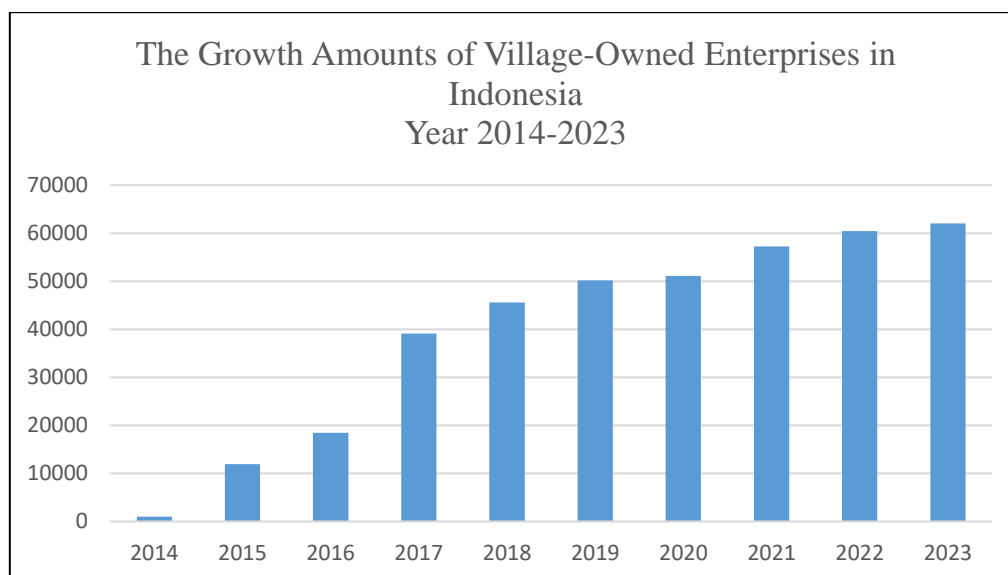


Figure 1: Chart of Village Owned Enterprise Growth in Indonesia

Source: bpi.kemendesa.go.id

The rapid expansion of village-owned enterprises in Indonesia has not been matched by satisfactory performance. These entities face challenges in sustaining their operational effectiveness. Of the total number of established village-owned enterprises, 12,040 have become inactive (kontan.co.id, 2021). Furthermore, 35% of the still-active village-owned enterprises have encountered difficulties in maintaining business continuity due to the impact of the COVID-19 pandemic (kontan.co.id). This suggests that the performance of village-owned enterprises in Indonesia remains vulnerable, and the sustainability of their operations is questionable.

The performance of village-owned enterprises in Indonesia remains a significant concern for the government. Their contribution to the village economy is perceived as minimal. Nationally, the government has invested 4.2 trillion rupiah in village-owned enterprises through the Village Fund, but the returns to the Village Income and Expenditure Budget are only 1.1 trillion rupiah (Kemendesa.go.id, 2021). This suggests that after seven years of existence, village-owned

enterprises have not had a substantial impact on the village community. Furthermore, these entities have yet to demonstrate a meaningful effect on the village budget or contribute significantly to the economic and social well-being of the village community.

Prior research has identified issues surrounding the sustainable performance of village-owned enterprises and their impact on rural communities. Surveys indicate that these enterprises have yet to make significant contributions to improving the welfare of rural populations (Agunggunanto et al., 2016; Anggraeni., 2016; Hasibuan et al., 2022). Furthermore, other studies on village-owned enterprises have not yielded the expected results (Kurnianto and Iswanu, 2021; Sari et al., 2021). Consequently, the existence of these entities has not effectively addressed the economic and social challenges facing villages.

Based on the cases that have occurred and the limited literature on sustainable performance, it is important to determine the factors that impact village-owned enterprises. Additionally, there is a limited literature on the sustainability of performance measured collectively. To solve this problem, it is important to conduct a preliminary study on the sustainability of performance in the context of village-owned enterprises.

Literature Review

This section examines the various factors believed to impact the sustainable performance of village-owned enterprises. These factors were selected based on the relevant government regulations in Indonesia as well as previous research on diverse organizations. They include transformational leadership, organizational capability, good governance, and innovation.

Social Enterprises

Social enterprises are often referred to as agents of change due to their ability to combine economic viability with a commitment to addressing social and environmental issues (Oberoi and Halsall, 2019). Because of the importance of the role of social enterprises, many academics are interested in studying this context in more depth (Johari et al., 2020; Khan et al., 2021), especially in the area of sustainability of social enterprises' organizational performance. This growing academic interest reflects the crucial role social enterprises play in creating sustainable solutions, underscoring the need for continued research into their unique challenges and long-term impact on both society and the economy.

Social enterprises in Indonesia have been recognized since the 1970s and have received increased attention in recent decades. Initially, they were perceived as similar to non-profit organizations, but the understanding of social entrepreneurship has evolved over time (Sari et al., 2022). Currently, various entities such as Micro, Small, and Medium Enterprises, non-governmental organizations, cooperatives, foundations, and village-owned enterprises are categorized as social enterprises in Indonesia (British Council, 2021; Sari et al., 2022). However, the absence of specific government regulations governing social enterprise entities poses both challenges and opportunities for their development and recognition. This highlights the need for policy interventions to support and foster the growth of social enterprises within Indonesia's socio-economic landscape.

The classification of village-owned enterprises in Indonesia as social enterprises remains a subject of ongoing scholarly discourse. While some literature excludes them from this category, other sources argue that when an organization's primary aims are social or economic, and it undertakes commercial activities to support its social mission, it can be considered a

social enterprise (Rahayu et al., 2023; Sari et al., 2022). For the purposes of this study, village-owned enterprises are categorized as social enterprises. This designation is premise on the definition of social enterprise, which specifies that an organization qualifies as a social enterprise when it concurrently pursues both social and financial objectives (Dart, 2004; Defourny and Nyssens, 2010).

Village-Owned Enterprises

The objectives behind the establishment of village-owned enterprises in Indonesia, as outlined in Regulation Minister of Villages, Development Disadvantaged Areas, and Transmigration of the Republic of Indonesia number 4, are multifaceted. These include improving the village economy, optimizing village assets for the benefit of the community, increasing community efforts in managing the village's economic potential, developing business cooperation plans between villages and/or with third parties, creating market opportunities and networks to support public service needs , opening job opportunities, improving the welfare of the community through the enhancement of public services, fostering growth and regulation of the village economy, and ultimately increasing village community income and village original income.

According to Government Regulation of the Republic of Indonesia No. 11 (2021), village-owned enterprises in Indonesia have a multifaceted purpose. They are established to conduct economic business activities through management, investment development, economic productivity, and leveraging village potential. Additionally, they are tasked with providing public services, meeting the general needs of the village community, and managing village food barns.

The main objective of village-owned enterprises is to generate profits that can increase the village's original income and maximize benefits from the community's economic resources. They also aim to utilize village assets to create added value and develop a digital economic ecosystem in the village. This purpose is notably different from that of state-owned or regionally-owned enterprises, which are primarily focused on profitability. Village-owned enterprises are founded on the spirit of mutual cooperation and are aimed at enhancing the welfare of the village community, further supporting their classification as social enterprises.

The significance of the role of village-owned enterprises in bolstering the rural economy has spurred a marked increase in their numbers across Indonesia. The implementation of regulations governing these entities has coincided with a remarkable expansion in their presence, from 2014 to 2021. By the end of 2023, the Ministry of Villages, Disadvantaged Regions, and Transmigration reported a total of 62,051 village-owned enterprises nationwide (bpi.kemendesa.go.id). This proliferation underscores the growing importance of these enterprises within Indonesia's rural economic landscape, highlighting their potential to revitalize village economies and enhance the overall well-being of local communities.

Definition of Sustainable Performance

The concept of sustainable performance focuses on an organization's ability to maintain long-term viability and success. It encompasses the achievement of favourable economic, social, and environmental outcomes, while also safeguarding resources and the environment for future generations (Kazemian et al., 2016; Shafie, 2020; Zhang et al., 2022). Typically, sustainable performance involves two primary dimensions, financial sustainability and social sustainability (Kazemian et al., 2016). Financial sustainability can be assessed through metrics such as long-

term profitability, liquidity, and solvency. Social sustainability, on the other hand, can be measured using indicators such as market share retention, customer stability satisfaction, and satisfaction levels (Kazemian et al., 2020). By incorporating these interconnected aspects, organizations can comprehensively evaluate their sustainable performance, ensuring they remain resilient, responsible, and contribute positively to societal well-being and environmental preservation over time.

Sustainable Performance in Social Enterprises

The fundamental objective of social enterprises is to address unmet social needs within society through the pursuit of social missions (Crucke and Decramer, 2016). Therefore, the cornerstone of social enterprises lies in their capacity for social value creation (Crucke and Decramer, 2016; Smith and Woods, 2015). To uphold their social missions and ensure accountability to stakeholders, social enterprises must undertake the task of measuring, assessing, and evaluating their social performance. However, the intricate environments in which social enterprises operate, coupled with their hybrid nature, raise concerns about their ability to survive and sustain (Young & Kim, 2015). This uncertainty underscores the necessity of evaluating the capability of social enterprises to fulfil their social missions. Referred to as sustainable social performance, this entails the ongoing capacity of social enterprises to deliver social impact consistently over time. Thus, assessing sustainable social performance becomes crucial in understanding the long-term effectiveness and resilience of social enterprises in meeting their societal objectives.

Assessing sustainable social performance poses a formidable challenge, primarily due to the intricate nature of measuring social impact. This complexity is exacerbated by the diverse array of stakeholders that social enterprises are mandated to serve, each with unique and often conflicting needs and expectations, which complicates the process of social performance evaluation (Shafie, 2020). Concurrently, there exists a parallel demand for sustained financial performance to bolster social performance sustainability, further adding layers of complexity to performance measurement. The intertwining of financial and social performance metrics underscores the multifaceted nature of evaluating sustainability, necessitating a comprehensive approach that effectively balances both dimensions (Powell et al, 2019). Consequently, navigating these complexities requires innovative methodologies and frameworks that can holistically capture the interplay between financial viability and social impact, thereby facilitating informed decision-making and strategic planning for sustainable social enterprises.

As previously discussed, social enterprises recognize financial performance as a crucial element in fulfilling their objectives. The achievement of social missions within social entrepreneurship is contingent upon sustainable financial performance (Bagnoli and Megali, 2011). While financial sustainability may not be the primary focus of social entrepreneurship, it is essential in ensuring the longevity of these initiatives. According to (Bagnoli and Megali, 2011; Costa and Andraus, 2020), the financial performance of social enterprise ventures can be evaluated through metrics such as revenues, economic and social value creation, cash flows, the proportion of production costs to revenue, and the costs of activities.

Sustainable Performance in Village-Owned Enterprises

Evaluating the sustainability performance of village-owned enterprises exhibits complexities analogous to those encountered in other social enterprises. The involvement of a multiplicity of stakeholders in these enterprises amplifies the intrigues associated with assessing their sustainability performance. Furthermore, the distinctive characteristics of village-owned

enterprises introduce an additional layer of complexity in measuring their sustainable performance (Kania et al., 2021). This complexity underscores the necessity for tailored methodologies and frameworks that can accurately evaluate and strengthen the sustainability efforts of village-owned enterprises, thus ensuring the realization of the objectives set by the government for the establishment of such enterprises.

Influencing factors on sustainable performance

This study examines several factors that may influence the sustainability of village-owned enterprises' performance through a review of existing literature. One key factor identified is the impact of **transformational leadership**. Existing research has examined the impact of transformational leadership on various aspects of organizational performance, including employee, financial, and operational metrics. For instance, Buil et al. (2019) found that transformational leadership positively influenced employee performance in the hospitality industry. Key factors they identified include communicating a clear vision, supporting employee development, fostering collaboration, and inspiring innovation. Overall, the literature underscores the importance of transformational leadership in driving organizational effectiveness and success.

Recent research has examined the relationship between transformational leadership and performance within social enterprises. Studies from Indonesia and Korea have explored this topic more extensively (Chang and Jeong, 2021; Sari et al., 2021). These studies used frameworks from Carless et al. (2000) and Bass and Avolio (1989) to investigate the impact of transformational leadership on organizational performance. The findings reveal that transformational leadership significantly affects both social and financial performance dimensions in village-owned enterprises and social organizations. These insights contribute to understanding the importance of transformational leadership in shaping performance outcomes for social enterprises, with implications for management strategies and organizational development.

In addition to its examination in the realm of employee performance, different types of leadership are also examined concerning their impact on organizational performance. For example, Chen et al. (2021) attempts to assess the influence of both transformational and transactional leadership on company performance across multiple dimensions. These dimensions encompass environmental, financial, innovation, operational, and social performance. Employing meta-analysis techniques alongside hypothesis testing methods, the study reveals that transformational leadership exerts a more substantial influence on company performance across diverse dimensions compared to transactional leadership (Chen et al., 2021). This underscores the significance of transformational leadership in driving organizational success and effectiveness across various operational facets, highlighting its pivotal role in fostering innovation, operational excellence, and social responsibility within companies.

The existing body of research on evaluating the sustainable performance of village-owned enterprises remains limited. Prior studies have investigated various aspects of assessing the performance of these enterprises, with some focusing on the individual initiatives undertaken by village-owned enterprises (Kurnianto and Iswanu, 2021; Sari et al., 2021). Against this backdrop, the present study aims to develop an instrument for measuring the sustainable performance of village-owned enterprises (Gandhiadi, 2021; Tarlani et al., 2022). Within the scope of this research, the assessment of sustainable performance will concentrate on financial

and social dimensions, in alignment with the objectives outlined for village-owned enterprises in the Government Regulation of the Republic of Indonesia number 11.

Besides transformational leadership, previous researchers have also proven that **organizational capabilities** influence sustainable performance. This conceptual study examines organizational capabilities within the digital domain to develop strategic organizational approaches. It evaluates organizational capability across three dimensions, information processing ability, acquisition and integration of market knowledge, and responsiveness to market and technological shifts (Bullini, 2016). Employing a conceptual framework, the study aims to construct theoretical foundations and propositions for future empirical investigations. The findings suggest that an organization's capacity to react to real-time information from markets, competitors, and technology significantly enhances its performance. Specifically, the utilization of real-time digital data related to customers, competitors, and technology positively influences organizational responsiveness, mediated by associated knowledge processes.

The study by (Hindasah and Nuryakin, 2020) specifically targeted family-owned small and medium enterprises and investigated the impact of organizational capability on their performance. Organizational capability was defined as an organization's ability to adapt to environmental changes, manage product life cycles, coordinate operational activities, and respond to environmental changes and market globalization. The findings of this research revealed that organizational capability significantly impacts the financial performance of family business SMEs.

In the context of social enterprises, several studies have been conducted. The first is research conducted by Roy (2020). The research develops a study describing how dynamic capability can be developed by a social institution to assist in adaptation to facilitate its success in its social mission. The study concluded that dynamic capability can lead to an empowering work environment that in turn allows for employees to have the liberty to contribute toward the organization's overarching institutional goals. Recent research by Yu and Bi (2024) examined how organizational capabilities influence the scaling performance of social enterprises in China. They define organizational capability as the ability to leverage resources to achieve organizational success. This study found that higher levels of stakeholder engagement and strategic management capability enhanced the impact of knowledge dissemination on scaling performance, ultimately improving the scaling outcomes for these social enterprises.

Other factors that have been tested for their impact on sustainable performance include **good governance**. Said et al. (2016) research aimed to investigate the influence of good governance on integrity within the Malaysian public sector context. This study utilized nine indicators to measure good governance. The findings revealed that strategic planning practices, auditing practices, and fraud control practices demonstrated statistically significant relationships with integrity system practices in the Malaysian public sector. Additionally, strategic alliance practices and fraud control practices were found to significantly determine system integrity practices within the public sector.

Another study by Davis (2017) sought to explore the impact of good governance on sustainable human development and poverty reduction in Sub-Saharan Africa. By examining the influence of various good governance indicators, the study provided evidence that good governance indeed has a positive effect on human development and poverty reduction in Sub-Saharan

Africa. The case of Sub-Saharan Africa serves as a valuable lesson, highlighting the potential of effective good governance in reducing poverty and advancing human development.

A study on the influence of good governance on sustainable performance in the context of social enterprises, conducted by Lerner and Mason (2014). This research aims to enrich the literature on good governance within the context of social enterprises. The study attempted to identify models of good governance that enable social enterprises to optimally fulfil their social and business objectives. The research findings revealed that stakeholder engagement, evidenced by decision-making meetings, stakeholder discussions, and the formation of special interest groups, can facilitate these organizations in achieving their social and business goals. This underscores the crucial role of stakeholder involvement in the governance structure of social enterprises and its impact on organizational effectiveness in fulfilling dual social and business objectives.

In the context of social enterprises in Malaysia, another examination of the impact of good governance on their performance revealed that certain aspects were more influential than others (Johari et al., 2020). This research considered three components of good governance, corporate structure, monitoring processes, and company control processes. The findings indicate that the company monitoring process has a positive relationship with social values, while the corporate structure has a positive relationship with both social and financial values. These results suggest that a sound corporate structure and effective monitoring processes can enhance the performance of social enterprises from both social and financial value perspectives, whereas control processes do not impact the performance of social enterprises in the Malaysian context.

Within the Indonesian context, a research study has been conducted to investigate models of good governance in village-owned enterprises (Widiastuti et al., 2019). The study focuses specifically on these enterprises, aiming to construct indicators of good governance for their governance structures. The proposed indicators include cooperative, participatory, emancipatory, transparent, accountable, and sustainable elements. However, the research findings suggest that the proposed governance indicators may be overly idealistic for village-owned enterprises that are still in their early stages of development. Consequently, the study provides insights for tailoring the weighting of good governance indicators across different classifications of village-owned enterprises. This highlights the importance of developing governance frameworks that are aligned with the specific characteristics and stages of development of village-owned enterprises, thereby optimizing their effectiveness and sustainability.

Finally, **innovation** is a factor that can influence sustainable performance. The study by (Alamayreh et al., 2019) examined the nexus between innovation, ambidextrous organizations, and organizational performance in Spain. Innovation was conceptualized and measured by assessing the introduction of new products/services and changes in internal operations relative to industry peers. The findings suggest that organizations capable of simultaneously exploring new possibilities and exploiting existing competencies can enhance their innovation capabilities.

Research by Alblooshi et al. (2020) explored the connection between diverse leadership approaches and organizational innovation. In this study, innovation was conceptualized as the successful implementation of new or significantly altered ideas that generate value for customers and subsequently enhance organizational growth. The findings revealed that diverse

leadership styles positively impact organizational innovation, both directly and indirectly, by influencing the organizational climate, employee and leader behaviours, as well as other organizational factors such as learning and knowledge sharing.

Several studies have explored the relationship between innovation and sustainable performance within the context of social enterprises. A research study by Wang and Zhou (2021) investigated how business model innovation and organizational legitimacy impact the performance of new social ventures at different developmental stages, in the context of social enterprises in China. The researchers assessed innovation across three dimensions: business system innovation, organizational routine innovation, and conceptual cognitive innovation. The findings indicate that business model innovation positively influences the performance of social enterprises. Additionally, organizational legitimacy was found to partially mediate this relationship, with a more pronounced mediating effect during the early growth phases of the social enterprise.

Underpinning Theories

To explain the relationship between the variables going forward, it is recommended to use two theories: Resource-Based View Theory and Stakeholder Theory. These two theories are considered capable of explaining the relationship of each factor to sustainable performance. The impact of transformational leadership, organizational capability, and innovation on sustainable performance can be explained using resource-based view theory. Meanwhile, good governance as a moderating variable can be explained through stakeholder theory.

Resources refer to the availability of assets, both tangible and intangible, that a company can control and own over time (Amlt & Schoemaker, 1993; Wernerfelt, 1984). By having these resources, the company can operate effectively Wernerfelt (1984). The view of Resource-Based View (RBV) theory has been expanded through research that links resources to organizational change. These studies suggest that a company's competitive position is dynamic, requiring the firm to continuously adapt its resource base to market shifts driven by economic, demand, and industry life cycle factors (Eisenhardt & Martin, 2000). To maintain a competitive edge, companies must be flexible in leveraging their resources.

The RBV theory aims to integrate strategic management competencies with a systematic approach to achieving sustainable competitive advantage. According to Peteraf and Barney (2003), the main focus of RBV theory is to provide benefits for organizations in creating sustainable competitive advantage through the resources they possess. Subsequent research has used RBV theory to explain the relationship between transformational leadership, innovation, organizational capability, and sustainable performance in social organizations. Transformational leadership, organizational capability, and innovation are intangible resources that are crucial for achieving competitive advantage.

Meanwhile, stakeholder theory can be used to explain the impact of good governance on sustainable performance. This theory suggests that an organization's success depends on its ability to meet the interests of various stakeholders, such as shareholders, employees, customers, suppliers, the government, and the community (Friedman & Miles, 2006). Effective organizational governance plays a crucial role in ensuring stakeholders' needs are met, particularly in the context of social enterprises where multiple stakeholders are involved (Tortia & Borzaga, 2021). Stakeholder theory provides a framework to understand the relationship

between good governance and sustainable performance, which is grounded in principles of honesty, accountability, and prioritizing stakeholder interests.

Proposed Research Methodology

This research can be conducted using a quantitative approach. The choice of this approach is to ensure that the research findings can be widely generalized (Sekaran and Bougie, 2013). The research technique can use questionnaires distributed to the management of village-owned enterprises in Indonesia. Since this research focuses on sustainable performance, the unit of analysis in this research is the organization.

To obtain a comprehensive generalization, the population in this study is all village-owned enterprises in Indonesia. However, for sample selection, purposive sampling (Cooper & Schindler, 2014) method can be used with the criteria of organizations that have been operating for at least 3 years and have been categorized as advanced and developing. This is because the context of the subsequent research is to measure the sustainability of performance.

In the data analysis process, Structural Equation Modelling with Partial Least Square can be used as the analysis technique (SEM-PLS). SEM-PLS is recommended to be used because of its ability to test high-level models that have reflective and formative properties simultaneously. Moreover, due to the wide scope of the research to be conducted, the possibility of data non-normality will occur. SEM-PLS can be the best choice because this approach does not require testing the normality of the data (Hair et al., 2022).

However, this research method will have challenges in the data collection process. First, the vast geographical area of Indonesia as the research population, which requires considerable time and cost. Second, the difficulty in obtaining responses from the managers of village-owned enterprises. Therefore, strategic steps are needed in the data collection process. Third, the difficulty in quantitatively measuring the sustainability of organizational performance, so the construction of an instrument that accommodates specific indicators of sustainable performance is required.

Conclusion

Based on the discussion above, it is important to examine the factors that have been proven in previous research to influence sustainable performance. Although in different organizational contexts, these factors have been widely shown to influence organizational performance. Focusing on the context of village-owned enterprises, these factors are supported by the regulations in force in Indonesia. For example, innovation, this variable is one of the mandates contained in the Regulation of the Minister of Villages, Development of Disadvantaged Regions, and Transmigration of the Republic of Indonesia No. 4 (2015). This regulation explains that every village-owned enterprise must have strong innovation in running their business. The ability to innovate, both in products and processes, is crucial because there is a regulation that requires village-owned enterprises to utilize authentic village resources.

Similarly, variables such as good governance and transformational leadership are also mandates contained in Government Regulation of the Republic of Indonesia Number 11 (2021). This regulation states that governance in the context of social enterprises consists of principles such as Professional, open and responsible, participatory, priority local resources, and sustainable. Additionally, this regulation defines the expected leadership for village-owned

enterprises. The definition of the expected leadership is very close in meaning to the concept of transformational leadership in previous research (Jensen et al., 2019; Yue et al, 2019).

Meanwhile, the importance of organizational capability for village-owned enterprises is explained in the Regulation of the Minister of Village, Development of Disadvantaged Areas, and Transmigration of the Republic of Indonesia Number 4 (2015). This regulation states that village-owned enterprises are expected to have the ability to process the resources available in their villages into products of commercial value. Since the four variables have been mandated in the regulations in Indonesia, this further strengthens the reason why research examining the influence of transformational leadership, organizational capability, good governance, and innovation on the sustainability performance of village-owned enterprises needs to be conducted in the future.

More specifically, future research is expected to develop performance sustainability indicators that include a comprehensive assessment of both social and financial performance sustainability. The available literature has so far only looked at the financial performance of village-owned enterprises without considering their social performance in performance measurement (Andriana et al., 2021; Fuadi et al., 2022; Sari et al., 2021). Additionally, there is a significant opportunity for future research to explore the measurement of good governance in the context of village-owned enterprises. This is because the available literature has not referred to governance values for village-owned enterprises, but rather has used indicators of complex business organization governance (Widiastuti et al., 2019).

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