

Community Development through Supply Chain Strategy: Governance of Village Enterprise

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Abstract— Managing the supply chain has become a way of improving competitiveness by reducing uncertainty and improving service. This paper will seek to highlight the importance of managing the Supply Chain and logistics in Indonesia rural markets to delivers goods and services in a cost effective manner. The village enterprise has become the Indonesian government's program to develop the economy of villages through the supply chain. The management of village enterprise in traditional villages encounters two situations. On the one hand, the village enterprise is required to have good governance, while on the other hand it deals with the conditions of supply chain strategy. The mutual influence between supply chain and communities offers opportunities to integrate sustainability initiatives into the chain. So the objective of this research is to explore the understanding of stakeholders about the supply chain of enterprise at the village of Wologai. This research also explores the supply chain that supports the governance of village enterprises. Village of Wologai as a traditional village, it has high supply chain strategy, for example, there is a traditional leader i.e. “musalaki” who is a respected figure in the village community. Supply chain strategy that has the potential to hamper governance implementation, among others, is in terms of meeting the demands of indigenous peoples who want enterprise activities to prioritize culture ceremonies rather than discipline in preparing good governance.

Keywords— Governance, Enterprise, Supply chain strategy, community development

1. Introduction

One form of the implementations made by the Indonesian government in terms of supporting sustainable development is through the forming of village enterprises. Regulation of the Minister of Villages, Development of Disadvantaged Regions, and Transmigration Number 4 of 2015 defines that the village enterprise is a business entity that the capital is wholly or largely owned by the village

through the inclusion of separated village assets of which this entity shall manage assets, services, and others businesses for the maximum welfare of villagers [1, 2]. The village enterprise is established with the aim to encourage and accommodate all beneficial activities for increasing communities' income through jointly managed businesses to improve the welfare of village communities [3]. Data that was taken from the Ministry of Villages, Disadvantaged Regions, and Transmigration of the Republic of Indonesia noted that as of December 2018, 61 percent or 45,549 villages have had village enterprises [4].

The Village Ministerial Regulation states that the establishment of village enterprise is intended to accommodate all economic activities and public services managed by the village or through inter-village cooperation. Pongkok Village in Klaten Regency and Panggung Harjo Village in Sleman, Yogyakarta are examples of successful tourism village management through a tourism village enterprise which succeeded in bringing the villages out of their poor conditions. Tourism villages are being targeted by the Ministry of Tourism, which has the support from the Ministry of Villages for their development by establishing village enterprises. The Ministry of Tourism's target in 2019 is 20 million foreign tourists and 275 million domestic tourists. Among the tourism products that have been relied upon by the Ministry of Tourism, 60% of them are cultural tourism, 35% are natural tourism and 5% are tourism of man-made products.

Although East Nusa Tenggara is the second poorest province in Indonesia, it has a lot of tourism wealth both natural and cultural tourisms which is supported by supply chain strategy. Flores Island as one of the largest islands in East Nusa Tenggara, it has an advantage on supply chain strategy as indicated by the presence of the village head who is usually also as the custom leader (mosalaki). Any governmental programs will gain support from the local communities when mosalaki is involved. For example, the annual tourism program – the Pati ka Du'a Bapu Ata Mata Festival – in the Lake Kelimutu National Park Hall (TNK) area, it is a traditional ritual to provide food offerings to the

ancestors of the Lio tribe on the slope of Lake Kelimutu. The impact of tourism activities in BTNK Kelimutu is the increase of tourists for the buffering villages, including the traditional village of Central Wologai.

Wologai Village is a 800 years old traditional village which is one of the buffer villages in Kelimutu National Park. This village has formed a village enterprise, but its implementation for tourism is not yet optimal. The village enterprise is not optimized due to the lack of good governance so that it exists only as a symbol of the implementation of the village government program.

Several studies [5-8] indicate that there was a lack in the optimization of village enterprises because the human resources of village enterprise managers did not optimally perform the implementation of village enterprise especially in management and accountability. This is supported by the statement of the Minister of Villages and Disadvantaged Regions, Eko Putro Sandjojo, stating that so far the successful village enterprises are the ones that have good human resources, while village enterprises that have not been qualified, are lagging behind [9]. So, more specific research is needed to answer the problem based on the findings of previous researches related to the mechanism of accountability of managers in managing the village enterprises.

This research aims to explore stakeholders' understanding of village enterprise governance and explore the supply chain strategy's in developing the village enterprise governance. The results of this research should be able to increase knowledge about the governance of village enterprise by involving supply chain strategy's and stakeholders. This research is useful for villages for the right policies in the management of the village enterprises.

2. Literature Review

Governance of Village Enterprise

Governance is one of interests of an organization to improve the oversight of accountability carried out by the unit to suppress deviant behaviors in sustainable development that is in line with applicable laws and norms and integrated as a whole in the organization [10]. The efforts of the Indonesian government in supporting sustainable development are realized through improving the standard of living of rural communities as stipulated in the Village Minister Regulation No. 4 of 2015 concerning the Establishment, Management, and Dissolution of Village Enterprise [11]. The

Indonesian government has established and implemented several strategies in the management and utilization of the economic and sector resources of this country to support the goals of sustainable development. One of forms in the governmental empowerment to support sustainable development nationally is through village enterprises by creating empowerment and special training for all village communities involved as managers of village enterprises.

The implementation of regional government development through village enterprises must be improved through aspects of relation among regional governments and the proper implementation of village enterprise governance. In general, the implementation of governance for the directors who are responsible in the enterprise has similarities with the directors of village enterprises as "the Operational Executives" who have full responsibility for losses or bankruptcy of village enterprises [12]. Government Regulation Number 54 of 2017 concerning Regionally Owned Enterprises related to governance principles consists of 1) Transparency 2) Accountability 3) Responsibility 4) Independence and 5) Fairness [13].

The village enterprise is one of the government programs to improve the income of village communities through sustainable development programs, for the universal economic growth and equity [14]. The village enterprise can be used as an alternative village resource for regional development to provide additional income to the village finances. The Indonesian government issues a regional government regulation which contains government's policies and programs to support the realization of communities' welfare by increasing and empowering the communities which is reflected through regional potential and diversity.

Village Regulation defines that the village enterprise is one of forms of village economy development, human resources empowerment of rural communities and assistance for the rural communities through grants contained in the Regional Revenue and Expenditure Budget (Republic of Indonesia, 2014). The village enterprises are established through the initiation of village communities which adheres to 6 main principles, namely, cooperative, participatory, transparency, emancipatory, accountability and sustainability with member-based mechanism in village communities and business development according to the village's potential independently [15]. This relates to professionalism in the management of village enterprise based on a broad community agreement (member-based mechanism), and the ability of members to be independent in meeting their basic needs (self-

assistance), such as interest in production as producers or consumption as consumers [16]. In [12] described that the sequence of steps in forming of a village enterprise, namely: first, conducting village meetings among village officials and villagers. Because the village enterprise is a village-owned business entity and not owned by the village head or village apparatus, its formal establishment needs the approval from villagers. In this respect, the village government, accompanied by the Village Supervisory Agency, Village Community Empowerment Cadre in collaboration with the village facilitators for sub-district regions and in collaboration with technical assistants in district regions and/or facilitators from academics and NGOs. Second, forming the Village Enterprise Team consists of village officials, BPD officials, PKK officials, traditional leaders and other community leaders. Third, the village budget is managed as a form of initial equity participation in the village enterprise. The amount of the included funds is in accordance with the existing village-related regulations. Land and buildings can be purchased by the village government to be submitted to the village enterprise. Fourth, identifying the village tourism potential; fifth, compiling the Statutes which include the name, destination, scope, and distribution of business results of tourism village enterprise. The sixth is to hold the village official meeting for the establishment of village enterprise. The final stage is the implementation of the village final meeting as the highest authority in the village enterprise. The village final meeting begins with a pre-meeting to draft the village enterprise to be submitted to BPD as a village meeting material. With the establishment of the village enterprise, the next step is to carry out concrete action plans.

Supply chain strategy

Supply chain strategy is a wise local idea with full of wisdom and its values are followed by the local village communities [3]. In concerning village governance states that village officials and stakeholders have the right to take care and determine village development carried out in accordance with the values of village supply chain strategy. The values of supply chain strategy are shown in terms of culture, customs, religion, faith, tourism and governmental position in the form of mutual cooperation, togetherness, family, discussion and independence [5]. In the research of [11] the community locus in Dempel Village of Ngawi

regency in East Java is able to use the supply chain strategy to manage village rice barns.

RESEARCH METHOD

Supply Chain Management has to play a key role in rural market of Indonesia, contributing to improved relationship with suppliers and customers and income generation. Managing the supply chain has become a way of improving competitiveness by reducing uncertainty and improving service. The research was conducted in Wologai Village of Detsuko District of Ende Regency of Flores in East Nusa Tenggara, Indonesia. The guest speakers were traditional leaders, village heads, Head of the Regency Office of Flores, and community representatives. Data was obtained through interviews with informants and through Focus Group Discussions involving representatives from local government officials, traditional leaders, village officials and village communities. The discussion material was the comprehension of village enterprise governance and identifying potential opportunities for village enterprise development by paying attention to supply chain strategy of Wologai village.

Data analysis technique used in this research is an interactive analysis in three channels, namely: data reduction, data presentation, and drawing conclusion. This analysis method was carried out to provide a detailed description of the problems experienced by managers in running businesses and to obtain objective information.

3. Results

Overview of Village of Wologai as a Traditional Village Currently Wologai Tengah Village has 229 family heads with 443 men and 487 women. The main livelihoods of the people of Central Wologai Village are farmers. Wologai Tengah consists of the word "Wolo" which means Bukit, "Gai" which means Gagang and "Tengah" which means the Center of traditional culture. The understanding of Central Wologai is the central hill of ceremonial implementation of Wologai customs and culture. Residents who inhabit the Middle Wologai Village, are ethnic Lio. Geographically, Ende Regency is divided into two tribes, namely the Ende Tribe and the Lio Tribe. The two tribes are limited by geographical conditions. The cultural systems of the two tribes are almost entirely the same, but the Lio are more visible than the Ende in their cultural procedures. This is because the Ende Tribe are mostly migrants rather than the Lio Tribe who are native citizens.

Historical research says that the first inhabitants on Flores Island were Wajak people, who appeared around forty thousand years ago. After the Glacial Age around

four thousand years ago, Nusa Tenggara was separated from mainland Asia. There were immigrants from Asia to the south. The group of immigrants is a Malay Proto Man from Yunan and the Indo-Chinese interior. They inhabit western and central Flores. Physically they show the characteristics of Melanesoid, Negroid, Papuan and Australoid Man. Yosep Glinka (Ragawi Anthropologist) who made a study on Human NTT, said ATA Lio in Central Flores is the oldest population in Flores, Ata Lio is a neighbor to Ata Ende. There is no geneological relationship, and between the two are also neighbors with Ata Nagekeo in the West, and Ata Sikka in the east.

The existence of the Wologai Tengah traditional village in response to the demands of the need for houses and shared villages. These two Ethnic ancestors built traditional houses and settlements using their own technology and architecture as a manifestation of the creations, initiatives and cultural art works of their time. History proves that long before modern civilization, in the region of Ende Regency lived the ancestors of two ethnic groups in a civilization that had advanced in his day. They have the ability to express their cultural arts in the form of works of a traditional village that has high cultural value.

The Wologai Tengah traditional village with Sa'o traditional houses and other supporting buildings such as Keda, Kanga, Tubu Musu are ancestral heritage, although in some places they have experienced changes and extinction from their original form due to natural processes, time travel, and human activities. However, it still has historical value and attraction for cultural tourism. The pattern of settlements and the form of traditional traditional houses for the people of Central Wologai are built always related to the concept of kinship (Gemen Scap), anticipation of the natural environment and its relationship with the creator of the universe that is trusted. This can be seen from the rituals carried out when building traditional houses and traditional villages that still exist and apply in indigenous communities, including other ceremonial events until now.

The concept of traditional villages by still having traditional buildings, traditional leaders, mosalaki and the existence of traditional ceremonies such as those related to agricultural rites, from land clearing to harvesting, building traditional houses, and rejecting reinforcements, the life cycle of humans, from birth to death and of course there are still

customary agreements (adat law) that are guarded by a supply chain strategy frame. The role of local leadership (Mosalaki) is very important in three aspects at first is the aspect of cultural ownership over the use of natural resources. Secondly, local leadership as an agent of cultural change with its role as agents of ization to community service programs, leaders collectively have influence to change people's behavior, because their actions and desires are considered as representations of authority in and economic decisions and cultural sacred nuances. and considered by the community to be absolute. The three local leaders have a role as the authority of sanctions in the community, some economic and activities in the community such as farming activities, logging or the use of natural resources are subject to authority held by local leadership.

Male mosalaki can be distinguished in seven important roles namely: (1) male kaba mosa, namely male mosaics whose role is to control the yield of resources (food, gold, animals); (2) mosa tana male watu or mosa wana male tana; male mosalaki who have authority in the use of land; (3) mosa nua male bo'a, mosalaki who is responsible for maintaining small villages / mosalaki; (4) the male wiwi mosa, which is the male mosa, which plays a role in conveying messages, values and virtues; (5) male toa wela mosaics, namely male mosaics dealing with religious aspects; (6) mosa pedu rona or mosa péu rona or Mosa wiu pi'u or mous pedu in male mosaics which play a role in determining and continuing oral regulations / advice / traditions; (7) male po mé péra, that is male mosa who must have authority as a political leader and be able to govern the other mosalaki.

Stakeholders' Understanding of Village Enterprise Governance

Stakeholders consisting of a group of mosalaki, Village Head and staff, Detusoko Sub-district Head, Head of Village Community Empowerment Office, Head of Tourism Office, Head of Trade and Industry Office, Kelimutu National Park Authority Office sees Village Owned Enterprises (BUMDes) are business institutions villages managed by the community and village government in an effort to strengthen the village economy and are formed based on the needs and potential of Central Wologai Village.

The results of the focus group discussions conducted at the Central Wologai Village hall showed that all stakeholders had the spirit to run the Bumdes well. However, the level of understanding of Bumdes governance is still not optimal. The Head of Wologai Village stated that as the village leader understood the

importance of village investment for Bumdes, namely business capital sourced from the village (51%) and from the community (49%) through equity participation (shares).

Central Wologai Bumdes and its Management Systematic and collaborative efforts are needed between the community, the Village Government, BPD Wologai Village District, the Mosalaki, the District Government, the District Government with related agencies, the Kelimutu National Park Office to encourage this organization to be able to manage strategic economic assets in the village of Wologai Tengah at the same time developing economic networks in order to increase the competitiveness of the rural economy. In this context, BUMDes is basically a form of consolidation or strengthening of village empowerment institutions. BUMDes is an instrument for the utilization of the local economy with a variety of potential types. Utilization of this potential is primarily aimed at improving the economic welfare of villagers through the development of their economic ventures. In addition, the presence of BUMDes also contributes to an increase in the village's original source of income, which enables the village to carry out development and increase community welfare optimally.

Supply chain strategy and Village Enterprise Governance

In Indonesia, approximately 50% of food quality is lost in the supply chain from the farm to the final consumer. Consumers actually end up paying approximately about 30 percent more than what they could be paying if the supply chain is improved, because of wastage as well as multiple margins in the current supply structure. The vision of the Middle Wologai Village is Muri Bheri Sare Pawe: Creating a Community in the Middle Wologai Village that is characterized by courtesy and mutual respect for one another, and has abundant income to support the economic income of the people for a decent life. This concept is very closely related to Bumdes Governance which is based on cooperation and mutual cooperation and leads to the improvement of the life of the village community as the owner. The philosophy conveyed by the head of adat is that the community adheres to the value of "three stoves", namely the values of adat, religion and government. The people of East Nusa Tenggara, Flores in general and the Lio tribe in particular are very thick with the feel of kinship and a spirit of togetherness (kema sama = cooperation or cooperation together).

Various actions and activities show the high nuance of togetherness. This is one of the existential expressions of humans, ancestral heritage which in philosophical language is interpreted as a homo socius / creature that can be manifested by what is known in the traditional culture of Lio with Dhawe Jughu (the same concept of kema which is more related to the activities of agricultural rites) than that of concept culture cooperation or mutual cooperation in marriage is called wuru mana.

Mutual cooperation in the life of the Lio tribe, Ende Regency, East Nusa Tenggara. Mutual cooperation in the Lio tribal community, has a very deep meaning to build a just and prosperous society. This is evident in the expression of the Lio community that describes the pattern of work or mutual cooperation "mai sai we ndawi lima, kema same, boka ki bere ae, wora sai sa wiwi nunu sai sa lema we know our nengg oua ola", meaning, let us join hands hands, to build cooperation, one heart, one voice, we build the determination to live a prosperous life. The phrase is a spirit for the people of Lio to maintain and preserve the culture of mutual cooperation.

Wurumana is a form of cooperation within the Lio tribe, to build brotherhood and family relations. These activities encourage the community to help each other in a variety of interests in the form of money, goods or labor. This system of authority has been entrenched in the Lio community in general since ancient times. The Lio community can strengthen the kinship and kinship that will not be left behind by time. Until now this tradition is still lived and preserved by Lio's people themselves in the midst of globalization. The Wurumana does not look at differences, whether religion, ethnicity or anything. Everything is considered the same, as one brother, one family, so that the authority is able to maintain harmony in people's lives. The Lio tribe is famous as a religious. Land is understood as the source of life, mothers give birth. The land is of great value and means holy. Therefore, if injuring the land (cultivating it) it will always be preceded by an adat ritual led by mosalaki (traditional adat) and ana kalo fai walu (residents / tenants). This ritual is in the form of offering to Du'a Gheta Lulu Wula Ngga'e Ghale Wena Tana (manifestation of the organizer of the universe). Land as a processed place never belongs to private / individuals but is always part of the property of indigenous communities, which have been divided by traditional elders. Residents only as cultivators, he processes it, not to become property. For this reason, it is not surprising that much of the land in the Lio tribe is not for sale.

In working on the land, tillage by anakalo fai walu (cultivators) has already been based on seasonal kelenderium which runs based on seasons in the annual cycle. The spirit of togetherness is not only visible from the land that already contains value in it but also manifested in the work of cultivating the land itself. To facilitate the work in cultivating arable land, the peker or ana if fai wulu always work together, in terms of facilitating tillage, this is known as the arisan work called Dhawe Jughu (dhawe = work, jughu = together). Dhawe Jughu applies to the period leading up to opening a new garden, planting period, cleansing until harvest time. Generally the Dhawe Jughu consists of people who own a garden, and live in one residential area. Practical and technical reasons, easy to organize and monitor if there is work and various information about work will certainly be more easily informed.

A concept of cultural heritage of togetherness that should be maintained, in this family feel various stories and stories are sung, where information and communication also go hand in hand. There is work also there is a story, there are services there is also a spirit of togetherness. This is a tradition, an ancestral heritage which is still held firmly by residents in remote villages and is lived by the people of Flores in general and Wologai Tengah in particular as part of an agricultural rite to increase the amount of production.

4. Conclusion

BUMDesa governance in Wologai Village, NTT, and Indonesia is not fully understood by stakeholders. Supply chain strategy that supports Bumdes governance is the existence of a "three stove" traditional philosophy, namely adat, religion and government. In terms of adat, the adat leader provides support for the implementation of the Bumdes. Collaboration or in the local language that is "partnership" becomes part of supply chain strategy in the village of Central Wologai. This research has implications for policies to help the development of Bumdes, namely to increase the main focus on human resource capabilities so as to provide added value in managing the potentials of Central Wologai Village through Central Wologai Bumdes. Other implications are also for the leaders of the Middle Wologai Village need to integrate the potential of the Middle Wologai Village into business units namely tourism, agriculture and the coffee cafe business. Bumdes administrators need to develop a good Wologai Middle Bumdes

governance and be able to work in synergy with the government from the Village, Detusoko District, the District with related agencies, and the Kelimutu National Park Office.

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