

The Acceleration Village Owned Enterprises towards a Social Enterprise in the Village Using a Strategic Management Approach

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Abstract

Local economic development is a construction based on the community's ability to explore and manage regional potential, especially rural potential. The community have an active role in managing rural potential (resources). Rural potential with proper management can create business opportunities for the community so that it can increase community income. Village Owned Enterprises (BUMDES) as a medium for local community development. The purpose of this study is to explain the role of strategic management in accelerating Village Owned Enterprises towards Social Entrepreneurship in the Village as well as a strategic model for developing it based on stakeholder theory. The research was conducted at Village Owned Enterprises (BUM Des) Maguwoharjo Village, Sleman Regency, Yogyakarta, Indonesia. This study used qualitative research methods. Primary data were obtained by means of observation, FGD and in-depth interviews. The Data analysis in this study was carried out through the following steps; Nasution (2002): Data reduction, Data Display and Drawing Conclusions from Verification. The results of this study are 3 strategies chosen and the most interesting compared to others is strategy 1, namely the S-O Strategy with a TAS (Total Attractive Score) value of 7.8. The alternative strategy for the second development priority is strategy 3, namely the ST Strategy, with a TAS (Total Attractive Score) value of 7.11. And the third priority alternative strategy is strategy II, namely the W-O Strategy with a TAS (Total Attractive Score) value of 3.757. Those strategies are intensive strategies, because BUM Desa requires intensive efforts to grow and develop BUM Desa Maguwoharjo.

Keyword: Stakeholder Theory, contingency theory, Village Owned Enterprises (BUMDES), Strategic Management, SWOT Analysis

INTRODUCTION

Regional development in order to increase regional independence is one of purposes of national development. One of the important elements in regional development is participatory local economic development (Mafruhah, Mulyani, Istiqomah and Ismoyowati, 2018). Local economic development is development based on the community's ability to explore and manage regional potential, especially rural potential. The community plays an active role in managing rural potential (resources). Proper management of rural's potential can create business opportunities for the community so, it can increase community income. Community businesses can be developed through social entrepreneurship. One form of social entrepreneurship development can be done by establishing a Village-Owned Enterprise. In Government Regulation of the Republic of Indonesia Number 11 of 2021 it is stated that Village Owned Enterprises (BUM Desa) are legal entities established by the village and/or together with the village to manage businesses, utilize assets, develop investment and productivity, provide services, and/or provide other types of business for the maximum prosperity of the rural community. Village Owned Enterprises is a business founded on a joint commitment to the community, grassroots and rural communities, to work together, cooperate and unite to realize people's economic prosperity and rural community prosperity (Suryadana, 2016).

Village Owned Enterprises is one of the embodiments of Article 33 of the 1945 Constitution. Implementation of the establishment of Village Owned Enterprises is regulated by a Regent/Mayor Regulation in accordance with local natural, environmental and cultural conditions. This regulation provides guidance to regions and villages in the formation and management of Village Owned Enterprises. It is given the opportunity to develop various types of businesses according to the needs and potential of the village. The types of business include: 1) services 2) distribution of nine basic commodities, 3) trading of agricultural products; 4) small and household industries. The results of the research by Hardijono, Maryunani, and Ananda (2014) show that the establishment of Village Owned Enterprises is one way to form an independent rural economy as an effort to increase Regional Original Income. Agunggunanto, Arianti, Kushartono, and Darwanto (2016) found that the problems experienced by Village Owned Enterprises today are limited capital and lack of management knowledge, so that the institutional performance of Village Owned Enterprises in business development is less than optimal. The level of knowledge and insight of the rural community about the importance of forming business groups is still low. The results of Suryadana's research (2016) show that the role of the private sector and government with regard to capital and assistance has an influence in the implementation of Village Owned Enterprises policies to improve the performance of it. The results of Muryanti's research (2020) show that Village Owned Enterprises is an institution in rural areas that has an important role in encouraging and supporting the principles of social entrepreneurship in rural areas. The research of Kania, Anggadwita and Alamanda (2021) found

that Village Owned Enterprises was proven to encourage rural entrepreneurship with the dimensions of exploration and empowerment, capacity building as well as support and involvement of all stakeholders.

The different findings of Kania et al. (2021) indicate that the implementation and regulation mismatch, lack of quality human resources and lack of synergy between the rural government and Village Owned Enterprises. Muryanti (2020) found that various activities and innovations of Village Owned Enterprises have not provided significant changes for villages such as job opportunities for rural youth and various economic activities in rural areas to improve the local economy. The results of Kurniawan and Firmansyah's research (2018) show that the main problems in the internal aspects that hinder the development of Village Owned Enterprises are business and institutional management that have not been carried out optimally, while the external aspects are related to product marketing competition. However, a contradictory view expressed by Wettenhall (2004) shows that the experience of governance applied in the private sector is not suitable to be applied to the public sector (Kania, Anggadwita and Alamanda, 2021).

Based on the results of the study, it is known that Village Owned Enterprises is an institution that has an important role to improve the community's economy. However, there are also different research results that the performance of It has not provided significant changes for villages such as job opportunities for rural youth and various economic activities in rural areas to improve the local economy. This shows the existence of gab research so that further research needs to be done on the steps that can be used to improve the performance of Village Owned Enterprises.

The results of research conducted by Dewi and Suharto (2020) show that the supporting factors in implementing the Village Owned Enterprises policy include: communication; character; characteristics of implementing agencies and economic, social and political conditions. The results of Haruta, Kundhani and Manurung's research (2020) conclude that the success of BUM Desa is able to improve the community's economy which is supported by social capital from the community as the foundation for the development of it, thus accelerating villages to become independent villages. The results of research by Sumantra, Suryani, Widnyana, Menes, Sutrisna, Oktarina and Dana (2019) on Village Owned Enterprises "Ayu Bagia" show that the results of the SWOT analysis that support the growth policy of Village Owned Enterprises "Ayu Bagia" is an aggressive strategy.

Studies on the implementation of the strategic management approach used as a basis for organizing and compiling work programs in Village Owned Enterprises have not been widely carried out. Therefore, the novelty of the research is the use of a strategic management approach in the establishment of Village Owned Enterprises so that it can accelerate Village Owned Enterprises towards social entrepreneurship. In this study, researchers examine strategic management as an approach to developing Village Owned Enterprises because its management decisions in organizational management by implementing a strategic management approach will produce more effective strategies. The use of strategic management (SWOT analysis) will result in strategic planning for the growth and development of it. This study uses stakeholder theory

because stakeholder theory will promote practical, efficient, effective, and ethical ways to manage organizations in a very complex and volatile environment (Freeman, Harrison and Wicks, 2007) Therefore, the originality/value of this research is strategic management as an approach to develop Village Owned Enterprises in a professional manner so that it can grow social entrepreneurship in the village using stakeholder theory. Strategic Management is a means to determine strategic steps so that It can achieve the goals to be achieved and directed. The use of strategic management in the strategic planning process will produce the right strategy model to be able to grow social entrepreneurship in the village through bumdes. Social entrepreneurship referred to in this study not only to seek profit but also how to combine profit seeking activities with activities aimed at social value.

The purpose of this study is to explain the role of strategic management in accelerating Village Owned Enterprises towards Social Entrepreneurship in the Village. A strategic model for the development of Village Owned Enterprisesbased on stakeholder theory. This study provides several theoretical contributions to understand the use of a strategic management approach in developing It in a professional manner. First, this study develops a theoretical framework related to the role of strategic management in the development of Village Owned Enterprises. Second, the steps for developing of it using a strategic management approach. Third, develop a strategy model that can be used to develop v. These results also contribute to the management of Village Owned Enterprises in order to develop strategies for developing Village Owned Enterprises. Fourth, this study expands the existing understanding of the strategic management process in public organizations (Village Owned Enterprises) by using stakeholder theory for the first time.

LITERATURE REVIEW

Contingency theory

Contingency theory is an approach to organizational behavior that explains how contingent factors affect the design and functioning of organizations. Contingency theory of current organizational structure provides the main framework for the study of organizational design (Donaldson, 2001). In contingency theory, it states that there is no best way to manage, lead or make decisions in an organization. There are two basic assumptions in contingency theory, namely: first: there is no best way to organize an organization; and second: Each way of organizing is not equally effective (Galbraith, 1973). The concept of contingency theory is based on the idea that organizational management can run well and smoothly if organizational leaders are able to pay attention and solve certain situations that are being faced and each situation must be analyzed independently (Wursanto, 2003). According to Gudono (2014) the essence of contingency theory is "there is no one best way that can be used in all environmental conditions". There are no general principles that apply to all situations. Consequently, it is necessary to conduct a separate analysis of each condition faced by the organization. According to Anderson & Lanen (1999) based on the contingency theory that organizational structure is a function of relationships which are simultaneously determined by external and internal environmental factors of the organization. The results of research by Le, Nguyen, Bui, and Dang (2020) also

show that organizational characteristics are directly related to the effectiveness of management information systems. Sriyono (2020) found that the development of strategic management accounting (SMA) in public sector organizations (private universities) in Yogyakarta Indonesia took into account the contingency factor of the type of organizational strategy. Based on the results of the study, it can be concluded that the development of systems and organizational structures must consider the organizational environment including the nature and characteristics of the organization, because the effectiveness of the system and organizational structure depends on the suitability between the organization and its environment.

Stakeholder theory

Stakeholders are groups or individuals who have an interest in the welfare of the company and/or are influenced by the goals, operations or activities of the organization or the behavior of its members (Ritzon, 2008). Stakeholders consist of: internal stakeholders (employees, management, etc.), connected stakeholders (customers, suppliers, competitors, etc.), external stakeholders (government, pressure groups, etc). Stakeholder theory states that if stakeholders are treated well, they tend to reciprocate with positive attitudes and behaviors towards the organization, such as sharing valuable information (all stakeholders), buying more products or services (customers), providing tax breaks or other incentives (society), providing better financial terms (financiers), buying more shares (shareholders), or working hard and staying loyal to the organization, even during difficult times (employees) (Harrison, Freeman and Abreu, 2015). A company that manages stakeholders allocates more resources to meet the needs and demands of legitimate stakeholders than is necessary to simply maintain their intentional participation in the company's productive activities (Harrison, Bosse and Phillips, 2010).

Strategic Management

Strategic management is a set of decisions and actions taken by management, in collaboration with all levels in the organization in order to determine the long-term activities of the organization (Yuksel and Dagdeviren, 2007). The strategic management process consists of strategy making and strategy execution (Thomson, Strickland and Gamble, 2007). The process of making a strategy produces a strategy; the strategy in question is a management action plan to run the business and run operations (Thompson et al., 2007). Corporate strategy consists of the competitive moves and business approaches that is used by managers to grow the business, attract and delight customers, compete successfully, conduct operations, and achieve targeted levels of organizational performance (Thompson et al., 2007). Many approaches and techniques can be used to determine strategy in the strategic management process, including SWOT analysis and PESTLE (Thompson et al., 2007).

SWOT analysis

SWOT analysis (Strength, Weakness, Opportunities and Threats) is one of the most extensive management methods and is an instrument used by managers in creating strategy (Kurttila, Pesonen, Kangas, and Kajanus, 2000). SWOT analysis is an important tool that functions as a decision supporter and is often used as a systematic analysis tool for organizations, both internal and external influences of the organization (Yuksel, and Dagdeviren, 2007). SWOT analysis aims to identify organizational strengths and weaknesses as well as opportunities and threats that exist in the organizational environment. The main purpose of a SWOT analysis is to identify strategies that align, adjust or match the organization's resources and capabilities with the demands of the environment in which the organization competes (Ritzon, 2008). Strengths and weaknesses are internal factors of the organization, while opportunities and threats are factors that come from the outside environment of the company (Collins-Kreiner, and Wall, 2007). Internal factors tend to be under the control of the organization, although they are no less important when seeing their impact on the company (Ritzon, 2008). External analysis includes analysis of the macro-environment which affecting all firms (e.g. economic, political, social, technological) and industrial analysis of the much more specific 'near' or 'micro' environment (competitors, suppliers, buyers). Internal Analysis is an analysis of the environment within the company such as marketing, finance, HR, etc. Organizational internals can affect the costs and even the viability of some strategies. There must be a 'fit' between strategy and organizational elements, thus it requiring internal analysis.

Strategic choice is the process of choosing among the alternatives generated by a SWOT analysis. Organizations must evaluate various alternatives against each other with respect to their ability to achieve the main goals (Ritzon, 2008). If the organization responds to internal strengths and weaknesses which are important components of strategic management, the organization will gain a success (Houben, Lenie, and Vanhoof, 1999). In other words, the strategic alternative objectives generated by the SWOT analysis should build organizational strengths to take advantage of opportunities and counter threats and to improve organizational weaknesses (Ritzon, 2008).

RESEARCH METHOD

The research location was purposively determined in Maguwoharjo Village, Sleman Regency, DIY. The location selection was based on the consideration that Village Owned Enterprises of Maguwoharjo Village, Sleman Regency, DIY used a strategic management approach in formulating strategies, as well as its work program. In addition, the authors chose the Maguwoharjo rural community because they own strong local wisdom to become social entrepreneurs. This study used qualitative research methods. The research purpose is to understand the phenomenon of what is experienced by the research subject. Qualitative research is based on assumptions about social reality or social phenomena that are unique and complex, so that the most important thing is how to determine informants/subjects. The data in this study are qualitative data and it is obtained from primary sources and secondary data. The primary data were obtained by means of observation, FGD and in-depth interviews. While secondary data was obtained from the village office, sub-district office, and other relevant agencies. Researchers tend to choose the informants/subjects who are considered to know and can be trusted as a solid data source and know the problem in depth by using purposive sampling and snowball techniques. The data analysis technique that used in this study was carried out qualitatively, namely by analyzing the data and information which is collected in depth and thoroughly. According to this qualitative analysis, the relationship between existing phenomena is determined based on the data that has been collected and the theoretical basis which the analysis is based. Data analysis in this study was carried out through the following steps Nasution (2002): Data reduction, Data Display and Drawing Conclusions from Verification.

RESEARCH RESULT AND DISCUSSION

Based on Maguwoharjo Village Regulation Number 9 of 2019, Sari Dewi Maguwoharjo Village Owned Enterprises was officially established with the purpose of providing a forum for all economic activities and village public services in order to optimize village assets and encourage community economic business activities through Village Owned Enterprises business units so as to realize rural prosperity. Sari Dewi Maguwoharjo Village Owned Enterprises carries out two important mandates, namely: (1) Become one of the public service units whose management is required to be able to provide good services, especially in the community's economy according to the business units owned and (2) Sari Dewi Maguwoharjo Village Owned Enterprises is expected to be able to generate profit (profit oriented) as a source of sustainable village original income. In an effort to provide good service based on the community expectations, Sari Dewi Maguwoharjo Village Owned Enterprises is required to create good corporate governance as well. Good business management will give confidence to the community toward Sari Dewi Maguwoharjo Village Owned Enterprises so that the community themselves will be interested and comfortable using the facilities of the BUMDes business units.

Therefore, the role of Sari Dewi Maguwoharjo Village Owned Enterprises is very important in providing support for driving the wheels of the economy for the welfare of the community through its business units. In relation to the developments and problems mentioned above, in the preparation the organization and preparing the work program, the Village Owned Enterprises uses a strategic

management approach. This is carried out in order that the Sari Dewi Maguwoharjo Village Owned Enterprises has clear goals and objectives.

Strategic Management Role

Strategic management has a very important role for Village Owned Enterprises such as:

1. Village Owned Enterprises have vision, mission and goals as a guide or direction to be achieved so it will have the right direction.
2. Formulate the right strategy in accordance with the conditions and the outside environment of the Village Owned Enterprises.
3. Village Owned Enterprises managers can understand better about the internal environment (strengths and weaknesses) and external (opportunities and threats) so they can make decisions systematically in order to produce effective strategies.
4. Village Owned Enterprises managers can determine their long-term goals and targets then they can develop more targeted programs
5. Village Owned Enterprises must focus their future goals on their strengths and turn their weaknesses into strengths. If you focus on strength, BUM Desa will succeed and succeed in achieving the goals that have been set
6. Village Owned Enterprises manager will quickly notice for any changes in the environment so they can quickly adapt and focus their attention on the main effects of strategic change.
7. Managers will make the right decisions in resource allocation
8. Reduce the risk of failure of BUM Desa.

In compiling a business plan, Maguwoharjo Village Owned Enterprises has taken strategic management steps such as, determining the vision, mission and goals. The next step is to determine the strategy, but before determining the strategy there is a step that must be done, namely an environmental analysis using a SWOT analysis.

SWOT Analysis

The first step in determining the strategy is to analyze the internal strengths (Weaknesses) and external (Opportunities – Threats) of Village Owned Enterprises in Maguwoharjo Village, Sleman Regency, DIY:

SWOT analysis of Village Owned Enterprises in Maguwoharjo Village, Sleman Regency, DIY. As follows:

1. Strength
 - a. Possessing good village potential to be developed
 - b. The community has a high commitment to participate in social organizations
 - c. Have a Legal protection
 - d. Village Owned Enterprises asset is available in sufficient quantities.
2. Weakness

- a. Existing human resources do not yet have the skills and abilities to manage Village Owned Enterprises
 - b. Village Owned Enterprises management is not yet professional.
 - c. Village Owned Enterprises facilities and infrastructure have not been optimally used
 - d. Unable to use technology to its full potential
3. Opportunity
- a. Technological developments such as the internet and e-commerce
 - b. The number of people who are entrepreneurship such as SMEs (small and medium enterprises) and trading in the market
 - c. Good support from the government
 - d. Rapid development of tourist destination in DIY
 - e. People who like to spend time with family outside their home
 - f. Most of the people are merchant and need business fund
 - g. Opportunities for cooperation with various related parties in the development of Village Owned Enterprises.
4. Threats
- a. Unstable economic conditions
 - b. The decreases of people's purchasing power
 - c. There are many of financial institutions that provide high interest to SMEs and traders in the market

2. Alternative Strategy Formulation

Based on the identification of Village Owned Enterprises internal and external factors, alternative strategies can be formulated as follows:

Table 1: Alternative formulation of Village Owned Enterprises Development Strategies

<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: right;">Internal factors</div> <div style="text-align: left;">External factors</div> </div>	Strenght (S) S1. Possessinga good rural potential to be developed S2. The community has a high commitment to participate in social organizations S3. Have a legal protection S4. Village Owned Enterprises asset is available in sufficient quantities.	Weaknes (W) W1. Existing human resources do not yet have the skills and abilities to manage Village Owned Enterprises W2. Village Owned Enterprises management is not yet professional. W3. Village Owned Enterprises facilities and infrastructure have not been optimally used W4. Unable to use technology to its full

		potential.
<p>Opportunity (O)</p> <p>O1. Technological developments such as the internet and e-commerce</p> <p>O2. The number of people who are entrepreneurship such as SMEs (small and medium enterprises) and trading in the market</p> <p>O3. Good support from the government</p> <p>O4. Rapid development of tourist destination in DIY</p> <p>O5. People who like to spend time with family outside their home</p> <p>O6. Most of the people are merchant and need business fund</p> <p>O7. Opportunities for cooperation with various related parties in the development of Village Owned Enterprises.</p>	<p>Strategy S-O</p> <p>SO.1. Expanding networks or partnerships with social companies or business companies (increasing impact and innovation)</p> <p>SO.2. Diversification of income sources (usahasimpanpinjamdll) (increasing impact and innovation)</p> <p>SO.3. Utilization of technology in the management of Village Owned Enterprises</p> <p>SO.4. Increase investment opportunities to create greater access to asset</p>	<p>Strategi W-O</p> <p>WO.1. Trainings to improve skills</p> <p>WO.2. Create a social enterprise innovation culture to develop</p> <p>WO.3. Provide/develop digital support</p> <p>WO.4. Develop a resource assistance support program for leaders in Village Owned Enterprises</p> <p>WO.5. Recruitment of leaders and employees who have a social entrepreneurial spirit and have the ability to professionally manage Village Owned Enterprises</p>
<p>Threats (T)</p> <p>T1. Unstable economic conditions</p> <p>T2. The decreases of people's purchasing power</p> <p>T3. There are many of financial institutions that provide high interest to SMEs and traders in the market</p>	<p>Strategy S-T</p> <p>ST.1. Digital marketing</p> <p>ST.2. Stimulating the social entrepreneurship sector (entrepreneurial society)</p>	<p>Strategy W-T</p> <p>WT.1. Developing a Stronger Organization</p>

Based on the results of the SWOT matrix analysis, there are twelve alternative strategies that can be applied for the growth and development of BUM Desa Maguwoharjo Village, Depok District, Sleman Regency, DIY. The next step is to look for alternative strategies that can be

implemented with the result three strategies are chosen, namely: 1. S-O Strategy, 2). W-O Strategy, 3).ST Strategy

5. QSPM Matrix Analysis

To determine the priority of the most appropriate strategy for decision making, a QSPM Matrix analysis is carried out. The QSPM matrix provides an overview of the relative advantages of each strategy which is then used as an objective basis for choosing one or several specific strategies to be chosen.

Table 2: QSPM (Quantitative Strategic Planning Matrix) Village Owned Enterprises Development

Key factors quality strategy alternatives	Quality	Alternatif Strategi					
		Strategy 1		Strategy 2		Strategy 3	
		AS	TAS	AS	TAS	A S	TAS
Internal key factor							
a) Possessing a good village potential to be developed	0,19	4	0,76	4	0,76	4	0,76
b) The community has a high commitment to participate in social	0,15	3	0,45	3	0,45	2	0,3
c) Have a legal protection	0,12	3	0,36	3	0,36	3	0,36
d) Village Owned Enterprises asset is available in sufficient quantities.	0,17	4	0,68	3	0,51	4	0,68
e) Existing human resources do not yet have the skills and abilities to	0,11	3	0,33	4	0,44	4	0,44
f) Village Owned Enterprises management is not yet professional	0,1	4	0,4	4	0,4	4	0,4
g) Village Owned Enterprises facilities and infrastructure have not been optimally used	0,07	3	0,21	2	0,14	2	0,14
h) Unable to use technology to its full potential.	0,09	3	0,27	3	0,27	4	0,36
Total Quality	1,00						
External key factor							
a) Technological developments such as the internet and e-commerce	0,16	4	0,64	4	0,1024	4	0,64
b) The number of people who are entrepreneurship such as SMEs (small and medium enterprises) and trading in the market	0,12	4	0,48	3	0,0576	4	0,48
c) Good support from the government	0,11	3	0,33	3	0,0363	3	0,33
d) Rapid development of tourist destination in DIY	0,1	4	0,4	3	0,04	4	0,4
e) People who like to spend time with family outside their home	0,14	4	0,56	3	0,0784	4	0,56
f) Most of the people are merchant and need business fund	0,09	4	0,36	3	0,0324	4	0,36
g) Opportunities for cooperation with various	0,13	3	0,39	4	0,0507	3	0,39

related parties in the development of Village Owned Enterprises.							
h) Unstable economic conditions	0,05	4	0,2	4	0,01	3	0,15
i) The decreases of people's purchasing power	0,06	4	0,24	3	0,0144	4	0,24
j) There are many of financial institutions that provide high interest to SMEs and traders in the market	0,04	3	0,12	4	0,0048	3	0,12
Total Quality	1,00						
Total attraction value			7,18		3,757		7,11

Source: Data processed

Based on the QSPM matrix analysis that considers the internal and external key factors that have been previously identified so the ranking is known. The implementation of alternative strategies based on the TAS value in the QSPM matrix can be done from the highest strategic TAS value, so from the three alternative strategies for developing Village Owned Enterprises that can be implemented, the main priority for development is strategy 1, namely S-O strategy with TAS (Total Attractive Score) value of 7.8. The alternative strategy for the second development priority is strategy 3, namely the ST Strategy, with a TAS (Total Attractive Score) value of 7.11. And the third priority alternative strategy is strategy II, namely the W-O Strategy with a TAS (Total Attractive Score) value of 3,757

DISCUSSION

In a rapidly changing and volatile environment, the manager of Village Owned Enterprises is very appropriate to use a strategic process in determining the right strategy. The main drivers of this change are the globalization of trade, the increasing size and influence of corporate organizations, the repositioning of governments and the increasing strategic importance of stakeholder relations, knowledge, and brand reputation (Olanipekun, 2014). The competitive business environment has an impact in the complexity and sophistication of business decision making that requires strategic management. Strategic management encourages Village Owned Enterprises to carry out systematic change management. It deliberately mobilizes resources towards the desired future.

One of the strategic management processes is strategy formulation. In strategy formulation, organizations seek to modify current goals and strategies so as to make the organization more successful, creating a sustainable competitive advantage in the process (Mitchell, 2010). Therefore, the strategy has an important role for the success of Village Owned Enterprises as stated by (Thompson, et al., 2007). Among others are: First, a clear and well thought out strategy is management's recipe for doing business, its road map to competitive advantage, a goals plan (game plan) to please customers and improve financial performance. Second, effective strategy formulation and execution has a significant positive effect on revenue growth, profit, and return on investment.

The alternative strategies chosen by Village Owned Enterprises are the S-O, the S-T, and the W-O strategy. The three alternative strategies are intensive strategies, because Village Owned Enterprises requires intensive efforts if the company's competitive position with existing products is to improve (David, 2012). There are several strategies used by social enterprises to be successful, such as: the strategy adopted by Social Enterprise Strategy Victoria, namely: increasing impact and innovation strategy, Building business capacity and skills, Improving market access. In order for Village Owned Enterprises can accelerate into a social enterprise can use coping strategies such as: building partnerships, building a hybrid staff, and diversity in sources of income (Yaari, Cohen and Savaya, 2020). The strategy of diversifying revenue sources and building collaborations with complementary or supporting organizations is very important for the development and survival of the company. (Hynes, 2009; Powell et al., 2018; Teasdale, 2010).

The strategy that has been determined must also be accepted by stakeholders (Mitchell, 2010). Therefore, one of the steps taken to pay attention to stakeholders is the use of appropriate strategies to achieve the goals and vision and mission of the Village Owned Enterprises. The achievement of the goals and vision and mission of the Village Owned Enterprises will provide benefits for the Village Owned Enterprises manager, the village government and the community. The Village Owned Enterprises manager, village government and the community are stakeholders of the Village Owned Enterprises. By using a strategic management approach, the Village Owned Enterprises manager pays attention to the prosperity and interests of all people who are related to the Village Owned Enterprises. The attention from Village Owned Enterprises managers to employees, managers, consumers, investors,

local governments is one form of implementing stakeholder theory. Stakeholder theory shows that managing stakeholders involves paying attention to the interests and prosperity of these stakeholders (Harrison et al., 2010).

The results of the implementation of this strategy will provide benefits or benefits for stakeholders, therefore planning and management of Village Owned Enterprises, so it can use a strategic management approach, namely stakeholder theory. Utilization of stakeholder energy is very effective so that organizational goals can be achieved. Stakeholder energy utilization is useful in complex and volatile environments because companies that manage stakeholders have better information to base their decisions on and, because they are attractive to other market participants, they have a level of strategic flexibility not available to competitors who did. It is not managed for stakeholders (Harrison et al., 2015).

Although stakeholders provide many benefits for achieving bumdes goals, the Village Owned Enterprises managers in treating stakeholders cannot be as they please. This is as advocated by stakeholder theory to treat all stakeholders with fairness, honesty, and even generosity (Harrison et al., 2015). Stakeholder theory proposes that treating all stakeholders well creates some kind of sy'nergy (Parmar, Freeman, Harrison, Wicks, Purnell & de Colle, 2010; Tantalo and Priem, 2014). If the Village Owned Enterprises manager treats stakeholders well, it will have a positive impact on Village Owned Enterprises such as employees who will be loyal or have a high commitment to the Village Owned Enterprises.

The role of strategy in addition to providing benefits to stakeholders, also has a role for the survival, continuation, and growth of Village Owned Enterprises to become a social enterprise in the village. Village Owned Enterprises being a social company means to make changes for the benefit of the community by combining assets (human resources), social asset, and social skills. Social enterprises are democratically conscious organizations that do business, not solely for profit, but to create social and environmental value through innovation, being proactive, and risk taking (Santos 2012). Even though the social enterprise does not have the primary goal of generating profit, it still strives to generate revenue from the business (Townsend & Hart, 2008), to encourage organizational continuity and grow social benefits in a sustainable manner through empowerment (Peattie & Morley 2008; Shams 2016).

Village Owned Enterprises is a medium to utilize the resources owned by the village to improve the prosperity of the community. BUM Desa can create new opportunities to achieve social goals by using various organizational resources, structures, and business strategies to promote social change (Yaari et al., 2020). It has the characteristics of a social enterprise such as promoting social goals by focusing on the market and an orientation to generate income from business activities (Barraket et al., 2010; Gidron and Abu, 2014). Village Owned Enterprises which has two different functions, namely as a community organization that can carry out its social functions, and professionally running Village Owned Enterprises for profit. So, Village Owned Enterprises as a social company is still very concerned about stakeholders, so that if viewed using stakeholder theory, It is very appropriate to become a social company. Village Owned Enterprises as

a social enterprise can combine efficiency, innovation, and business sector resources with the motivation, values, and mission of the social sector (Battilana et al., 2012).

Village Owned Enterprises as a social company in order to develop and succeed immediately can require leaders and employees who have professional experience as well as have a social entrepreneurial spirit. This is because the success of an organization depends on its ability to attract and keep the right mix of people as social entrepreneurs as well as having the ability and expertise in business (Ruta, 2006) Social entrepreneurship includes activities and processes that aim to find, define, and utilize opportunities to increase social asset by creating new companies or by managing existing organizations in innovative ways (Zahra et al., 2008). Innovative ways that entrepreneurs do in solving social problems (Luke and Chu, 2013). Managing the existing organization in an innovative way is to use a strategic management process (strategy making and strategy implementation). A social entrepreneur has a high ability to accommodate and manage contradictory demands that come from considerations of profit and prosperity (Smith et al., 2012). This is because the challenge for Village Owned Enterprises at the beginning of its establishment was to create financial benefits: how to increase initial asset, develop competitive products, market and operate the company efficiently (Yaari, et al, 2020). Thus, it can be said that the management of innovative Village Owned Enterprises (using a strategic management approach) can advance to become a social company that successfully achieves its goals.

In developing and formulating strategies, systems and organizational structures must pay attention to the organizational environment (Scott, 1992). This is because each organization has different environmental characteristics and characteristics (Lawrence & Lorsch, 1967). Based on contingency theory, strategy formulation in Village Owned Enterprises must consider contingency factors, such as: environmental/cultural factors, technology, age and organizational size (Betts, 2003). Based on previous studies, the Village Owned Enterprises Maguwoharjo in order to develop and formulate strategies, systems and organizational structures must pay attention to the organizational environment, so that organizational management is more effective.

IMPLICATION

The findings of this study contribute to the theoretical basis of the strategic management field and have practical implications in several fields.

Stakeholder theory

Stakeholder theory is one approach to strategic management. Stakeholder theory can be used as a foundation when newly established from Village Owned Enterprises as a social company. This is reflected in the objectives to be achieved by Village Owned Enterprises, namely to improve the community's economy. The community, employees, village government, and consumers are stakeholders who are the goal of it, namely community prosperity. Therefore, Village Owned Enterprises must pay attention to the interests or existence of stakeholders by developing the

organization into a social company. Thus, it can be said that Village Owned Enterprises as a social organization can apply stakeholder theory to maintain its business continuity.

Management of bumdes

Village Owned Enterprises which has formulated the vision, mission, goals and strategies will then implement the strategy. In order for this strategy to work well and achieve its goals, Village Owned Enterprises must recruit leaders and employees who are professional in their fields. In addition, Village Owned Enterprises can conduct trainings to improve the ability of its leaders and employees. It must also monitor and evaluate the implementation of the strategy. By monitoring and evaluating, the leadership can detect early problems that hinder the management of the Village Owned Enterprises.

BUM Desa as a social enterprise

Village Owned Enterprises is a unique organization because the organization belongs to the village government so that it aims to improve the community's economy (social). On the other hand, It is required to obtain financial benefits in order to provide benefits to stakeholders. Therefore, to be able to achieve this goal, It can be managed into a social enterprise. In order for a social enterprise to be successful, it requires leaders and employees in addition to having professional business skills but also having a social entrepreneurial spirit.

Recommendations for future research

To improve the quality of research contributions, further research can use different analytical tools such as: PESTLE so that the result of alternative strategies can be found. Future studies may use different theories to be able to add a contribution to science and to enrich the strategic management study. To enrich the further findings, further research can expand the use of strategic management in the management of BUM Desa by reviewing or evaluating strategy implementation. Future researchers should combine qualitative and quantitative approaches to obtain more detailed information related to the strategic management process.

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