

Factors Influencing the Performance of Village-Owned Enterprises Beef Cattle Farming Unit

ST. Rohani¹, Hastang², Pipi Diansari³, Muhammmad Darwis⁴, Muhammad Erik Kurniawan⁵, Putra Astaman⁶, Aulia Nurul Hikmah⁷, Zulkifli Basri⁸

Abstract

Determining whether the performance of a Village-Owned Enterprise on a beef cattle farming unit is good or not can be done by measuring the income level of the farmer and the number of beef cattle populations managed by the Village-Owned Enterprise. The purpose of this study was to determine the factors that influence the performance of Village Owned Enterprises beef cattle breeding units. The research method used is a survey method, with a unit of analysis of beef cattle breeders and Village-Owned Enterprise administrators consisting of 30 people consisting of Village Heads, Village-Owned Enterprise Administrators, and breeders selected using purposive random sampling. Data was collected through Focus Group Discussions and interviews with the help of questionnaires to answer the research objectives regarding the factors that influence the performance of Village-Owned Enterprises in beef cattle farming units. Each variable measured uses a Likert scale, namely 1 = not good, 2 = not good, 3 = good. The data that has been collected is then analyzed using the Structural Equation Model. The results of the research show that the performance of Village-Owned Enterprise management, growth of beef cattle businesses, human resources, and management of Village-Owned Enterprises influence the performance of Village-Owned Enterprises in beef cattle farming units in Bantaeng Regency both directly and indirectly.

Keywords: *Village-Owned Enterprises, management, human resources, management, performance.*

1. INTRODUCTION

Beef cattle breeding in Indonesia is very important to do because with beef cattle breeding, quality cattle can be produced and it is also the basis for efforts to meet the domestic demand for beef which has been a problem for the government to date. To anticipate the lack of availability of beef, the government issued a policy to import cattle or beef from abroad which of course drains the regional revenue and expenditure budget.

¹ Faculty of Animal Science, Hasanuddin University, Indonesia, strohani@unhas.ac.id

² Faculty of Animal Science, Hasanuddin University, Indonesia

³ Faculty of Agriculture, Hasanuddin University, Indonesia

⁴ Institute for Research, Development, and Empowerment of Indonesian Potential, Indonesia, darwis24@gmail.com

⁵ Animal Science Study Program, Faculty of Agriculture, Muhammadiyah Sinjai University, Indonesia

⁶ Agribusiness Study Program, Faculty of Agriculture, Muhammadiyah University of Sinjai, Indonesia, utthaastaman@gmail.com

⁷ Agribusiness Study Program, Institute of Technology and Business Muhammadiyah Polewali Mandar, Indonesia

⁸ Department of Agricultural Socio-Economics, Faculty of Agriculture, Al Asyariah Mandar University, Indonesia

In order to realize cattle breeding in Indonesia and improve community welfare, the government established a business entity, namely the Village-Owned Enterprise, which in Minister of Home Affairs Regulation Number 11 of 2021 explains that Village-Owned Enterprises are established in accordance with the needs and potential of the village to increase the financial capacity of the village government in administering government. and increasing people's income through various economic business activities for rural communities [1,2].

Establishment and development of Village-Owned Enterprises as an effort to consolidate the rural economy that is oriented towards the needs and potential of the village, as well as prioritizing businesses in the context of meeting community needs such as supplying the community's staple goods, facilities for fulfilling basic necessities of life such as clean water facilities, communication facilities, and mobility so that The community has good accessibility for interaction with outside the village [3]. According to [4], the establishment of Village-Owned Enterprises is a manifestation of productive village economic management that is carried out in a cooperative, participatory, emancipatory, transparent, accountable and sustainable manner.

If the program that has been planned does not run according to the mutual agreement, it will disrupt the development of a Village-Owned Enterprise and will experience problems, even though the structure is sufficient, sometimes the enthusiasm and innovation of the management is often slow. According to [5], human resources are a real phenomenon in the field in the process of implementing a policy and work program that has been planned by the Village-Owned Enterprise together with other stakeholders.

There are several factors that make Village-Owned Enterprises unable to run optimally and effectively. One of the factors is the existence of problems that occur internally in Village-Owned Enterprises or problems that occur between organizations. The ineffectiveness of a business unit in a Village-Owned Enterprise is of course greatly influenced by various factors, both external factors and internal factors [6].

Determining whether the performance of a Village-Owned Enterprise on a beef cattle farming unit is good or not can be done by measuring the income level of the farmer and the number of beef cattle populations managed by the Village-Owned Enterprise. The further development of the Village-Owned Enterprise Beef Cattle Farming Business Unit will have a positive impact on farmers, and this will also provide added value to the farmers' perception and the village's original income.

2. RESEARCH METHODS

Bantaeng Regency, South Sulawesi Province is location for this research. The research method used is a survey method, with a unit of analysis of beef cattle breeders and Village-Owned Enterprise administrators of 30 people consisting of Village Heads, Village-Owned Enterprise Administrators, and Farmers who were selected using purposive random sampling. Data was collected through Focus Group Discussions and interviews with the help of questionnaires to answer the research objectives regarding the factors that influence the performance of Village-Owned Enterprises in beef cattle farming units. Each variable measured uses a Likert scale, namely 1 = not good, 2 = not good, 3 = good. The data that has been collected is then analyzed using the Structural Equation Model.

3. RESULT AND DISCUSSION

The results of the Structural Equation Model analysis of the factors that affect the performance of Village-Owned Enterprises beef cattle farming units start with analysis the causality relationship diagram.

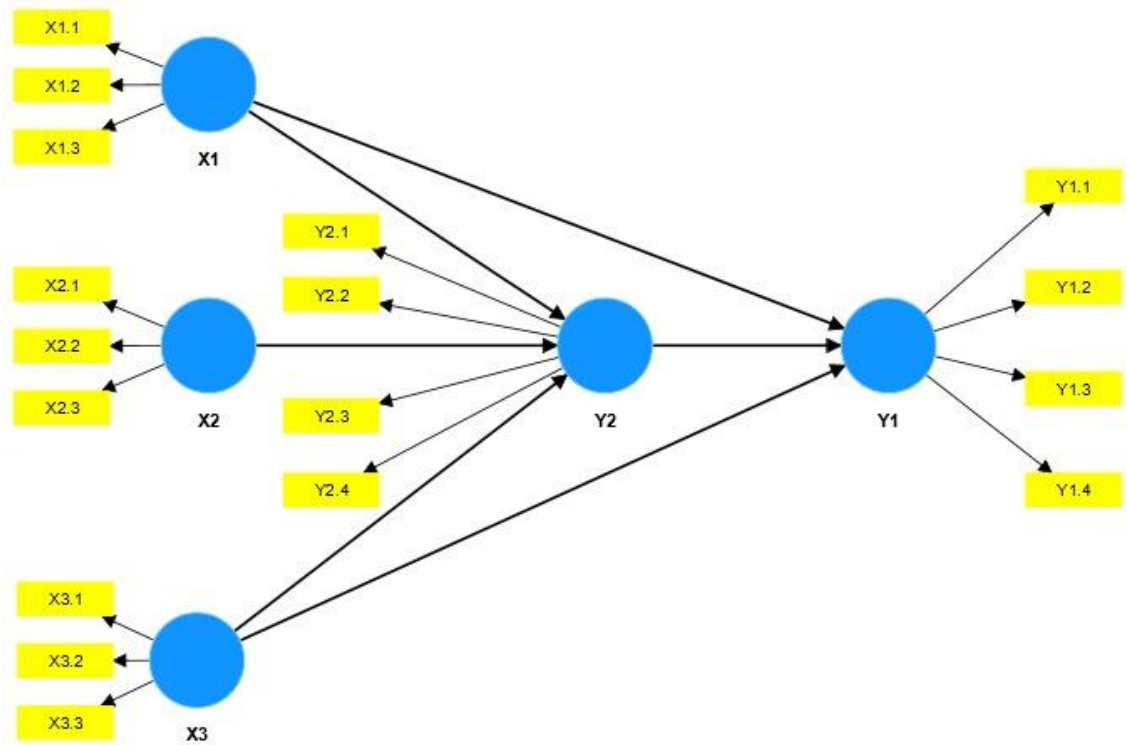


Figure 1. Causality Relationship Diagram

Description:

X_1 : Performance of Village-Owned Enterprise Management

$X_{1.1}$: Members' perceptions of the success of the management of Village Owned Enterprises

$X_{1.2}$: Number of meetings attended by members of Village Owned Enterprises

$X_{1.3}$: Benefits of Village Owned Enterprises felt by members

X_2 : Growth of Beef Cattle Business

$X_{2.1}$: Farmer's income from beef cattle business

$X_{2.2}$: Number of beef cattle owned before joining the Village-Owned Enterprise

$X_{2.3}$: Number of beef cattle owned after joining a Village-Owned Enterprise

X_3 : Human Resources

$X_{3.1}$: Formal education for members of Village-Owned Enterprises

$X_{3.2}$: Business experience of members of Village Owned Enterprises

$X_{3.3}$: Non-formal education for members of Village-Owned Enterprises

Y_1 : Performance of Village-Owned Enterprises

$Y_{1.1}$: Income of Village-Owned Enterprises

$Y_{1.2}$: Members' perceptions of the effectiveness of village-owned enterprises

$Y_{1.3}$: Members' perceptions of the contribution of Village-Owned Enterprises to the village's original income

$Y_{1.4}$: Members' perceptions of the facilities provided by Village-Owned Enterprises

Y_2 : Management of Village Owned Enterprises

$Y_{2.1}$: Involvement of members in business planning

Y_{2.2} : Members' understanding of the management of Village-Owned Enterprises

Y_{2.3} : Number of training/guidances attended by members

Y_{2.4} : Involvement of members in the implementation of the business

Figure 1 shows a blue round shape showing that the objective variables are in line with expectations when collecting data. Likewise with other shapes formed from each indicator. Causality relationship are simply described in flowchart form using the PLS application.

3.1 Validity test

Validity tests are carried out to show the extent to which a measuring instrument can describe a factor that will be measured through a survey. If the standardized loading factor is 0.70 then a parameter is considered to have good validity for the concept or latent variable.

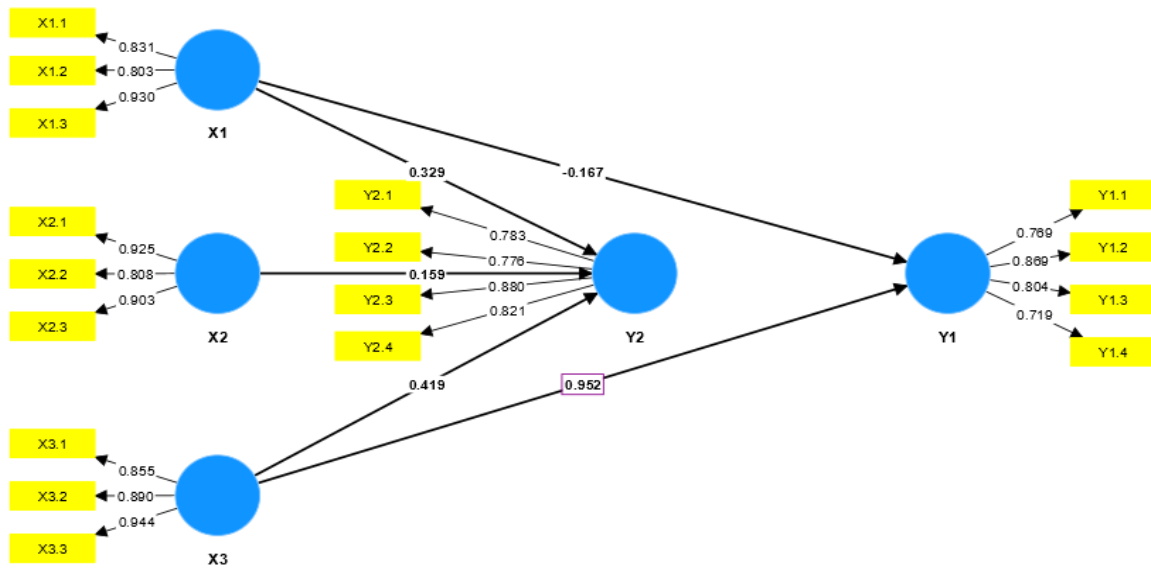


Figure 2. Standardized Loading Factors Diagram

Figure 2 shows that all indicators are declared valid starting from X1.1 to Y2.4 because the standardized loading factor value is 0.70. So the performance of the Village-Owned Enterprise management, the growth of the beef cattle business, human resources, and the management of the Village Owned Enterprise have an influence on the performance of the Village Owned Enterprise Beef Cattle Farming Unit in Bantaeng Regency.

3.2 Reliability Test

Reliability testing is one of the indicators in SEM-PLS data processing which functions as an indication of the data on how reliable or trustworthy the types of questions in the questionnaire are. Each measuring tool must be able to produce mostly reliable measurements from time to time. The Cronbach Alpha coefficient is used in testing data reliability. If the research instrument indicator has a Cronbach Alpha coefficient of 0.70 then it is considered reliable.

Table 1. Reliability Test

Question Items	Cronbach Alpha	Average Variance Extracted (AVE)
Village-Owned Enterprise management performance	0.817	0.733
Beef Cattle Business Growth	0.858	0.774
Human Resources	0.878	0.805

Village-Owned Enterprise Performance	0.801	0.627
Management of Village-Owned Enterprises	0.833	0.666

Table 1 shows the alpha coefficient (cronbach alpha) has a value above 0.70 and an AVE value > 0.6 . This means that all research variabels provide valid results so that they have appropriate reliability and high accuracy to be used as variable in research.

3.3 Evaluation of Model Accuracy Criteria

To assess the suitability of the model from the diagram shown in Figure 2, an evaluation of the model accuracy criteria is carried out. The calculation results of the PLS SEM model produce a calculation of the goodness of fit index as shown in Table 2.

Table 2. The results of calculating the goodness of fit index

Size	Value	Criteria	Results
SRMR	0.015	< 0.1	Fit
NFI	0.767	Closer to 1 the better	Fit

The NFI value of 0.767 means that 76.7% of the model is fit, and the SRMR value of 0.015 is below 0.1. Based on the two criteria for model accuracy that have been analyzed, it can be concluded that the model is declared fit. Based on the results obtained, the adjusted R-square value for the Village Owned Enterprise performance variable is 0.735, which means the adjusted R-square is in the high category, while the Village Owned Enterprise management variable is 0.562, which means the adjusted R-square is in the high category.

3.4 Hypothesis Test Results

Hypothesis testing is indicated by one arrow on the model diagram and corresponds to the given hypothesis. The direct influence on this research model is described in Table 3.

Table 3. Testing the Direct Effect Hypothesis

	Coefficient	T Statistics	P Values
$X_1 \rightarrow Y_1$	0.212	2.516	0.030
$X_1 \rightarrow Y_2$	0.329	2.668	0.019
$X_2 \rightarrow Y_2$	0.159	2.639	0.025
$X_3 \rightarrow Y_1$	0.952	3.123	0.000
$X_3 \rightarrow Y_2$	0.419	2.305	0.043

Table 3 menunjukkan bahwa hasil hubungan secara langsung yang dijelaskan sebagai berikut:

1. The performance of village-owned enterprise management (X_1) has a significant effect on the performance of village-owned enterprises (Y_1) because it has a p-value < 0.05 (0.030). The direct effect of the performance of the management of Village-Owned Enterprises on the performance of Village-Owned Enterprises is 0.212, which means that if the performance of the management of Village-Owned Enterprises increases by one unit, the performance of Village-Owned Enterprises can increase by 21.2%, which is a positive influence.
2. The performance of village-owned enterprise management (X_1) has a significant effect on the management of village-owned enterprises (Y_2) because it has a p-value < 0.05 (0.019). The direct effect of the performance of BUMDES management on the management of Village-Owned Enterprises is 0.329, which means that if the performance of the management of Village-Owned Enterprises increases by one unit, the management of Village-Owned Enterprises can increase by 32.9%, which is a positive influence.

3. The growth of the beef cattle business (X2) has a significant effect on the management of village-owned enterprises (Y2) because it has a p-value <0.05 (0.025). The direct effect of the growth of the beef cattle business on the management of Village-Owned Enterprises is 0.159, which means that if the growth of beef cattle increases by one unit, the management of Village-Owned Enterprises can increase by 15.9%, which is a positive influence.

4. Human resources (X3) have a significant effect on the performance of Village-Owned Enterprises (Y1) because they have a p-value <0.05 (0.000). The direct effect of human resources on the performance of village-owned enterprises is 0.952, which means that if human resources increase by one unit, the performance of village-owned enterprises can increase by 95.2%, which is a positive influence.

5. Human resources (X3) have a significant effect on the management of Village-Owned Enterprises (Y2) because they have a p-value <0.05 (0.043). The direct influence of human resources on the management of Village-Owned Enterprises is 0.419, which means that if human resources increase by one unit, the management of Village-Owned Enterprises can increase by 41.9%, which is a positive influence.

Apart from being able to analyze the direct influence of exogenous constructs on endogenous constructs, SEM is also able to analyze the indirect influence of exogenous constructs on endogenous constructs which are not aimed directly with arrows. Table 4 explains the indirect effects of the research model.

Table 4. Indirect Influence Hypothesis Testing

	Coefficient	T Statistics	P Values
$X_1 \rightarrow Y_2 \rightarrow Y_1$	0.121	2.507	0.028
$X_2 \rightarrow Y_2 \rightarrow Y_1$	0.173	2.628	0.045
$X_3 \rightarrow Y_2 \rightarrow Y_1$	0.268	2.335	0.021

Table 4 shows that the results of the indirect relationship are explained as follows:

1. The performance of the management of Village-Owned Enterprises (X1) has a significant effect on the performance of Village-Owned Enterprises (Y1) through the management of Village-Owned Enterprises (Y2) because it has a p-value <0.05 (0.028). The indirect effect of the performance of Village-Owned Enterprise management on the performance of Village-Owned Enterprises is 0.121, which means that if the performance of Village-Owned Enterprise administrators increases by one unit, the performance of Village-Owned Enterprises can increase indirectly by 12.1%, which is the influence This indirect is positive.

2. The growth of the beef cattle business (X2) has a significant effect on the performance of Village-Owned Enterprises (Y1) through the management of Village-Owned Enterprises (Y2) because it has a p-value <0.05 (0.045). The indirect effect of the growth of the beef cattle business on the performance of Village-Owned Enterprises is 0.173, which means that if the growth of the beef cattle business increases by one unit, the performance of Village-Owned Enterprises can increase indirectly by 17.3%, where this indirect effect is positive.

3. Human resources (X3) have a significant effect on the performance of Village-Owned Enterprises (Y1) through the management of Village-Owned Enterprises (Y2) because they have a p-value <0.05 (0.021). The indirect influence of human resources on the performance of Village-Owned Enterprises is 0.268, which means that if human resources increase by one unit, the performance of Village-Owned Enterprises can increase indirectly by 26.8%, where this indirect influence is positive.

Managers of Village-Owned Enterprises are expected to be professional and have capacity, because so far Village-Owned Enterprise managers are recruited through village meetings but are not processed properly, and are almost appointed based on close emotional relationships rather than capabilities [7].

The role of Village-Owned Enterprises in the beef cattle business is to be raised by breeders by utilizing resources optimally and efficiently according to natural conditions, socio-economic conditions of the community, infrastructure, developing livestock technology and supporting institutions and policies [8]. The types of businesses managed by Village-Owned Enterprises have been regulated in ministerial regulations covering services, distribution of nine basic commodities, trading of agricultural products [9]. And or small and household industries and can be developed according to the potential needs of the village. From the various efforts carried out by the Village Owned Enterprise, it is hoped that later it can be utilized for business development.

The existence of a Village-Owned Business Entity with a beef cattle farming unit in the farmer's environment can provide stimulation for farmers to further develop their business. Thus, Village-Owned Enterprises were formed to be pioneers in building business interest in rural communities. One alternative strategy in developing beef cattle farming is optimizing and developing farmer skills [10, 11].

Based on the results of interviews with informants, the participation of breeders as members of Village-Owned Enterprises in training and technical guidance also depends on the material provided. Farmers in general want training materials and technical guidance to at least include material on selecting good livestock seeds, reproductive management and mating systems, housing systems, livestock rearing management, and forage and feed processing technology as well as health and disease control [12, 13]. Solving priority problems for Village-Owned Enterprises is carried out in two ways, namely in the short term by efforts to increase the capacity of human resources for managers, and in the long term by utilizing adequate human resources for the operation of information technology and social media [14,15].

The success and development of Village-Owned Enterprises in carrying out their duties and obligations rests on the shoulders of the Village-Owned Enterprises administrators, although the form of Village-Owned Enterprises seems simpler compared to other business entities, the implementation of the Village-Owned Enterprises program is not simple because in implementing the program In existing cases, the administrators of Village-Owned Enterprises must truly understand the conditions and potential of local villages and must always innovate to face any existing changes, without ignoring previously established goals. The success of managing Village-Owned Enterprises is not only determined by one factor, but is influenced by various existing factors, such as human resources, finances, standard operating procedures and others [16].

4. CONCLUSIONS

From the research results, it can be concluded that the performance of Village-Owned Enterprise management, growth of beef cattle businesses, human resources, and management of Village-Owned Enterprises influence the performance of Village-Owned Enterprises in beef cattle farming units in Bantaeng Regency both directly and indirectly.

ACKNOWLEDGMENT

The author would like to express his thanks to: (1) Directorate of Research and Community Service of the Ministry of Education, Culture, Research and Technology of the Republic of Indonesia for providing research funding assistance with the Fundamental - Regular Research scheme with Contract Number: 124/E5/PG.02.00.PL/ 2023 dated 19 June 2023 and 02381/UN4.22/PT.01.03/2023 dated 20 June 2023; (2) The Chancellor of Hasanuddin

University through the Institute for Research and Community Service (LPPM) of Hasanuddin University who has facilitated researchers to carry out this research; and (3) Chairman, administrators and members of Village-Owned Enterprises as well as beef cattle breeders in Bantaeng Regency who have taken the time to take part in Focus Group Discussions and interviews.

References

- Russiana, D. A. 2023. Advancing the Village Economy through Village-Owned Enterprises. <http://www.presidentri.go.id/desa/memajangan-economic-desa-via-bumdes.html>. Retrieved 25 February 2023.
- Russiana, D. A. 2023. Village-Owned Enterprises with Village Motorbikes. <https://ekbis.sindonews.com/read/1174581/34/bumdes-%09motor>. Retrieved 25 February 2023.
- Nursan, N. W. 2014. The Role of Village-Owned Enterprises in the Implementation of Economic Development in Rompin Village, Gantarangeke District, Bantaeng Regency. Thesis. Faculty of Social and Political Sciences, University of Muhammadiyah Makassar, Makassar.
- Madjodjo, F., and Dahlan, F. 2020. Performance Analysis of Village-Owned Enterprises in Budget Management to Improve Village Potential Management in Akedotilou Village. *Indonesian Accounting Journal*, 21 (2): 187 – 195. <https://doi.org/10.32400/iaj.31055>.
- Saputra, F. D. D. 2021. Factors that Influence the Performance of Dile Village-Owned Enterprises in the Management of Business Units. *Indonesian Scientific Journal*, 6 (7): 3199 – 3214. <https://doi.org/10.36418/syntax-literate.v6i7.3501>.
- Rendra, A. B. 2018. Factors that Influence the Performance of Village-Owned Enterprises. Yogyakarta Muhammadiyah University. <http://repository.umy.ac.id/handle/123456789/29281>. Retrieved 27 August 2023.
- Laely, Nur, and Ana Komari. 2017. The Influence of Environment and Managerial Capacity on Funding Decisions for Small Craft Businesses 1 in East Java. *JMM17: Journal of Economics and Management*. April 2017, Vol. 4 No.1. pp. 1 – 13. <https://doi.org/10.30996/jmm17.v4i01.1046>.
- Pagala, M.A., Zulkarnain, D., Aku, A.S., and Nafiu, L.O., Sani, L.O.A., Munaldi, L.O.M., and Sandiah, N. 2021. Potential for Integrated Beef Cattle Development in Deep Coconut Plants. *Jambura Journal of Animal Science* Volume 3 No 2 May 2021. <http://dx.doi.org/10.35900/jjas.v3i2.10131>.
- Mustanir, and Ahmad. 2018. Empowering Women Members of Village-Owned Enterprises by Utilizing Village Nursery Land. https://www.researchgate.net/publication/331071158_Empowerment_of_Women_Members_of_Village_Owned_Business_Entrepreneurs_with_Utilization_of_Village_Garden_Seedlings.
- Karimah, S. N., & Atabany, A. 2019. Strategy for Development of Mekar Pratama Bumdes Beef Cattle Fattening Business, Mekarharja Village, Purwahas District, Banjar City. *Center for Community Innovation*, 1(1), 111–117. <http://journal.ipb.ac.id/index.php/pim/article/view/28435>.
- Arrahman, T., Firmansyah, F., Rosadi, B., Harahap, A., Hadi, S., & Farizal, F. 2021. Strategy for Development of Village-Owned Enterprises for Beef Cattle Business Units Based on Farmers' Social Capital In East Tanjung Jabung Regency. *JAS (Journal of Agri Science)*, 5(1), 42. <https://doi.org/10.36355/jas.v5i1.530>.
- Hafid, H., Nuraini., L. O. Ba'a., L. Malesi., S. H. Ananda., and P. Patriani. 2020. Increasing Knowledge of Cattle Farmers in Alebo Village, Konda District through Technical Guidance on Good Breeding Methods. *Pengamas Journal*, Vol.3, No.2, December (2020). e-ISSN: 2622-383X. DOI: 10.33387/pengamas.v3i2.1389.
- Soejono, D., D. B. Zahrosa., A. D. Maharani., and Amam. 2021. Performance of Village Owned Business Agencies in Lumajang District. *Journal of Agricultural Economics and Agribusiness*

(JEPA). Volume 5. Number 3 (2021): 935-949. ISSN: 2614-4670 (p), ISSN: 2598-8174 (e).
<https://doi.org/10.21776/ub.jepa.2021.005.03.29>.

Kresnawati., and Hanila, S. 2019. Economic Welfare of Coastal Communities in Seluma Regency Using the Criterium Plus Method - Ahp. *Management Insight: Journal of Management Science*, 14(2), 195–209. <https://doi.org/10.33369/insight.14.2.195-209>.

Huruta., Andrian, D., and Gatot S. 2017. Sustainable Money and Space in the Formation of Village-Owned Enterprises. *Journal of Society, Culture and Politics*: Vol.29.4 (2017): 212222. <https://doi.org/10.20473/mkp.V29I42016.212-222>.

Jaryono and Tohir. 2019. Analysis of the Performance of Village-Owned Enterprises Mitra Usaha Makmur in its Impact on Village Original Income Susukan Village, Sumbang District, Banyumas Regency. *Sustainable Competitive Advantage 9(SCA-9) Faculty of Economics and Business. General Soedirman University*. Vol. 9. No. 1 (2019).