



SIGn Journal of Social Science

E-ISSN: 2745-374X

jurnal.penerbitsign.com/index.php/sjss/article/view/v7n1-011

Vol. 7 Issue 1: June – November 2026

Published Online: September 8, 2026

Article Title

Institutional Capacity of Village-Owned Enterprises in Kutai Kartanegara: Internal Governance and Stakeholder Relations

Author(s)

Dea Rizky Amalia*

Universitas Mulawarman, Indonesia // dearizkyamalia@fisip.unmul.ac.id

*Corresponding Author

Niken Nurmiyati

Universitas Mulawarman, Indonesia // nikennurmiyati@fisip.unmul.ac.id

Dyah Rahayuning Perwitasari

Universitas Mulawarman, Indonesia // dyahrahayungperwitasari@fisip.unmul.ac.id

Febrianto Nugroho

Universitas Mulawarman, Indonesia // ditoww24@gmail.com

Nazwa Nur Azizah Nabilah

Universitas Mulawarman, Indonesia // uuwwaa09@gmail.com

How to cite:

Amalia, D. R., Nurmiyati, N., Perwitasari, D. R., Nugroho, F., & Nabilah, N. N. A. (2026). Institutional Capacity of Village-Owned Enterprises in Kutai Kartanegara: Internal Governance and Stakeholder Relations. *SIGn Journal of Social Science*, 7(1), 184-201. <https://doi.org/10.37276/sjss.v7i1.703>



This work is licensed under a CC BY-4.0 License

ABSTRACT

Village-owned enterprises (VOEs) play an important role in managing village economic potential, yet their formal existence, organizational structure, capital contributions, and business units do not always reflect substantive institutional capacity. This study analyzes the institutional capacity of VOEs in Kutai Kartanegara Regency by examining the relationship between internal governance and relations with village governments, communities, and external partners. The study employed a qualitative approach with a case study design covering nine VOEs in nine villages. Primary data were obtained through in-depth interviews, field observations, social mapping, institutional Venn diagrams, and field documentation, complemented by secondary documents. Data analysis included organizing, coding, categorizing, cross-source and cross-unit comparisons, and interpretation. The findings show that relations with village governments were dominated by administrative aspects, external support and human resource capacity building were limited, community participation remained limited, internal governance was weak, and relations with external partners were also limited. This configuration explains VOEs' weak position within village socioeconomic structures and the uneven distribution of economic benefits. Substantive institutional capacity therefore depends on the relationship between internal organizational functioning and the quality of stakeholder relations.

***Keywords:** Collaborative Governance; Institutional Capacity; Internal Governance; Stakeholder Relations; Village-Owned Enterprise.*

INTRODUCTION

Village-owned enterprises (VOEs) are village economic institutions established to manage local potential, provide economic services, and expand development benefits for communities. Their position reflects villages' capacity to organize resources through institutions that perform both economic and social functions. The legal framework governing VOEs is established under Law Number 6 of 2014, as most recently amended by Law Number 3 of 2024, as well as Government Regulation Number 11 of 2021. VOE functioning is reflected in managerial capacity, governance quality, community involvement, the existence of business units, and the continuity of economic activities ([Agunggunanto et al., 2016](#); [Hidayat et al., 2024](#)).

Formal existence provides an organizational framework, whereas substantive institutional capacity is reflected in the implementation of rules, allocation of responsibilities, administration, oversight, information management, and resource utilization. Studies of VOEs have identified differences between the availability of governance instruments and their level of implementation, including administration, financial accountability, and internal control ([Widiastuti et al., 2019](#); [Widiastuti et al., 2022](#)). Transparency, responsiveness, professionalism, regulatory compliance, and strategic vision are also associated with organizational performance. The breadth of management functions indicates that governance consists of several interrelated mechanisms ([Sofyani et al., 2020](#); [Tarlani et al., 2023](#)).

Internal governance is central to VOEs' ability to perform their functions sustainably. Administration and accountability provide management with information, while role allocation defines responsibilities. Competence and professionalism support

task performance, whereas incentive systems support the continuity of managerial involvement. Work procedures and oversight provide operational standards and corrective mechanisms. Transparency, participation, accountability, effectiveness, efficiency, and responsibility demonstrate the interdependence of multiple elements in governance quality ([Ariyanti, 2025](#)). Managerial competence is also linked to the effectiveness of VOE functions, requiring analysis of individual capabilities alongside organizational mechanisms ([Hastuti et al., 2022](#)).

Internal capacity is also linked to communities' position within VOE institutions. Community relations encompass the use of goods or services, social ownership, participation, oversight, and involvement in activity development. Citizen ownership and substantive participation strengthen community attachment to village organizations ([Faedlulloh, 2018](#)). Communication, coordination, responsibility allocation, and community involvement also shape the quality of relations among village governments, VOEs, and residents ([Arafat et al., 2022](#)). Within village governance, participation and coordination among stakeholders are likewise associated with the continuity of development implementation and resource mobilization ([Ulandari et al., 2024](#)).

The relational dimension includes village governments and external partners. Village governments play an important role in institutional establishment, capital contributions, guidance, facilitation, and resource provision. Companies, financial institutions, market actors, and other partners provide opportunities for access to resources and economic activity. The quality of these relations is associated with role clarity, resource distribution, communication, trust, commitment, and the capacity to undertake joint activities. Collaborative governance processes involve initial conditions, institutional design, dialogue, and trust building ([Ansell & Gash, 2008](#)). Managerial capacity, accountability, and procedural formalization are also associated with VOEs' capacity to develop collaboration. Resource inequalities and weak joint forums may constrain the development of stakeholder relations ([Samosir et al., 2025](#); [Asril et al., 2026](#)).

Kutai Kartanegara Regency provides a relevant empirical context because economic opportunities coexist with the need to strengthen VOE capacity. Relations with the mining, forestry, and plantation industries have created opportunities for collaboration, but their use depends on managerial capacity, human resources, facilities and infrastructure, business consistency, and stakeholder support ([Pratama et al., 2025](#)). Payang Sejahtera VOE's experience in the same region shows more productive relations with the village government, community, and companies through a clear organizational structure, professional management, participation, work standards, and partnerships ([Rial et al., 2026](#)). These conditions indicate that a shared regional context and similar economic opportunities have not produced uniform levels of institutional functioning.

The VOE literature includes several related areas of study. Governance studies emphasize transparency, accountability, professionalism, human resources, remuneration, work procedures, oversight, and the quality of financial information (Widiastuti et al., 2019; Sofyani et al., 2020; Widiastuti et al., 2022; Tarlani et al., 2023; Ariyanti, 2025). Institutional strengthening is associated with professional, participatory, transparent, accountable, and sustainable management (Indrastuti & Ash-Shidiqqi, 2022). Participation studies focus on community involvement and citizen ownership, whereas collaborative studies examine the quality of relations, managerial capacity, trust, leadership, and resource exchange (Ansell & Gash, 2008; Faedlulloh, 2018; Samosir et al., 2025; Asril et al., 2026). In Kutai Kartanegara, previous studies have examined relations between VOEs and companies or industrial sectors. However, variations in how several VOEs function within the same regency context still require an integrated explanation of internal mechanisms and relational configurations (Pratama et al., 2025; Rial et al., 2026).

This study analyzes institutional capacity through the configuration of internal governance mechanisms and the quality of relations with the surrounding institutional environment. The internal dimension covers administration, accountability, role allocation, professionalism, incentives, work procedures, and oversight. The relational dimension covers village government support, community involvement, trust, and relations with external partners. This study's novelty lies in its integrated analysis of these two dimensions across nine VOEs within a single regency context. Social mapping analyzes institutional position and variation in functioning, while institutional Venn diagrams explain stakeholder relationship configurations. This study analyzes the institutional capacity of VOEs in Kutai Kartanegara Regency by examining the relationship between internal governance and relations with village governments, communities, and external partners to explain their substantive functioning in performing social and economic functions.

METHOD

This study employed a qualitative approach with a case study design (Creswell & Poth, 2018). Kutai Kartanegara Regency constituted the case boundary, while nine VOEs in nine villages served as embedded units of analysis within a single local-government context. The units were purposively selected based on their relevance to management conditions, organizational functioning, and institutional relations. Cross-unit comparison identified variations among active, developing, stagnant, and inactive patterns, as well as similarities and differences in institutional configurations within the same regency context.

The study purposively selected informants based on their knowledge, experience, and direct involvement in VOE management and institutional relations (Spradley, 2016). They included VOE managers, village heads or village government officials,

and community members or community leaders. Information from VOE managers was used to examine administration, accountability, role allocation, professionalism, managerial capacity, incentives, work procedures, oversight, training, and business relations. Village governments provided information on institutional establishment, capital contributions, guidance, capacity building, oversight, asset utilization, and institutional support. Community data were used to examine service use, involvement in planning and oversight, trust, sense of ownership, and experiences of interacting with VOEs.

Primary data were collected through in-depth interviews, field observations, social mapping, institutional Venn diagrams, and fieldwork documentation. Participatory Rural Appraisal (PRA) was applied through social mapping to produce an empirical synthesis of VOEs' position within village socioeconomic structures, based on organizational activities, village government support, human resource conditions, community involvement, internal governance, and the reach of economic benefits. Institutional Venn diagrams mapped the proximity, functions, and quality of relations between VOEs and village governments, communities, and external partners. Secondary data included Articles of Association and Bylaws, accountability reports, planning documents, financial documents, laws and regulations, government agency data, and other relevant institutional documents.

Data analysis included organizing data, comprehensive reading, coding, developing categories and themes, cross-source and cross-unit comparisons, and interpreting relationships among findings ([Braun & Clarke, 2021](#)). Social mapping was used to analyze the position and variation in VOE functioning. Interviews, observations, and documentation deepened the analysis of internal governance mechanisms. Institutional Venn diagrams were used to examine stakeholder relationship configurations. The internal dimension was analyzed through administration, accountability, role allocation, professionalism, incentive systems, work procedures, oversight, and organizational functioning. The relational dimension was analyzed through village government support, community participation, trust, relations with external partners, access to resources, and the capacity to undertake joint activities.

Data credibility was strengthened through source triangulation and method triangulation ([Miles et al., 2014](#)). Source triangulation involved comparing information from VOE managers, village governments, communities, and institutional documents. Method triangulation involved comparing findings from interviews, observations, participatory mapping, and field documentation. Cross-unit comparison identified variations in functioning within a single regency context. The analytical stages included identifying VOE positions through social mapping, analyzing internal governance, examining relational configurations through institutional Venn diagrams, and interpreting how internal and relational dimensions shape substantive institutional capacity.

RESULTS AND DISCUSSION

A. Position and Variation in VOE Functioning within the Village Socioeconomic Structure

Social mapping across the nine villages showed variation in VOE activity, categorized as active, developing, stagnant, and inactive. These variations were reflected in business continuity, facility utilization, managerial activity, community relations, and the reach of benefits. Despite variations in activity intensity across units, the mapping showed that VOE had not attained a strong position within village social structures and that economic benefits remained unevenly distributed. The intensity of business activity did not directly correspond to the level of socioeconomic functioning because substantive capacity was also linked to governance, government support, community involvement, and the quality of institutional relations. Other contexts have also identified VOE that continued economic activities despite limitations in human resources, management, and participation ([Agunggunanto et al., 2016](#)).

Relations between VOE and village governments remained dominated by administrative aspects, particularly institutional establishment and initial capital contributions. These forms of support provided legal standing, organizational structures, and initial resources. However, the utilization of productive assets, business assistance, oversight, capacity building, and integration of VOE activities into village economic agendas had not reached comparable levels of implementation. Institutional establishment and capital contributions therefore provided a formal basis that required effective management mechanisms to generate broader economic and social functions. Previous VOE governance studies have similarly identified differences between the presence of formal governance instruments and their implementation, particularly in organizations that already had structures and documents but whose management mechanisms remained inadequately implemented ([Widiastuti et al., 2019](#)).

Limited external support and human resources were reflected in insufficiently practice-oriented training provided by government agencies, inactive supervisory bodies, and limited capacity building. These conditions indicate that existing support did not fully correspond to VOE management needs. Training that insufficiently focused on administration, bookkeeping, business planning, division of work, or operating procedures had limited effects on organizational practice. Inactive supervisory bodies also indicate the need to strengthen the capacity to perform institutional functions. Competence, guidance, oversight, and capacity building are important for effective VOE management ([Hidayat et al., 2024](#)).

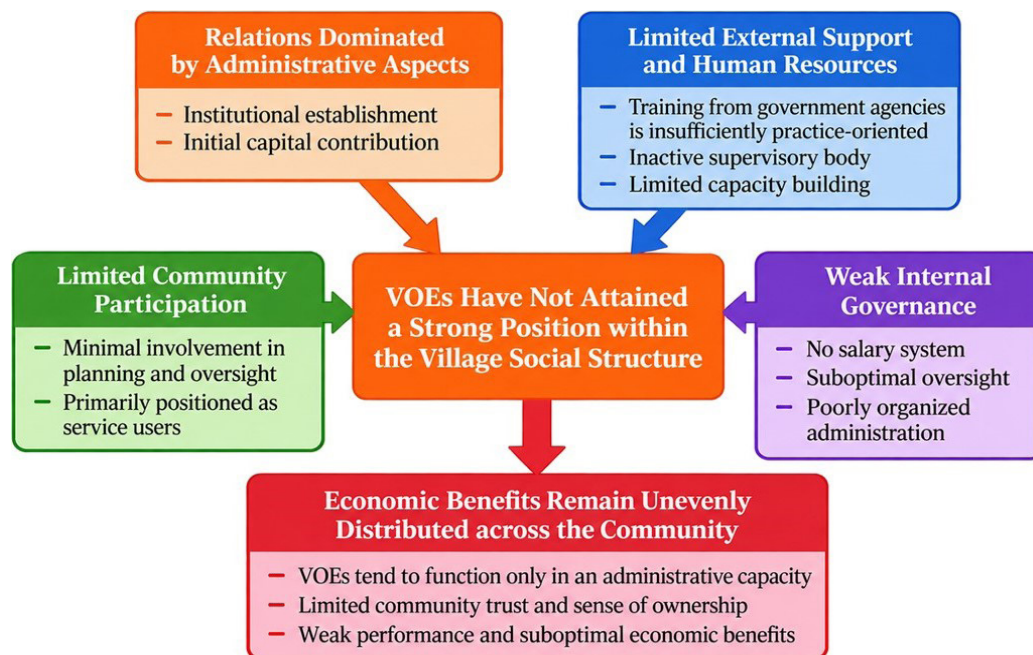


Figure 1. Social Mapping of VOEs in Kutai Kartanegara (Data Processed by the Researchers, 2026).

Community participation remained limited. Involvement in planning and oversight was minimal, while community members interacted with VOEs primarily as service users. Using goods or services created economic relations, whereas participation in planning and oversight offered opportunities for communities to influence organizational activities. Limited participation indicates that the social relationship between VOEs and communities had not developed proportionately to their organizational presence. Community members' role as users supported economic activity, while participation provided involvement, social control, and a sense of ownership over the organization.

The findings also showed that VOEs had limited community trust and ownership. Limited involvement, restricted access to management processes, and weak accountability were associated with community experiences of interacting with VOEs. Trust and a sense of ownership develop through access to information, opportunities to express interests, participation, and visible connections between VOE activities and village needs. Low involvement and a weak sense of ownership indicate an imbalance between VOEs' administrative presence and their attachment to communities. Citizen ownership and substantive participation are key to developing inclusive village organizations (Faedlulloh, 2018).

Economic benefits remained unevenly distributed across communities. VOEs tended to function only in an administrative capacity, had limited community trust and ownership, performed poorly, and did not generate optimal economic benefits. Active, developing, stagnant, and inactive patterns reflected differences in activity levels across units. The overall mapping showed that the existence of organizations and business units had not resulted in an even distribution of benefits. The socioeconomic function of VOEs is linked to their ability to connect

business activities, management, participation, and community needs. VOEs elsewhere have also faced limitations in business types, human resource capacity, and community participation (Baharuddin et al., 2023).

Kutai Kartanegara has economic opportunities in mining, forestry, plantations, and other market sectors. Utilizing these opportunities requires the capacity to meet partner requirements, maintain the quality of goods or services, conduct administration, and sustain activities. Similar regional contexts have not produced uniform capacities to utilize opportunities because institutional readiness differs across VOEs. Managerial capacity, human resources, facilities and infrastructure, market access, and relations with industry have also been identified as challenges for VOEs in Kutai Kartanegara (Pratama et al., 2025). Professional, participatory, transparent, accountable, and sustainable management supports VOEs' capacity to develop their economic functions (Indrastuti & Ash-Shidiqqi, 2022).

The indicators in Figure 1 show relationships among institutional establishment, capital contributions, limited external support, human resource conditions, community participation, internal governance, and the distribution of economic benefits. Institutional establishment and capital contributions provide formal structures. Limited external support and human resources constrain organizational strengthening, while low community participation restricts social attachment. Weak internal governance is associated with weak performance and suboptimal economic benefits. The distinction between organizations and institutions helps explain these conditions because organizations structure actors' positions and roles, whereas institutional functioning relates to rules, incentives, practices, and patterns of interaction (North, 1990). Variations in institutional position and functioning are therefore closely associated with VOE internal governance mechanisms.

B. Internal Governance and Institutional Functioning of VOEs

Internal governance explains the organizational mechanisms associated with the weaknesses identified in Figures 1 and 2. The findings show that administration remained poorly organized, no salary system existed, oversight was suboptimal, supervisory bodies were inactive, no standard operating procedures (SOPs) existed, and managerial performance was unprofessional. These indicators were interrelated. Administration generated organizational information, the salary system regulated incentives, SOPs provided process standards, oversight performed corrective functions, and professionalism reflected managers' capacity to implement organizational mechanisms.

Formally, VOEs had an institutional framework through their Articles of Association and Bylaws and the provisions of Government Regulation Number 11 of 2021. Implementation of this framework required administrative arrangements

that connected documents, records, activities, and accountability. Poorly organized administration resulted in organizational information that was not adequately structured to support activity monitoring, problem identification, decision-making, and follow-up. Differences in the availability of governance instruments and their implementation were also identified across VOEs, including remuneration, work procedures, monitoring, evaluation, and internal control ([Widiastuti et al., 2019](#)).

Administrative order was directly associated with financial accountability. Transaction records, supporting documentation, reports, examinations, and information disclosure constituted an accountability sequence. Poorly organized administration limited the quality of information available to managers, supervisory bodies, village governments, and communities for assessing activity development. Reliable accounting data require proper recording, reporting policies, transaction evidence, and internal control so that financial information can support accountability and evaluation ([Widiastuti et al., 2022](#)). Administration therefore functions as an organizational information mechanism that supports management and accountability.

Managerial professionalism is an element of internal governance associated with organizational performance. The findings show that managerial performance was unprofessional. This condition was associated with the capacity to perform assigned responsibilities, manage activities, use information, make decisions, and maintain work consistency. Role allocation and competence require clear authority so organizational functions do not depend on individual work practices. Limited managerial expertise is associated with low effectiveness in VOE management. Professionalism, transparency, responsiveness, regulatory compliance, and strategic vision are also associated with organizational performance ([Sofyani et al., 2020](#); [Hastuti et al., 2022](#)).

The absence of a salary system indicates weak organizational incentive arrangements. Managers performed their duties and responsibilities without a salary mechanism that provided certainty regarding compensation for their work. Remuneration is associated with payment, work expectations, continuity of involvement, and accountability for assigned functions. VOE studies show that remuneration is a governance element with relatively low implementation. Workforce adequacy, workload, and salary arrangements also relate to effective task performance ([Widiastuti et al., 2019](#); [Ariyanti, 2025](#)). The absence of a salary system therefore formed part of the institutional configuration that constrained the development of professional work patterns.

Inactive supervisory bodies and suboptimal oversight indicate weaknesses in organizational corrective functions. These conditions limited the examination of accountability information, activity monitoring, problem evaluation, and follow-up on task implementation. Oversight functions involve examining, evaluating,

monitoring, and correcting organizational activities. Studies of village governance show relationships among weak internal oversight, low accountability, and weak control mechanisms. Active oversight therefore has an important function in maintaining a balance between authority and accountability (Pade & Rasdianah, 2025).

The absence of SOPs meant work practices lacked standardized guidelines for implementation, responsibility allocation, and evaluation criteria. Dependence on individual practices increased organizational vulnerability to managerial turnover and differences in individual capacity. VOE governance includes planning, human resources, finance, production, logistics, marketing, and other organizational functions that require clear rules and work procedures (Tarlani et al., 2023). VOE strengthening in other contexts shows that organizational restructuring and SOP development clarify task allocation and support managerial professionalism (Irwansyah et al., 2025).

Training from government agencies was insufficiently practice-oriented, while capacity building remained limited. These conditions were associated with weaknesses in internal mechanisms. Training effectiveness is reflected in applying knowledge and skills to bookkeeping, SOPs, role allocation, business strategy, oversight, and organizational evaluation. Strengthening managerial knowledge and skills to meet specific management needs supports the capacity to manage village potential (Purwanti et al., 2021; Ibrahim et al., 2025). Applying the outcomes of guidance activities to organizational functions is therefore an important component of institutional capacity building.

The relationship among administration, professionalism, salary systems, SOPs, oversight, and capacity building shows that VOE functioning is shaped by multiple internal mechanisms. The findings show that legal standing, organizational structures, capital, and business units had not produced strong socioeconomic functioning because information systems, procedures, incentives, accountability, and corrective mechanisms had not operated in an integrated manner. Studies of VOE effectiveness likewise show that achievements in certain functions may coexist with unmet organizational objectives (Saputri & Istiqomah, 2023). Variations among active, developing, stagnant, and inactive units were associated with the quality of internal mechanisms that supported the continuity of activities.

Institutionally, formal rules generate institutional capacity through their implementation in organizational practice. Incentive structures, formal and informal rules, and rule implementation shape organizational behavior (North, 1990). Institutional functioning is also associated with applied rules, the allocation of rights and obligations, oversight, commitment, and the capacity to sustain joint action (Ostrom, 1990). Within VOEs, Articles of Association and Bylaws and organizational structures provide the formal framework. Administration, salary

systems, SOPs, accountability, professionalism, and oversight reflect implementation quality. The gap between formal arrangements and implementation explains the internal governance weaknesses identified in this study.

Internal governance conditions were associated with VOE relational capacity. Well-organized administration provides information to stakeholders. SOPs provide procedural certainty and clarity in allocating responsibilities. Professionalism supports fulfilling organizational obligations, while incentive systems support continuity of work. Oversight provides accountability mechanisms. Weaknesses in these functions limit organizations' capacity to meet community needs, maintain commitments, and respond to partner requirements. Internal governance therefore influences the establishment and maintenance of relations with village governments, communities, and external partners.

C. Stakeholder Relations and the Collaborative Capacity of VOEs

The institutional Venn diagram showed three primary patterns in VOE relations. Village governments had strong structural proximity to VOEs, but support remained dominated by administrative aspects and initial capital had limited strategic utilization. Community participation was low. Community members participated only as users and were not involved in management. Relations with external partners were characterized by limited cooperation and low sustained access to partnerships and markets. At the center of this configuration, VOEs had no salary systems, no SOPs, and unprofessional managerial performance. This configuration shows the relationship between the quality of stakeholder relations and internal organizational readiness.



Figure 2. Institutional Venn Diagram of VOEs in Kutai Kartanegara (Data Processed by the Researchers, 2026).

Relations with village governments were structurally close because of institutional establishment and capital contributions. Initial capital had limited

strategic use because it was not fully linked to business planning, productive asset development, capacity building, oversight, and activity continuity. Administratively dominant support provided a formal basis, but strategic functions required sustained coordination, guidance, asset utilization, problem-solving, and business development. Communication, resources, responsibility allocation, and coordination are important elements in relations among village governments, VOEs, business actors, and communities ([Arafat et al., 2022](#)).

Relations with communities were characterized by low participation. Community members participated only as users and were not involved in management. These conditions limited community involvement in planning, oversight, evaluation, and VOE management. Service use supported economic transactions, while institutional participation provided access to information, oversight, decision-making, and a sense of ownership. VOEs' administrative presence was not accompanied by strong social ownership among community members. Participation and citizen ownership are important elements in developing inclusive and sustainable village organizations ([Faedlulloh, 2018](#)).

Trust and a sense of ownership were associated with participation and institutional functioning. Trust develops through community experiences of information transparency, consistency of action, service quality, accountability, and involvement. Low participation limited community interaction with management processes and their ability to assess the relationship between VOE activities and shared interests. Involvement in planning, oversight, and evaluation expands information exchange and shared responsibility among actors. Communication, coordination, and participation also perform important functions in institutional relations within program and village development governance ([Arafat et al., 2022](#); [Ulandari et al., 2024](#)).

Relations with external partners were the most limited dimension. Cooperation was limited, while sustained access to partnerships and markets was low. Economic relations with companies, financial institutions, and market actors require the capacity to meet specifications for goods and services, maintain quality and supply continuity, conduct administration, comply with procedures, allocate responsibilities, and maintain trust. Limited internal capacity constrained VOEs' ability to meet the requirements of business relations. Resource differences between VOEs and companies also created inequalities in access to information, capital, business standards, and markets. Limited managerial capacity and human resources have also been identified as challenges in developing collaboration between VOEs and industry in Kutai Kartanegara ([Pratama et al., 2025](#)).

Comparison with Payang Sejahtera VOE demonstrates the importance of organizational readiness within the same regional context. More developed partnerships were supported by agreements, evaluation, organizational structures,

professional management, work standards, community participation, and village government support (Rial et al., 2026). Across the nine VOEs analyzed in this study, the absence of SOPs and salary systems, unprofessional managerial performance, and poorly organized administration constrained organizational readiness to meet the requirements of business relations. These conditions indicate that the presence of companies and economic opportunities within the same region did not produce uniform partnership quality because internal VOE capacity differed.

Kutai Kartanegara Regent Regulation Number 2 of 2025 provides a regulatory framework for relations between VOEs and companies. This regulation provides a formal basis for establishing partnerships, but its implementation depends on VOE institutional readiness. Role allocation, continuity of activities, administrative quality, work standards, the capacity to meet partner requirements, and market access constitute operational elements necessary for formal relations to support sustainable economic cooperation. The regulatory framework and organizational capacity are therefore two elements associated with VOEs' capacity to use partnership opportunities.

Collaborative governance can explain this relational configuration. Collaborative processes involve initial conditions, the distribution of power and resources, incentives for participation, institutional design, dialogue, trust building, commitment, and shared understanding (Ansell & Gash, 2008). The findings show that low community participation limited substantive involvement, while resource inequalities affected VOEs' position in their relations with companies. The dominance of administrative relations with village governments was also associated with limited cooperation quality. Collaborative capacity reflects actors' ability to establish coordination, support, participation, access, and joint action.

The collaborative governance regimes framework explains the relationship between internal and relational dimensions through principled engagement, shared motivation, and capacity for joint action. Principled engagement requires mechanisms to identify interests and develop shared understanding. Shared motivation is associated with trust, legitimacy, and commitment, whereas capacity for joint action requires procedures, leadership, knowledge, and resources (Emerson & Nabatchi, 2015). In the VOEs examined, low community participation constrained engagement. A weak sense of ownership reduced shared motivation. The absence of SOPs and salary systems, together with unprofessional managerial performance, constrained organizational capacity to sustain joint action consistently.

Comparison with other collaborative governance studies shows that the quality of relations is associated with institutional mechanisms and resource distribution. Synergy among VOEs, village governments, communities, and business

actors is associated with adequate managerial capacity, leadership, accountability, organizational procedures, and communication (Samosir et al., 2025). Resource inequalities, fragmented authority, and the absence of participatory forums are associated with weak relations among actors and limited trust building (Asril et al., 2026). The findings from Kutai Kartanegara show that relational limitations were associated with VOE internal readiness, government support, market access, resource availability, and partner characteristics.

Internal governance and stakeholder relations were mutually related. Poorly organized administration limited information availability for village governments, communities, and partners. The absence of SOPs reduced procedural certainty and clarity in allocating responsibilities. The absence of salary systems and unprofessional managerial performance constrained work continuity, while suboptimal oversight limited internal corrective functions. Within the relational dimension, low community participation restricted feedback and social ownership. Administratively dominant relations with village governments had not generated strong strategic support, while limited external cooperation reduced access to markets and resources. The interaction between these two dimensions produced weak institutional capacity.

Overall findings show that substantive VOE institutional capacity is associated with socioeconomic position, internal governance, and the quality of stakeholder relations. Social mapping showed a weak socioeconomic position, marked by the dominance of administrative functions, limited participation and trust, weak internal governance, and uneven distribution of economic benefits. The internal governance analysis identified problems in administration, professionalism, salary systems, SOPs, oversight, and capacity building. Institutional Venn diagrams showed that relations with village governments, communities, and external partners had not generated strong capacity for joint action. These conditions explain the limitations of formal existence, organizational structures, and capital in producing substantive socioeconomic functioning among VOEs.

CONCLUSIONS AND SUGGESTIONS

VOEs' institutional capacity in Kutai Kartanegara Regency varied across active, developing, stagnant, and inactive units. Social mapping showed that VOEs had not attained a strong position within village social structures. Relations remained dominated by administrative aspects, external support and human resources were limited, community participation was limited, internal governance was weak, and economic benefits remained unevenly distributed. Institutional establishment and capital contributions provided a formal basis, while substantive functioning depended on management quality, economic activities, social relations, and the distribution of benefits to communities.

Within the internal dimension, administration remained poorly organized, no salary systems existed, no SOPs existed, oversight was suboptimal, supervisory bodies were inactive, and managerial performance was unprofessional. Within the relational dimension, village government support remained largely administrative, and initial capital was used with limited strategic focus. Community participation was low. Community members participated only as users and were not involved in management. Cooperation with external partners was limited, while sustained access to partnerships and markets was low. The relationship between internal governance and the quality of stakeholder relations explains VOs' substantive institutional capacity.

VOE strengthening should focus on improving administration and accountability, developing and implementing SOPs, clarifying task allocation, improving competence and professionalism, establishing salary systems, and activating oversight functions in accordance with the roles and authority of VOE governing bodies. Strengthen relations with communities through information transparency and involvement in planning and oversight to increase trust and a sense of ownership. Village governments and the local government should connect institutional support with capacity building, asset utilization, business assistance, facilitation of prospective partners, market access, and evaluation of the continuity of cooperation.

Findings from nine VOs in Kutai Kartanegara Regency explain institutional capacity configurations in the study area. Longitudinal research can examine changes in administration, professionalism, oversight, participation, and partnerships following institutional strengthening. Cross-regional research can compare these configurations under different socioeconomic conditions. Developing operational indicators for salary systems, SOPs, oversight, trust, sense of ownership, market access, and capacity for joint action can also extend empirical examination of the relationship between internal governance and the quality of stakeholder relations.

REFERENCES

- Agunggunanto, E. Y., Arianti, F., Kushartono, E. W., & Darwanto, D. (2016). Pengembangan Desa Mandiri melalui Pengelolaan Badan Usaha Milik Desa (BUMDes). *Jurnal Dinamika Ekonomi dan Bisnis*, 13(1), 67-81. Retrieved from <https://ejournal.unisnu.ac.id/jdeb/article/view/395>
- Ansell, C., & Gash, A. (2008). Collaborative Governance in Theory and Practice. *Journal of Public Administration Research and Theory*, 18(4), 543-571. <https://doi.org/10.1093/jopart/mum032>
- Arafat, A., Syahrir, S. N., & Triani, N. (2022). Implementation of the Tourism Park Development Program in Unamendaa Village. *SIGn Journal of Social Science*, 3(1), 55-74. <https://doi.org/10.37276/sjss.v3i1.322>

- Ariyanti, T. P. (2025). Tata Kelola Badan Usaha Milik Desa berdasarkan Perspektif Good Governance (BUMDes Subur Makmur) di Desa Petiken, Kecamatan Driyorejo, Kabupaten Gresik. *Praja Observer: Jurnal Penelitian Administrasi Publik*, 5(3), 153-168. Retrieved from <https://aksiologi.org/index.php/praja/article/view/2260>
- Asril, M., Nadir, S., & Imran, M. (2026). Collaborative Governance in Ecotourism Development: The Role of Political Actors and Institutional Challenges in Barru Regency. *SIGn Journal of Social Science*, 6(2), 372-387. <https://doi.org/10.37276/sjss.v6i2.650>
- Baharuddin, M. I., Sabua, E. S., & Hanisa, N. (2023). Pengembangan Desa Mandiri melalui Pengelolaan Badan Usaha Milik Desa (BUMDes) di Desa Padang Kalua. *Mujtama': Jurnal Pengabdian Masyarakat*, 3(1), 13-20. <https://doi.org/10.32528/mujtama.v3i1.8705>
- Braun, V., & Clarke, V. (2021). One Size Fits All? What Counts as Quality Practice in (Reflexive) Thematic Analysis? *Qualitative Research in Psychology*, 18(3), 328-352. <https://doi.org/10.1080/14780887.2020.1769238>
- Creswell, J. W., & Poth, C. N. (2018). *Qualitative Inquiry and Research Design: Choosing Among Five Approaches* (Fourth Edition). SAGE Publications. <https://books.google.co.id/books?id=DLbBDQAAQBAJ>
- Emerson, K., & Nabatchi, T. (2015). *Collaborative Governance Regimes*. Georgetown University Press. <https://press.georgetown.edu/book/collaborative-governance-regimes>
- Faedlulloh, D. (2018). BUMDes dan Kepemilikan Warga: Membangun Skema Organisasi Partisipatoris. *Journal of Governance: Jurnal Ilmu Pemerintahan Universitas Sultan Ageng Tirtayasa*, 3(1), 1-17. <https://doi.org/10.31506/jog.v3i1.3035>
- Government Regulation in Lieu of Law of the Republic of Indonesia Number 2 of 2022 on Job Creation (State Gazette of the Republic of Indonesia of 2022 Number 238, Supplement to the State Gazette of the Republic of Indonesia Number 6841). <https://peraturan.go.id/id/perppu-no-2-tahun-2022>
- Government Regulation of the Republic of Indonesia Number 11 of 2021 on Village-Owned Enterprises (State Gazette of the Republic of Indonesia of 2021 Number 21, Supplement to the State Gazette of the Republic of Indonesia Number 6623). <https://peraturan.go.id/id/pp-no-11-tahun-2021>
- Hastuti, H., Mappamiring, M., & Aksa, N. (2022). Efektivitas Manajemen Strategik dalam Pengelolaan Badan Usaha Milik Desa (BUMDes). *Kajian Ilmiah Mahasiswa Administrasi Publik (KIMAP)*, 3(6), 1608-1622. Retrieved from <https://journal.unismuh.ac.id/index.php/kimap/id/article/view/9305>
- Hidayat, R., Amalia, D. R., & Fitria, D. (2024). The Effectiveness of Village-Owned Enterprise Management in Enhancing Community Economy: A Case Study of Puuroda Village. *SIGn Journal of Social Science*, 5(1), 50-64. <https://doi.org/10.37276/sjss.v5i1.407>

- Ibrahim, A. I., Zahara, Z., Adam, R. P., Islianty, N. R., & Nugraha, M. E. (2025). Penguatan Kelembagaan BUMDes melalui Peningkatan Kapasitas Pengelolaan Potensi Desa Masaingi. *Yumary: Jurnal Pengabdian kepada Masyarakat*, 5(4), 857-865. <https://doi.org/10.35912/yumary.v5i4.3545>
- Indrastuti, L., & Ash-Shidiqqi, E. (2022). Revitalisasi Kelembagaan BUMDes dalam Upaya Meningkatkan Kemandirian dan Ketahanan Desa. *El-Wasathiya: Jurnal Studi Agama*, 10(1), 125-139. <https://doi.org/10.35888/el-wasathiya.v10i01.4663>
- Irwansyah, I., Rinaldi, M., Ramadhani, M. H. Z. K., & Ramadhani, M. A. (2025). Pendampingan Tata Kelola BUMDes sebagai Upaya Membangun Kemandirian Ekonomi Desa Gunung Putar. *Eastasouth Journal of Effective Community Services*, 4(2), 318-326. <https://doi.org/10.58812/ejecs.v4i02.399>
- Law of the Republic of Indonesia Number 6 of 2014 on Villages (State Gazette of the Republic of Indonesia of 2014 Number 7, Supplement to the State Gazette of the Republic of Indonesia Number 5495). <https://dpr.go.id/dokumen/jdih/undang-undang/detail/1588>
- Law of the Republic of Indonesia Number 6 of 2023 on Enactment of Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation Into Law (State Gazette of the Republic of Indonesia of 2023 Number 41, Supplement to the State Gazette of the Republic of Indonesia Number 6856). <https://dpr.go.id/dokumen/jdih/undang-undang/detail/1825>
- Law of the Republic of Indonesia Number 3 of 2024 on the Second Amendment to Law Number 6 of 2014 on Villages (State Gazette of the Republic of Indonesia of 2024 Number 77, Supplement to the State Gazette of the Republic of Indonesia Number 6914). <https://dpr.go.id/dokumen/jdih/undang-undang/detail/1846>
- Miles, M. B., Huberman, A. M., & Saldaña, J. (2014). *Qualitative Data Analysis: A Methods Sourcebook* (Third Edition). Sage Publications. <https://books.google.co.id/books?id=p0wXBAAQBAJ>
- North, D. C. (1990). *Institutions, Institutional Change and Economic Performance*. Cambridge University Press. <https://doi.org/10.1017/CB09780511808678>
- Ostrom, E. (1990). *Governing the Commons: The Evolution of Institutions for Collective Action*. Cambridge University Press. <https://doi.org/10.1017/CB09780511807763>
- Pade, S. R. L., & Rasdianah, R. (2025). Village Fund Pathology and Supervisory Dysfunction: A Legal Analysis in Boalemo Regency. *SIGn Jurnal Hukum*, 7(2), 614-626. <https://doi.org/10.37276/sjh.v7i2.486>
- Pratama, A. P., Zamroni, A., Fitrianto, Y., & Rahman, M. (2025). Model Usaha BUMDes Berbasis Pertanian: Sinergi Desa dan Industri untuk Pembangunan Ekonomi Lokal di Kabupaten Kutai Kartanegara. *Journal of Agribusiness Science and Rural Development*, 5(1), 101-121. Retrieved from <https://jurnal.universitaspurtribangsa.ac.id/index.php/jasrd/article/view/1633>

- Purwanti, T., Jati, A. N., Utami, T., Kuntaryanto, O., & Nugrahani, C. (2021). Pendidikan dan Pelatihan Masyarakat dalam Meningkatkan Pendapatan Desa melalui BUMDesa sebagai Kekuatan Ekonomi Baru di Desa Jimbung Kecamatan Kalikotes Kabupaten Klaten. *BUDIMAS: Jurnal Pengabdian Masyarakat*, 3(2), 282-292. <https://doi.org/10.29040/budimas.v3i2.2998>
- Regent Regulation of Kutai Kartanegara Number 2 of 2025 on Partnership between Village-Owned Enterprises/Joint Village-Owned Enterprises and Companies (Regency Gazette of Kutai Kartanegara of 2025 Number 50). <https://peraturan.bpk.go.id/details/324840>
- Rial, S., Ibrahim, S., & Sadhana, K. (2026). Collaboration between Village Government, Private Enterprise and BUMDes in Community Economic Empowerment in Sungai Payang Village Kutai Kartanegara Regency. *International Journal of Research in Social Science and Humanities*, 7(1), 180-216. <https://doi.org/10.47505/ijrss.2026.1.15>
- Samosir, W. M., Agani, M. W., Puteri, N. H., Ardiansyah, F., & Lorang, F. D. (2025). Tata Kelola Kolaboratif dalam Pembangunan Ekonomi Lokal: Studi Kasus BUMDes Guwosari Maju Sejahtera. *Politika: Jurnal Ilmu Politik*, 16(1), 31-51. <https://doi.org/10.14710/politika.16.1.2025.31-51>
- Saputri, A. A., & Istiqomah, I. (2023). Efektivitas Pengelolaan Badan Usaha Milik Desa (BUMDes) dalam Meningkatkan Kesejahteraan Masyarakat Desa Wangkelang. *Journal of Community Development and Disaster Management*, 5(1), 1-6. <https://doi.org/10.37680/jcd.v5i1.2754>
- Sofyani, H., Ali, U. N. N. A., & Septiari, D. (2020). Implementasi Prinsip-Prinsip Tata Kelola yang Baik dan Perannya terhadap Kinerja di Badan Usaha Milik Desa (BUMDes). *JIA (Jurnal Ilmiah Akuntansi)*, 5(2), 325-359. Retrieved from <https://ejournal.undiksha.ac.id/index.php/jia/article/view/29053>
- Spradley, J. P. (2016). *Participant Observation*. Waveland Press. <https://books.google.co.id/books?id=q7DlCwAAQBAJ>
- Tarlani, T., Saraswati, S., Akliyyah, L. S., Rakhman, L. F., & Dananjaya, H. A. S. (2023). Indikator Tata Kelola Badan Usaha Milik Desa (BUMDes) di Indonesia dalam Merespon Era Revolusi Industri 4.0. *Jurnal Pembangunan Wilayah dan Kota*, 19(3), 422-434. <https://doi.org/10.14710/pwk.v19i3.41081>
- Ulandari, U., Azhari, A., & Hidayat, R. (2024). Integration of Sustainable Development Goals into the Popalia Village Government Work Plan. *SIGn Journal of Social Science*, 4(2), 100-113. <https://doi.org/10.37276/sjss.v4i2.336>
- Widiastuti, H., Putra, W. M., Utami, E. R., & Suryanto, R. (2019). Menakar Tata Kelola Badan Usaha Milik Desa di Indonesia. *Jurnal Ekonomi dan Bisnis*, 22(2), 257-288. <https://doi.org/10.24914/jeb.v22i2.2410>
- Widiastuti, H., Yuniarto, A., & Rahmawati, E. (2022). Evaluasi Tata Kelola Keuangan dan Sistem Akuntansi di BUMDes Mekaring Pono Potorono. *Jati: Jurnal Akuntansi Terapan Indonesia*, 5(2), 131-143. <https://doi.org/10.18196/jati.v5i2.13485>