

# **Financial Performance of Village-Owned Enterprises (VOEs): Case in Blitar Regency, East Java, Indonesia**

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## **【Objective】**

Village Owned Enterprises (VOEs) are business entities owned by the village. As public enterprises, VOEs are expected to play an important role in mobilization of resources and they can do so if they are financially viable. Therefore, financial performance is a vital element for Village-Owned Enterprises (VOEs) sustainability. This research aims to examine the growth of financial performance of Village-Owned Enterprises (VOEs) in Blitar Regency between 2015 and 2019, and to explore factors that affect VOEs' financial performance.

## **【Method】**

This research employs a multi-method design, that involves both quantitative and qualitative design and consist of two-phases. In the first phase, quantitative approach and financial ratios are used to examine VOEs' financial data and to know their financial performance. While in the second phase, qualitative approach, through semi-structured interview toward six VOEs representing VOEs with increasing and decreasing performance, is employed to explore factors that affect the financial performance of Village-Owned Enterprises (VOEs) in Blitar Regency.

## **【Results】**

The results of financial ratio analysis showed that out of 85 observed VOEs, 74 of them did not go up from their previous level. However, there are VOEs whose financial performance are increase and decrease, which are five and six VOEs, respectively. Next, we analyze the result of semi-structured interview and found some aspects that affect financial performance of VOEs. VOEs with increasing performance are supported by good human resources, have support from the Village Government, and is able to see business opportunities that exist, according to community needs and village potential. In contrast, VOE with decreasing performance is largely devoid of this support and capability.

## **【Conclusion】**

The financial performance of VOEs in Blitar Regency, in general, did not show any significant growth. In addition, human resources, support from the Village Government, and VOE's ability to see business opportunities that exist in accordance with community needs and the potential of the village become the factors that affect the financial performance of Village Owned Enterprises (VOEs). These factors should be considerations for policymaker and other stakeholders in setting appropriate programs or activities intended to enhance the development of VOEs, which will eventually, contributes to the village development.