

INVESTIGATION OF THE ENVIRONMENTAL IMPACT OF ENTERPRISE INVESTMENT OWNED BY THE VILLAGE*

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Abstract

Over the past decades, paying attention to not damaging the environment and following environmental works have been considered indicators of environmental perspectives and manners amongst rural dwellers. On the other hand, village is a potential place for a country's economy. Village-owned enterprises are village businesses managed by the village government to strengthen the village economy and the ecosystem at the same time. Village-owned enterprises cannot operate without investors who provide matching funds. This study aims to determine the motivation of investors in investing and how they behave in preserving the ecosystem as well as making investment decisions in village-owned enterprises. The research method used is qualitative. This study involved two village-owned enterprise investors and members of the village government in the clear water village of West Sumatra province. Data collection was carried out through in-depth interviews and direct observation of informants from village officials. Data analysis used a phenomenological approach. The results demonstrate that the private investment made by investors from the village government was motivated to consider the environmental issues while investing. The impact of this research is the reduction of unproductive land and environmental damage.

Keywords: environment, environmental perspectives, social benefit, social investment, village-owned enterprise

1. Introduction

The social investment aims to prepare people to survive market competition (Apostolopoulos et al., 2019). It focuses on increasing human capital, skills and creativity, and independence through work, all of which are key to achieving economic prosperity (Kim and Choi,

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2020). Social investment can contribute (Steiner and Teasdale, 2019) because it has not provided financial returns to investors. There are some types of groups on social investment. The first group is referred to as donors, where they aim to improve the quality of life of social communities and do not expect financial benefits. Social entrepreneurship in national development plays an essential role in improving the quality of life and socio-economic development. Social entrepreneurs bridge economic problems through equipping and strengthening communities that provide social benefits (Ge et al., 2019). The social entrepreneur model is increasingly involved as a critical driver in overcoming problems related to sustainable development (Ketprapakorn and Kantabutra, 2019). The focus of social entrepreneurship is not exclusively on profit but also on increasing individuals' ability to survive against the economic competition by providing valuable services for others (Chandra, 2017). The goal of a social entrepreneur is to create social value and local economic growth, contrary to conventional business goals that focus on shareholder prosperity (Raza et al., 2020). Thus, the benefits of the social entrepreneurial model can be enjoyed by the wider community (Fowler et al., 2019), rather than business profits only enjoyed by certain groups (Peña-Miguel and De La Peña, 2018). The second group is visionary or opportunistic investors, where they invest to solve social problems and hope that the positive social changes they are pursuing can provide economic benefits (Chatzitheodorou et al., 2019). In the context of power and governance, social investment is relatively inclined towards human development. Therefore, social investment aims to improve social welfare by increasing community capital.

The success of social investment prioritizes social benefits, such as increased community business as a buffer for economic stability, increased community participation and quality in economic development, increased labour absorption in productive sectors in society (Hall and Knuth, 2019; Heidary et al., 2017). An increase in financial benefits will accompany a good increase in social benefits (Gao et al., 2019). Although social benefits are the primary impact obtained from social investment in the early stages, financial returns are a long-term goal expected by investors.

Village-owned enterprises are established based on village laws to encourage and accelerate village development (Badaruddin et al., 2020). Village-owned enterprises are expected to provide social and economic benefits to the community (Anh et al., 2017). For rational investors, social enterprises are not as attractive as investments (Lyon and Owen, 2019). Social enterprises, which seek economic prosperity by providing social benefits, are a precarious place for conventional investors. Currently, village-owned enterprises are highly expected to become a pillar of national development driven by rural communities. Serious efforts are needed to realize the improvement of the welfare of rural communities through the management of village-owned enterprises that are effective, efficient, professional, and independent (Komariah et al., 2020). Village-owned enterprises, as pilot entrepreneurs, cannot run independently if they only rely on funds from the village government (Pavlenko et al., 2018). An aggressive improvement requires purposeful motivation and substantial leadership by maximizing both intrinsic and extrinsic components of communities (Jumintono et al., 2018). Village-owned enterprises need investment from the community to meet operational capital (Mustafa et al., 2020). Therefore, village-owned enterprises cannot be allowed to operate without investors who provide matching funds. However, village-owned enterprises are considered a high-risk investment. This study aims to understand the motivation of investors in investing and how they behave in making decisions to invest in village-owned enterprises.

2. Method

The research method used in this research was a qualitative approach. Data were collected using in-depth interviews and observation methods. Interviews were conducted to understand the reality of investment from people who experience it directly. Informants were those who were involved and experienced the natural phenomenon that was being investigated (Barbosa and Fonseca, 2019). Informants in the study were investors in village-owned enterprises and members

of the village government in charge of discussing, agreeing on Draft Village Regulations, and supervising the performance of the Village Head. Data analysis used a phenomenological approach. The object was observed then arranged in a pure consciousness so that its substance was visible and was intersubjective.

The research site was a village-owned enterprise established by the village, namely "Air Jernih". The Air Jernih village, one of the villages in the province of West Sumatera, Indonesia. The enterprise was established in 2016, based on the deliberation agreement of the village community. The enterprise manages the Agricultural business unit and the Waste Bank business unit. A director and 12 employees led the enterprise. The informant involved two investors, and they were members of the consultative bodies incorporated into the country's governmental devices.

3. Results

3.1. Power and policy

It was found that investors' interest was due to the harmony and compatibility between the spirit offered by the director of the village-owned enterprise and village leaders. These findings support the power and policy context,

"This organization, although based on programs ... there is a match between those upper level and those lower level. This match is the very basis for us who are in the deliberation body."

Harmony and suitability are essential to him because, without harmony, it will be challenging to run a village economic institution. This harmony will create balance, which is very important in running an institution that collaborates between the village government and the community. Also, investment in this village-owned enterprise has shown impressive results; although not yet in the form of financial benefits, investors are still satisfied with these results.

As an element of the "Air Jernih" Village administration, informant 1 has considerable influence in determining policies for the village. However, the policy to increase village participation in village-owned enterprises cannot be implemented at any time. Therefore, investment from the village community is needed for the progress of this organization. Informant 1, as a village leader, said that he was involved in influencing other elements of society to include their capital in village-owned enterprises.

"... No village, what is meant here is the shareholder, what is clear is that we will lobby together".

Village-owned enterprises can optimally utilize the village potential in terms of human resources, financial resources, and natural resources, as stipulated in government regulation. The optimal utilization is expected to create results that can be reused as a source of village income and the village community's welfare. Informant 2 also says that he invites new potential investors and disseminates it. He did this because he was proud of the achievement of the village-owned enterprise, which had brought the good name of the village "Air Jernih" to the provincial level, although it was still in the pilot stage. The benefits of having a village-owned enterprise are felt directly by the village community, including informants, on their unused land rented by the village community. Unproductive land has been leased by the enterprise to be used as cornfields under the agricultural business unit. Likewise, the waste bank business unit of the enterprise has contributed to reducing community plastic waste and processing it into other economic products. Although the operation of these business units has not yet resulted in financial benefits for investors, these business units have provided other social benefits for the community. His pride in the performance of village-owned enterprises is evident from his willingness to help this organization obtain additional operational costs from investors. Although this organization has not provided financial benefits, he stated that it is normal because it can still be held accountable for this transparently.

"... for us too, while we can still see the target, it can be accounted for, let alone 200 million ... When it is necessary, we will give 400 million to this enterprise".

3.2. Current and future motives

The village-owned enterprise currently being initiated is the answer to many of the workforces who have not yet found employment opportunities. The hope that this organization can develop, followed by the increasing number of business units it manages, becomes one of the Informant 1 investment motives. Based on this motive, Informant 1 explains his willingness to contribute to the development of village-owned enterprises through capital participation.

"... what is clear for us is that with the increasing number of business units in the future, our children will be recruited."

Although he had not yet received a financial return on his investment at this time, he explained that the sacrifice was not of any value compared to the long-term benefits he expected. Thus, he considers that the investment capital that has been made cannot be equity participation.

"... to us here, the problem of capital participation, it is not just as capital participation".

3.3. Investment as voting rights and ownership rights over village-owned enterprises

The future of the village "Air Clear" is in the hands of the younger generation. This hope was what the informant wanted to realize 2. He did not wish to that the young generation of the village to leave their hometowns. On the contrary, he hopes that the young generation will build their village in the future. The presence of village-owned enterprises, which is getting more robust in the future, with the increasing number of business units being developed, could be one aspect that can absorb the youth workforce of Air Jernih Village. He also likens the village-owned enterprise in the future as a machine that can run systematically to work automatically in increasing the prosperity of Nagari.

"... like a car, the route is available, and now it is just waiting for passengers".

Investments given to village-owned enterprises have become a symbol of informant ownership number 2 to obtain their rights. Informant number 2 currently has shares in the enterprise, so that in the future, he hopes that his children can be accepted to work in the enterprises as a reward for his current sacrifice.

"... So with our shares there, the number of business units has increased. Moreover, many of our children work in village-owned enterprises."

In other words, informant number 2 stated that it is as if he is currently building or enforcing a building. The hope is that in the future, the building can be enjoyed by his children.

"... Already standing firmly in the village, in the end, it is a child. Because we cannot possibly give them a job."

3.4. Social benefits and individual benefits as the reality of investing in village-owned enterprises

As a member of the "Air Jernih" village community, informant number 1 also felt the social benefits obtained from village-owned enterprises. He explained that enterprises had used unproductive land as cornfields. He also said that as a member of the waste bank, he feels that the household waste he produces can be used by village-owned enterprises to be processed into more valuable products. Therefore, although he has not received certainty about the financial return on his investment, he is very confident in the performance of the management of village-owned enterprises and business units that he currently leads. Informant number 1 is very optimistic that the enterprise owned by village "Air Jernih" will develop under the current director's leadership. Therefore, he never questioned the return of investment because he trusts the leadership of the director

"... For example, we invest a million and hope to return two million. We never thought of going there. We never thought about it in our participation questioned the profit. Only the social benefits that is what we are looking for."

The explanation of the enterprises long term planning also became another reason for the investment decision of informant number 2. He became aware of the picture of the potential and benefits that will be enjoyed by the village community "Air Jernih" in the future. Informant number 2 implies that he agrees with the image of the future explained by the director. The findings can be illustrated in Fig. 1.

"... what is important is that with a village-owned enterprise, if it is strong in the future, it can recruit many workers, that is what we hope".

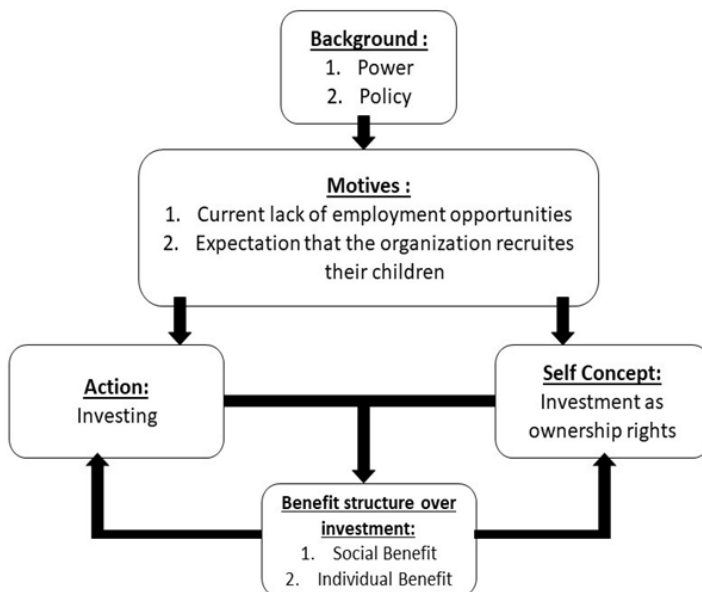


Fig. 1. Model of investor Motivations on Enterprise Social Investment Owned by the Village

4. Discussion

Social investment is often used to deal with social problems such as the economy and unemployment through public services (Sinclair et al., 2018). The aim is to improve the welfare of future generations by providing provisions to face social risks in the future (Andersson, 2018). Such as the policy on the formation of village-owned enterprises carried out by the village government. Village-owned enterprises are expected to provide social and economic benefits for rural communities. Also, this enterprise is different from a nonprofit enterprise (Badaruddin et al., 2020). However, the social benefits of this organization outweigh the financial benefits. So, for rational investors, this type of investment is less attractive. Village-owned enterprises, which are expected to be one of the pillars of national development, were established to empower and prosper the village community. However, this enterprise cannot operate correctly if it only relies on funds from the village government. Therefore, the enterprise requires investment and commitment from the village community (Bull and Ridley-Duff, 2019) to support the operational capital. In other words, there is a competing logic between the rationality of investors and the

goals of the enterprises (Davies et al., 2019). The purpose of this study is to investigate the behaviour of investors who have invested their money in village-owned enterprises.

This business entity cannot run on its own if it only relies on funds from the village government. Although the organization focuses on investing in maximizing employment and increasing public services, the government should not be overly ambitious in implementing social investment strategies to improve social policies (Baranauskiene and Alekneviene, 2019). The social investment strategy aims to achieve the continuation of social welfare (Chan et al., 2017). This welfare adjustment strategy is carried out by changing capitalism into productive social welfare. Therefore, this enterprise requires investment from the community to meet its operational capital. The village government policy to invest in this enterprise is very positive in the first step (Winarsi and Moechthar, 2020). Not only from the village government but investment from other members of the Village community is also essential for the advancement of the enterprises.

The village government used its power to invite new potential investors and disseminate this a policy that results from a complex configuration of intersecting interests (Häusermann, 2018). Meanwhile, government support for village-owned enterprises is a typical cognitive and normative frame of reference from the policy perspective. The common cognitive of policymakers is to publish their understanding of social issues and create and oversee the policy formulation in various social policies (Hemerijck, 2018). Therefore, the government's interest in supporting the smooth running of village-owned enterprises is to participate in providing additional sources of funds as investors, as well as inviting other community leaders to participate. Under power and political viewpoint, social investment encourages community leaders to sacrifice current consumption to reallocate resources to programs whose results are expected to make people's lives better in the future (Pustokhina et al., 2021). In other words, the aspects of power and policy are the main reasons investors invest in village-owned enterprises. Social attitudes and political attractiveness (Shengfang and Mina, 2016) are direct subjective appearances that reflect psychological motives.

The village-owned enterprise currently being initiated is the answer to many workers who have not yet found work. The hope that village-owned enterprises can develop, followed by the increasing number of business units they manage, has become one of the informant's number 1 investment motives. The characteristic of social investment lies in innovation (Picciotti, 2017) in terms of logic and institutional norms, and investment returns and objectives. In the context of conventional investment, these two dimensions can work in harmony. However, in the context of social investment, these two dimensions conflict with one another (Hemerijck, 2018). Even so, the investment given to village-owned enterprises remains a symbol of investor ownership to obtain their rights in the future. If currently, the organization is still focused on social benefits, then when the organization has developed in the future, investors have the right to share in their profits.

The investment reality in village-owned enterprises can be grouped as social benefits and individual benefits. The community enjoys social benefits at the first stage. Village-owned enterprises can optimally utilize the village's potential, such as unused land owned by residents and household waste that has damaged the environment. However, there are no financial benefits currently. Idle land as a cornfield can provide jobs for farmworkers. Likewise, the waste bank business unit can reduce environmental issues from household waste. Although the objectives of the social investment may vary, the policy to develop village-owned enterprise remain consistent (Nicholls and Teasdale, 2019). It implies that investors still expect individual benefits that can be obtained from their investment in the future. It is hoped that the development of a business unit can create more employment opportunities. It is expected that the enterprise prioritizes the recruitment of investor's children as a manager in the future.

5. Conclusions

The social investment aims to decrease environmental damage and increase economic prosperity through increasing human resources, skills, and independence. Social investment has not provided economic benefits in the early stages, but it has provided social contributions. This study found that investors expect returns on investment in the form of social benefits and individual benefits. Social benefits are non-economic benefits for the operation of village-owned enterprises. These benefits can be felt in the short term by investors. The social benefits enjoyed by the community from the existence of this business entity are the management of idle land into cornfields and the use of household waste into items of economic value.

Meanwhile, individual benefits are benefits that are expected to be enjoyed in the long term. Individual benefits arise from the hope of success of a village-owned enterprise that can add more business units. Investors' expectations arise in the form of a desire to obtain the right to participate in investors to prioritize children of investors in the recruitment of the management of the business entity.

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