

Balanced Coopetition in the Establishment of a Village-Owned Enterprise

M. R. Khairul Muluk*

Department of Public Administration
Universitas Brawijaya
Malang, Indonesia

*mrkhairulmuluk@gmail.com

Abstract—This paper aimed to examine the phenomenon of coopetition in the establishment of Village-owned Enterprises (VoE). Coopetition is important in driving the progress of VoEs, as VoEs combine two different characteristics (cooperation and competition) in the process of empowering the local community. This research was conducted at the end of 2019 in a village located in Ngawi Regency, Indonesia. This research used a qualitative approach and focused on: players, added values, rules, and tactics. The research was focused on the village level and found balanced coopetition among the stakeholders in the establishment of a VoE. The balance was of medium intensity coopetition –medium levels of cooperation and competition. The stakeholders started from a position of cooperation, which became more competitive, and finally reached balanced coopetition. These findings constitute the first coopetition study at the village level and bring additional knowledge to the understanding of coopetition in public sector organizations.

Keywords—*balanced coopetition, competition, cooperation, village government, village-owned enterprise*

I. INTRODUCTION

There is still little research conducted on coopetition in the public sector, and there has been no research on coopetition at the village level. This study investigated coopetition in the establishment of village-owned enterprises at the lowest government level and closest to the community. Village governance in Indonesia is complicated because it is affected by several factors. The government role is administered by the village authority, which is controlled by the Ministry of Home Affairs (MOHA). The development of the village is managed by the Village Facilitator, who is the field administrator of the Ministry of Villages, Disadvantaged Regions, and Transmigration (MOVA). Village development involves local economic development, which is accelerated by the establishment of Village-owned Enterprises (VoE).

The establishment of a business entity involves many parties, such as the village authority, village facilitators, the Head of District, and the Regency Department of Village Affairs. Each of these parties has interests in the village so that competition occurs, but at the same time, there is also

cooperation among these parties. The competition can result in a failure to establish a VoE or a failure in operational effectiveness. However, each party has its own goals, which require assistance from the other parties if they are to be achieved. It is this interdependence that forces the different parties to cooperate. Generally, the failure to establish a VoE or the lack of operational effectiveness of a VoE in Indonesia is caused by a failure in managing this competition and cooperation. The Presidential Report revealed that, in Indonesia, there were 2188 VoEs which were not active, and 1670 VoEs that were not optimal [1]. It was the need to understand this coopetition issue that prompted this study. The results of this research provide recommendations for the establishment of effective VoEs so that the effectiveness of local economic development is improved.

Research into competition and cooperation has been developed into coopetition theory. This theory focuses on simultaneity [2,3], combination [4], integration [5], and balance [6,7] of competition and cooperation. Initially, this concept was developed in the business sector to respond to the increasingly complex, dynamic, and interdependent environment [8-10]. Recently, coopetition studies in the public sector have emerged, although they are still very limited [3,11-15]. More studies are needed, especially regarding coopetition at various levels of government, between levels of government, or between the government sector and the non-government sector. This research study intended to contribute to the understanding of coopetition at the lowest government level closest to the community: the village level. Local bureaucracy at this level is the frontline in solving community problems when other bureaucracies are located far from the reach of the community.

II. LITERATURE REVIEW: COOPETITION THEORY

Coopetition is a combination of competition and cooperation [2]. Coopetition contains a paradox because it combines two opposing components: competition, which involves conflict, and cooperation, which involves working together. In competition, relations between organizations are independent of each other, and they gain advantages over each other in a win-lose situation. In cooperation, relations between

organizations are interdependent, and this promotes harmony in the relations between organizations. The paradoxical nature of coopeition is needed because of changes in organizational interactions, which are interdependent in nature [16].

Brandenburger and Nalebuff developed coopeition theory by taking inspiration from game theory and produced a framework called PARTS: players, added values, rules, tactics, and scope [2]. Players indicates who is involved in coopeition. Added values indicates the benefits each party receives. Rules refers to the rules developed so that coopeition can take place properly. Tactics refers to how the coopeition process is run. Scope is the reach of the ongoing coopeition.

There are several opinions regarding the benefits achieved by coopeitive organizations. Brandenburger and Nalebuff proposed that coopeition is carried out to create value or capture value [2]. In this viewpoint, the financial benefits are dominant. Brandenburger and Nalebuff built a model, called the net value, to investigate how this value was generated by the coopeition process [2]. Cecon stated that the benefits of cooperation in local government help to achieve greater effectiveness and efficiency in meeting the objectives of public sector organizations [17]. This cooperative effort is needed because public administration tasks often exceed the organization’s capabilities. The increasing demands of the community are not matched by the availability of adequate resources. Meeting community needs often involves only limited resources. Other studies have shown the importance of cooperation in public administration. Larionov demonstrated interregional cooperation in support of social and economic development [18]. Shaikhutdinova showed the need for coopeition mechanisms in ensuring democratic change and the effectiveness of federations [19]. Shaikhutdinova then developed enhanced-cooperation between a federal state and its constituent units to achieve “unity in diversity” [19]. Husna et al., build a clear network concept in public administration by involving coordination, cooperation, and collaboration but excluding competition [20].

Grenier explained the benefits of competition for public sector organizations [21]. These benefits are obtained when public institutions are dealing with complex and fragmented institutional problems. These benefits are still related to the ability of public organizations to achieve their goals, but by changing the mindset of cooperation into competition, public organizations are better equipped to face competition. The integration of cooperation and competition in the form of coopeition is needed to improve the performance of public organizations in such situations. Other benefits of coopeition were explained by Assens et al., they proposed that coopeition in the public sector differs from practices in the business sector in terms of what benefits are to be achieved [12]. These benefits are in the form of protection of the common good and are owned by a government. Coopeition tends to achieve better public services than competition, and it fulfills the common interests of the parties involved.

Luo examined the simultaneous relationship matrix between competition and cooperation and between companies and the government [3]. The result was a typology of coopeition: estranger, contender, partner, and integrator (see Figure 1). Each type has a strategy that can be used so that coopeition runs effectively in achieving the goals desired by the organization. Estranger shows the low interdependence of government and companies. They neither compete nor cooperate. In this situation, companies should comply with government regulations or circumvent them by reducing contact with the government because all their needs are met but not by the government. Contender is used when cooperation with the government is small, but a company is competing with the government to achieve its goals. In a situation like this, possible strategies are bargaining or challenging. This tends to be a win-lose situation and generally applies in the business world where the competitive atmosphere is so dominant. Partner is a situation when competition is low, but there is very close cooperation between the company and the government. This is a situation of great dependence and only a small degree of independence. The strategy in this situation is accommodation, cooptation or adaptation so that the organization can achieve its goals. Integrator occurs when the independence of the organization is very large in some circumstances, but at the same time, there is also great dependence in other circumstances. The organization is in a strong interdependent situation so that it engages in competition and cooperation simultaneously. The resulting atmosphere is generally a win-win situation. The strategy in this situation is to compromise on the demands of other parties if it can be tolerated or to influence by urging other parties to understand the needs and interests of the organization.



Fig. 1. Typology of coopeition [3].

Luo’s theory was later developed by Chin et al. [22], they developed a new typology for the interests of a broader range of organizations, especially those engaged in industry in Hong Kong. This typology used the same matrix as the Luo’s matrix but with a somewhat different approach (see Figure 2) [3]. This new typology is more generic because it can be used by various types of organizations. The contender and partner characters are clearly the same between the two typologies. At the same time, the estranger type is similar to the monoplayer type in Chin’s matrix, and the integrator type is the same as the adapter type in Chin’s matrix. For Chin et al., coopeition is not just a paradox but a revolutionary mindset in management practices, which is useful for various organizations in achieving their goals in increasingly complex and interdependent

circumstances [22]. To ensure the success of coopetition, two critical success factors are needed: management leadership and the development of trust.

COMPETITION	High	CONTENDER High Competition Low Cooperation	ADAPTER High Competition High Cooperation
	Low	MONOPLAYER Low Competition Low Cooperation	PARTNER Low Competition High Cooperation
		Low	High
		COOPERATION	

Fig. 2. The model of different modes of coopetition [22].

The next development of coopetition theory was through the contributions of Li et al., [6]. They proposed the evolution of change from a competition-dominated situation or cooperation-dominated situation to one of coopetition. The development of the mushroom business in China was driven towards a situation of coopetition after this was facilitated by the government. Coopetition drives efficiency in business when it reaches a state known as balanced coopetition. At this point, the industry develops optimally. The concept of balanced coopetition was also developed by Gnyawali and Charleton [7]. Coopetition mechanisms determine the results that can be achieved by an organization. The ability to balance competition and cooperation also determines the right combination of these two in coopetition (see Figure 3). Given that cooperation and competition are carried out simultaneously, the ability to direct coopetition will determine the results that are achieved. Directing coopetition not only balances competition and cooperation but also improves coopetition performance from low-intensity cooperation to high-intensity cooperation. This situation requires the ability to create common value for all the organizations involved without eliminating the organizational value itself.

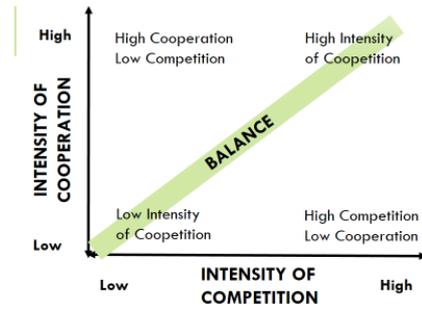


Fig. 3. Balanced coopetition [7].

III. METHODOLOGY

This qualitative research used interactive data analysis methods from Miles et al. [23]. This research used the PARTS framework of Brandenburger and Nalebuff [2]: Players, Added Values, Rules, Tactics, and Scope. The scope of this research was a village – the research site was Baderan Village, Ngawi Regency. The research site was located about 200 km from Surabaya City, the capital of the East Java Province, Republic of Indonesia (see Figure 4). This village was chosen because it had a case of coopetition in the establishment of a VoE. Data was collected through interviews, which were conducted between September and November 2019. To ensure the credibility of the results, data triangulation was employed by interviewing more informants. The informants interviewed were the Head of Baderan Village, the Head of Baderan VoE, the Head of Bringin District, the Head of Bringin District JVoE (Joint Village-owned Enterprise), officials of the Village Community Empowerment Department of Ngawi Regency, and several community leaders who lived in Baderan Village and Bringin District.



Source: MOHA, Territorial Administrative Map

Fig. 4. Research location.

IV. RESULTS AND DISCUSSION

According to Law No.6/2014 on Villages, the village government is the administration of government affairs and the interests of local communities in the system of government of the Unitary State of the Republic of Indonesia. The village government is the lowest and closest level of government to the people in Indonesia. There are two topics in village administration: government affairs and village development. In government affairs, the Village Administration (comprising the Head of Village, BPD (village consultative body), and the Village Bureaucracy) always refers to the guidance coming from MOHA at the national level and the Department of Community and Village Empowerment at the regency level. In matters of village development, the existing Village Bureaucracy always refers to the guidance from MOVA. Village development is carried out by two elements – the Village Administration and the field administration – under the guidance of the Ministry of Villages. The field administration is the Village Facilitator and other implementing institutions for Development Programs that are supported by the Ministry of Villages, such as VoE and JVoE. In the implementation of the development functions, there is usually a tension between the village-level bureaucracy fostered by MOHA and MOVA. The cases examined in this research were the establishment of the VoE of Baderan Village and the JVoE of Bringin District.

The existence of a VoE is based on the MOVA Regulation No. 4/2015 concerning the Establishment, Arrangement, and Management, and Dissolution of Village-Owned Enterprises. In the village of Baderan, the Village Government, together with the VoE, was trying to build a business owned by Baderan Village by proposing a budget financed from the Village Grant. Realization of the budget required a business feasibility study by the Government of Ngawi Regency. The Baderan Village Government was seeking a feasibility study and the establishment of a legal entity for the VoE business. VoEs consist of business units, which are business institutions whose shared ownership comes from the VoE and the community. The obligation to have a legal entity involved the Baderan Village Government and the VoE. The Village Government helped the VoE in mapping the business they wanted to run. The business units to be run were savings and loans, rental of building equipment, and a guava nursery as a business development for the Youth Organization. The forms of legal institutions that were possible according to the regulations for VoE businesses were:

- Limited Liability Company as a capital alliance, formed based on an agreement, and conducts business activities with capital that is mostly owned by the VoE, in accordance with the laws and regulations concerning a Limited Liability Company; and
- Microfinance institutions with a 60 percent share of a VoE, in accordance with statutory regulations concerning microfinance institutions.

The motivation of the Village Government to collaborate with the VoE was related to the commitment to build the economy of the village community. The collaboration was realized through the VoE businesses. In accordance with the purpose of its existence, a VoE is an economic driving element and instrument of village communities. A VoE becomes the foundation of local economic development. The purpose of a VoE is to strengthen the economy of the village community. The VoE needs to work with the Village Government to activate the potential of the community in achieving the goals of the VoE. Without the help of the Village Government, the VoE would have difficulty gaining support from the community and difficulty in mobilizing the village's potential for local economic development. The VoE is responsible for any failure to develop the local economy.

The Village Government was striving for the involvement of the Baderan Village community in developing the VoE business. This was revealed by the Head of Village:

“If (the community) wants to ask for something, surely the community will ask me, the budget is in me (Baderan Village Government), the budget is also set from me. The important thing is that the budget is used for the right thing, that's enough. Because we have VoE. There are good young people there for now and in the future.” (interview, September 18, 2019).

From this interview, it was concluded that the Village Government had an interest in the VoE and its engagement with the community. Community involvement would improve the local economy. In particular, the Village Government also had an interest in involving the village's younger generation in the VoE. The intention was to provide economic activity for the younger generation and reduce unemployment in the village. The Village Government paid attention to this young generation because, in addition to reducing social problems in the village, it was also a future investment for the village community. To realize the VoE business, the Village Government provided the budget needed as capital for its establishment and development. Capital from the Village Government for the VoE was needed to strengthen its capital structure. Business ideas owned by the VoE management could run well when there was sufficient capital. For the VoE, more community involvement brought benefits in the form of an expanded social network that supported the success of its business.

Good cooperation between the Village Government and the VoE to develop the village economy was problematic for the Village Facilitator. An informant (Baderan Village Government Official) talking about this matter revealed:

“The benefits of the role of Village Facilitator cannot be felt because often the program is contrary to the village. The village facilitator is only guarding the Village Grant for physical development, not for the development of Village-owned Enterprise”. The Village Facilitator merely submits administrative reports. (interview, October 18, 2019).

This information provided clues about what the Village Facilitator had done. Village development was a priority for Village Facilitator. By focusing on village development financed by the Village Grant and its responsibilities, the Village Facilitator often excluded other tasks such as assisting with village government administration and the establishment of the VoE. The Village Facilitator also focused on administrative reports (financial and administrative accountability) on the development carried out in the village. Village development was certainly the main mandate received from MOVA.

However, the Village Government and the VoE expected more assistance from the Village Facilitator in accordance with the tasks assigned to them in the regulations. The Village Facilitator is expected to help the implementation of village development. This is regulated in MOVA Regulation No. 3/2015 concerning the Village Facilitator. It states in the general provision that Village Facilitation involves activities to carry out community empowerment actions through assistance, organization, direction, and village facilitation. In reality, the Village Facilitator focuses more on physical development such as road construction, irrigation, drainage projects rather than community empowerment or the VoE.

There are many community groups who view the presence of the VoE as a threat – communities that have joined business groups such as Women’s Cooperatives, Islamic Cooperatives, and UP2K (Family Income Improvement Enterprises). These business groups were hampering the establishment of the VoE for fear that its existence would shut down their businesses or at least disrupt the existing businesses. So, there was competition between business groups and the VoE. An interview with an informant (a Community Leader) revealed:

“If they want to invite me (my business) to join VoE of Baderan, then they should help me in the form of capital assistance. That’s it.” (interview, September 12, 2019).

Competition between the existing business groups and the VoE was manifested in the form of the reluctance of the business groups to join the VoE. They were not willing to provide equity for the VoE, or the VoE was not willing to acquire their businesses. What they proposed was that if there were cooperation with the VoE, then the cooperation would be in the form of capital assistance from the VoE to the existing business groups. The VoE itself proposed that the entire business groups would be merged by the VoE. The merger

would be in the form of business units that were managed and developed by the VoE. So VoE would be a kind of holding company for all businesses. There was a synergy and power in this potential combination managed by the VoE. The relatively small business group would be developed and made stronger as a business holding.

Capital assistance to these business groups was difficult to realize because of the VoE capital problem. The Village Government tried to inject capital into the VoE both through the ADD (Regency-Village Grant) and the DD (National-Village Grant). Unfortunately, these efforts experienced deadlock because of the budget management guidance that had to be obeyed by the Village Government. Violation of this guidance could have had negative impacts on the Village Government. There was concern by the Village Government in providing capital injections to the VoE. The Village Government’s reluctance was evident in the following interview:

“In terms of village financial management, regulations should not be gray, this results in fears of village bureaucracy against law enforcement officials in terms of budget use, for example, related to the allocation of the Village Budget to VoE.” (interview with Head of VoE, September 13, 2019).

This description shows the situation and conditions that had developed in the Village Government as a result of the management of the VoE. There was a feeling of being threatened if capital sourced from ADD or DD was put into the VoE. Even though the Village Grant originated from the national and regency budget, its use must first be included in the Village Budget. The regulation and supervision of the Village Budget by MOHA was very strict, causing concerns if it were to be used for a purpose that was not strictly covered by the existing regulations. Injecting the VoE with capital was considered as a great risk to the Village Authority as using funds originating from the national and regional budget as capital participation for the VoE was not strictly covered by the regulations for budget use. In this case, both the Village Government and the Local Bureaucracy wanted clarification of the regulation regarding capital participation in the VoE. This was important because the establishment of the VoE was a mandate of the MOVA Regulation and received special attention from the President of the Republic of Indonesia. The competition process in the establishment of the VoE is summarised in Table 1.

TABLE I. TABLE 1. COOPETITION IN THE ESTABLISHMENT OF A VILLAGE-OWNED ENTERPRISE

Coopetition	VoE Business			
Players	Village Government	VoE	Village Facilitator	Community Business Groups
Added Value	Local Economic Development	Profit	Community Empowerment	Profit-Sharing
Rules	MOVA Regulation No. 4/2015 on Village-owned Enterprise			
Tactics	Accommodation	Co-optation	Neglect or Circumvention	Bargain

In addition to VoEs, there were Joint Village-Owned Enterprises (JVoE). The VoEs were owned by only one village, but JVoEs were owned by several VoEs in one District. Like VoEs, JVoEs aimed to develop the local economy so that it could improve the welfare of village communities. The existence of JVoEs was the result of MOVA Regulation No. 4/2015 concerning Establishment, Arrangement, and Management, and Dissolution of Village-Owned Enterprises. A JVoE was a combination of all the existing VoEs, with capital assistance budgeted for each village. The shareholders in a JVoE were participating villages, which each deposited IDR 20 million. Villages involved in forming a JVoE were villages that had VoEs that were not active. The motivation for the village's involvement in a JVoE was the desire to continue to improve its local economy, which could not be achieved with its own VoE. The goal of local economic development could be achieved by villages collaborating through a JVoE. Villages that already had a VoE that was running well did not participate in JVoEs. The objectives of local economic development were fulfilled by the well-run VoE in their village, so they did not need to join a JVoE.

The JVoE of Bringin District was engaged in the tourism sector through swimming pool management. This was the main business and revenue stream for the JVoE. There were also pilot programs in agriculture, such as organic rice development. Interviews with the Head of JVoE gave further insight:

“This JVoE is focused on the tourism sector as a priority because there are priority programs and pilot programs in villages, and village programs may be livestock businesses. What is already running is the organic rice program in Mojo Village. Thank God, it succeeded. Actually, if the village is managed, the institution will run, the VoE will run, and the village will be self-sufficient...” (interview, November 18, 2019).

This interview revealed that the JVoE had two types of programs – priority and pilot programs. The priority program was the swimming pool business, which exploited the community's potential – its water sources. The swimming pool business was a product that was enjoyed by the community. This business increased the JVoE's income and even became its main source of revenue. The running of the swimming pool business was the result of governance carried out by the JVoE management. They believed that if every VoE were well-managed, the business would run well, and this would have an impact by helping the welfare of the village. The endpoint was the self-sufficiency of the village.

In the development of the JVoE, ideas and actions emerged from the Head of JVoE. He thought that the business sector should not depend on a single business but should also be supported by other businesses in agriculture, plantations, and livestock businesses. The Head of District had a different viewpoint and wanted the JVoE business to focus more on developing swimming pools. The differences of opinion between the Head of District as the initiator and the Head of

JVoE as the executor only concerned ideas. The Head of JVoE continued to move towards realizing his ideas for developing businesses outside the tourism sector. The Head of JVoE cooperated with other parties such as the Head of Mojo Village, NGOs in agriculture, and fertilizer factories. The JVoE pilot program covered agriculture, livestock, and fisheries businesses. The seriousness of this pioneering effort was demonstrated by the implementation of JVoE's field orientation activities involving the Village Government to Mojokerto Trawas Organic Village, and training sessions in making organic fertilizer.

The need for the development of other business sectors was motivated by the desire to provide widespread benefits for all the villages that were JVoE shareholders. Leading businesses, such as swimming pools, were located in only one village so that the biggest multiplier effect was felt by that village. To develop a business that could benefit all member villages, JVoE endeavored to have another line of business that utilized the potential of the other villages as well. Suggestions by the Head of District that the JVoE should focus on the swimming pool business were based on strengthening the leading businesses first and then expanding into other businesses. The Head of JVoE saw expansion as an effort that would give greater benefits to all member villages so that their support for the JVoE was maintained. However, the development of JVoE businesses in other fields also encountered obstacles in the form of technical capabilities. The JVoE felt that they needed help from the Village Facilitator. Unfortunately, the Village Facilitator was still focused on managing the physical development of the village following its accountability report. Assistance in other fields, such as the development of the VoE, was finally ignored because of the priorities of the Village Facilitator.

The JVoE's flagship business, the swimming pool, had shown satisfying results. Every weekend, holidays, and long holidays, the swimming pool was always crowded with people from around the Bringin District, and even some from other Districts in Ngawi Regency. The arrival of these visitors showed the captive market of the pool business. In terms of competition, the swimming pool was the only swimming pool in Bringin District. For people who wanted to swim in a well-managed pool, the JVoE swimming pool was the only choice in the district. This was clearly a huge business opportunity because there were ten villages in the district, with a total population of more than 30,000 people. Information about the results and business opportunities obtained from the Head of JVoE was revealed in the following interview:

“Even though the facilities are not 100% ready, and not yet complete, but if viewed in terms of profit, it already generates profit.” (interview, November 18, 2019).

This information showed that the leading business of the JVoE provided results or added value in the form of profit. In accordance with the agreement at the time of its establishment, the member villages would get a share of the profits generated. The revenue share would be the village's income and included

in the Village Budget. The village could provide additional capital every year to the JVoE, which was regulated in the Village Budget, to strengthen the JVoE capital structure. This situation made the JVoE management more confident in developing the business on a broader footing in the hope that it could provide more benefits to the member villages. The cooperation process in the making of the JVoE is summarised in Table 2.

TABLE II. COOPERATION IN THE ESTABLISHMENT OF A JOINT VILLAGE-OWNED ENTERPRISE

Cooperation	Joint VoE Business		
	Players	District	VoE
Added Value	JVoE Profit	Local Economic Development	Sharing Profit
Rules	MOVA Regulation No. 4/2015 on Village-owned Enterprise		
Tactics	Co-optation	Accommodation	Compliance

From the results of the research presented above, several things need to be noted. In the formation of VoE, the village government accommodated the formation of VoE, but village facilitators tended to neglect its formation because they prioritized village development. Village facilitators did not preclude the establishment of VoE but tended to choose circumvention because support for the establishment of VoE was a mandate of the MOVA. Community business groups tended to view VoE as a competitor because it could harm their business interests. These business groups bargained to defend their interests so that if they entered into part of VoE, they would not be put in an adverse position. VoE sought to acquire various business groups so that it could turn competition into cooperation. VoE co-opted the interests of the village government, village facilitators and community business groups so that all of their interests could be properly accommodated.

District officials provided support in the formation of JVoE because from the management side, JVoE was considered to have a greater ability to manage businesses with adequate economies of scale. For district officials, the existence of JVoE provided benefits in the form of strengthening the local economy of the community, so they accommodated the formation of JVoE. The village government also provided support by permitting VoE to join JVoE. The village government believed that rather than competition between VoEs from different villages, collaboration in the form of JVoE would be more profitable. Therefore, the village government proposed that VoE be merged with the VoEs from other villages and join JVoE. JVoE itself used co-optation tactics by providing benefits, especially in the form of profits for member villages and benefits for the community.

By using the PARTS scheme of Brandenburger and Nalebuff, the various tactics used by the players and the level of cooperation and competition could be determined [2]. Using the studies conducted by Luo [3] and Chin et al. [22], it was concluded that the cooperation used by VoE and JVoE and the

accommodation of district officials and the village government were part of the “partners” typology, characterized by high cooperation and low competition. In contrast, community business groups that used bargains were part of the “contender” typology, characterized by high competition and low cooperation. The tactics of the village facilitators tended to involve circumvention, which was included in the “estranger” or “monoplayer” typologies, characterized by low competition and cooperation. Not a single player used “integrator” or “adapter” typologies, which are characterized by high levels of cooperation and competition. Thus, based on the scheme developed by Gnyawali and Charleton [7], it was concluded that the processes that occurred did not yet include high-intensity cooperation.

The combination of competition and cooperation in the establishment of the VoE was medium intensity cooperation. Judging from the process, there was a movement from low-intensity cooperation to high-intensity cooperation, even though the results showed that only medium intensity cooperation had been reached (see Figure 5). This result showed that cooperation was at the level of medium competition and medium cooperation. In terms of balanced cooperation (a balance between competition and cooperation), these results are consistent with the research conducted by Gnyawali and Charleton [7] and Li et al., [6]. Of course, these results confirm the theory conveyed by Gnyawali and Charleton that the intensity of cooperation moves from low intensity to high intensity [7].

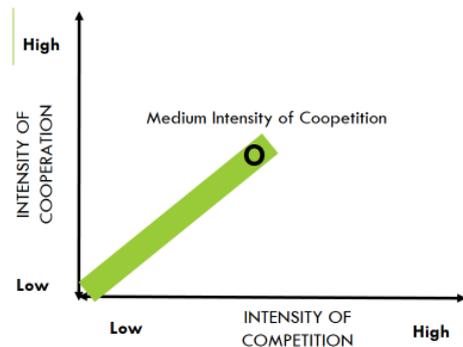


Fig. 5. Medium intensity of cooperation.

Another interesting result was that the cooperation began with a starting point of cooperation, so cooperation was more prominent in the establishment of the VoE. During the process of establishing the VoE, the element of competition arose, and the process of forming the VoE became one of cooperation. This finding differed from the process of reaching balanced cooperation described by Li et al., [6]. Li presented a movement towards balanced cooperation starting from competition, which moved towards cooperation and then towards balanced cooperation [6]. A starting point of cooperation, which then includes the element of competition, is characteristic of cooperation in the public sector [12,14,17,21,24]. This starting point is different from the cooperation that generally occurs in the business sector, which has competition as a starting point

and then combines the cooperation process or moves directly from competition to cooptition [2,6,8-10,16].

V. CONCLUSIONS AND FUTURE SCOPE

The novelty of this research into cooptition lies in the study of VoEs. As both public and business organizations, VoEs have two sides. The VoE showed the need for cooptition when public organizations move from a process of cooperation to include competition. In contrast, business organizations always live in a world of competition. This research also showed a new balance position in the form of medium intensity of cooperation. This result supports the theory of balanced cooptition proposed by Gnyawali and Charleton [7]. This study found that balanced cooptition can begin with cooperation and not competition. This result differs from the research conducted by Li et al. [6], who proposed that the process for achieving balanced cooptition begins with competition. This research showed the characteristics of cooptition that occur in public sector organizations, while the research conducted by Li et al., was more relevant to business organizations [6].

This research was limited to villages of moderate size with a moderate level of progress. A deeper exploration of more disadvantaged or more developed villages is required. In addition, this study needs to be extended to other government-owned enterprises at the regional or upper level, such as Regency- or City-owned Enterprises or Province-owned Enterprises and State-owned Enterprises.

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The author declares that there are no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

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