

LOCAL ECONOMIC INSTITUTIONAL CAPACITY DEVELOPMENT (COMPARATIVE STUDY IN VALUE PERSPECTIVE)

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ABSTRACT

The performance of local economic institutions in a country is very strategic to improve the welfare of citizens. Therefore, research on strategies for developing local economic institutions to improve their performance is very significant. This study aims to compare several strategies for developing economic institutions in several countries. More specifically, this study compares the value systems that support local economic institutional performance. The effectiveness of local economic institutional capacity development is not only determined by the professionalism of managers, determination of the type of business, community involvement, and innovative management systems but is also influenced by the integration of the local economic institutional development program with development planning, visionary local leadership, and a supportive value system. Therefore, the makers and implementers of the local economic institutional capacity development program not only pay attention to the professionalism of managers, determining the type of business, community involvement, and innovative management systems but are also required to integrate the local economic institutional capacity development program with development planning, requiring visionary local leadership, adequate management default, and have a value system that supports performance.

Keywords: institutions, values, local, OVOP, TVE.

INTRODUCTION

Several countries have developed local economic institutions, such as South Korea (Saemaul Undong), Japan (OVO), China (TVE), Indonesia (Bumdes, KUD). Saemaul Undong was a modernization movement campaigned by the President of Korea, Park Chung Hee the early 1970s by moving villages without leaving traditional values that are still relevant among the community (Jwa, 2018). Many parties accept the presence of Saemaul Undong because community participation and management adhere to the values that live in the community.

Saemaul Undong is a village development program in South Korea that started in 1970-1971. The main goal of Saemaul Undong is to improve the welfare of rural residents and reduce the inequality between rural and urban areas. The government collaborates with villagers to achieve this goal. The manager refers to the principle of "spirit of diligence, self-help, and cooperation" and the motto "Let's Live Well!" The South Korean government initiated three main steps, as follows. First, the South Korean government awakens, dispels surrender, and instills confidence in the villagers. Second, the South Korean government made improvements to the environment. The practice of house renovation and electricity supply is an example. Lastly, the Korean government builds the rural economy by laying the foundation for improving the quality of agricultural products (Korea International Cooperation Agency, 2015 in (Lestari, 2016).

The Saemaul Undong movement makes the community the most important capital for village development (Yang, 2017). The village community initiates cooperation so that it has an impact on village development. The Saemaul Undong movement encourages communities to village problems by mapping out challenges or obstacles through deliberation activities or village meetings. Saemaul Undong strives for poverty alleviation, mental revolution, and rural modernization in South Korea (Han, 2012).

In contrast to Saemaul Undong based on community participation and local values, OVOP in Japan is based on region and product. Morihiko Hiramatsu (Governor of Oita Prefecture Japan's Kyushu Island) initiated the One Village One Product (OVOP). At first, OVOP was named One Village One Product Movement (OVOP Movement). Morihiko Hiramatsu served as governor of Oita Prefecture for six terms (1979-2003). He used his tenure to alleviate poverty for his citizens by applying the concept of regional development. The OVOP movement made a high contribution to regional development in Oita Prefecture.

OVOP develops products to compete in the global market while remaining principled. First, OVOP emphasizes local added value. Second, OVOP encourages the spirit of local community independence. The government set OVOP an overcome the problem of depopulation. Depopulation is a situation where the younger generation leaves their original area. This program emphasizes economic prosperity (Gross National Product) and inner satisfaction (Hiramatsu & Morihiko, 2009 in (Lubis, 2018).

TVE is a business entity-based local economic institution. Township and Village Enterprises is a market-oriented public company under the purview of local governments based in cities and villages in China. The State Council of the People's Republic of China first officially used "TVE" in March 1984. Previously the "Company Commune and Brigade" from the Great Leap Forward from 1958 to 1961 had served rural areas. During that TVE had a limited role and was limited to iron, steel, cement, chemical fertilizers, hydroelectric power plants, and agricultural equipment.

Gunson & Jian (2002) revealed that TVE does most of the mining in the area. Second, TVE dominates China's rural economy. Third, TVE employs up to 120 million workers. Fourth, TVE produces billions of dollars of goods (toys to coal). Institutional changes, bureaucracy, and widespread corruption make it very difficult to deal with traditional miners through official channels. In essence, China's artisanal mining industry is vast, rapidly changing, deadly, and under-researched. Township and Village Enterprises (TVE) led the labor-intensive rural industrialization of China in the 1980s and early 1990s (Fu & Balasubramanyam, 2003).

Village Owned Enterprises (VOEs) develop the capacity of local economic institutions in Indonesia. VOEs can be one of the economic institutions that can drive village development, especially the economy and the welfare of rural communities. In practice, VOEs combines Saemaul Undong and OVOP, especially in West Java. On the one hand, VOEs become agents of development and change agents, VOEs realize One Village One Company (OVOC) and One Village One Product (OVOP) programs. The problem is, how are VOEs different from Saemaul Undong, OVOP, and TVE as a step to develop local economic and socio-political institutional capacity? This study compares the economic institutional capacity-building strategy in South Korea, Japan, and China with VOEs in Indonesia.

In Islam, it does not develop organizational economic institutions. Islam develops the value system of Islamic economic institutions, while organizationally it is left to the Islamic community. The problem is what are the strategic factors that affect the development of local economic institutional capacity in a country.

Literature Review

Grindle (Suwarlan, 2019) says, “Capacity-Building focused on these dimensions: (1) development of human resource; (2) strengthening organization; (3) reformation of institution. Development of human resource, strengthening organization, reformation of institution as central to good governance. Capacity Building pushes the concept well beyond the technical assistance and administrative training programmes often conducted under the title of capacity building, to include concern such as administrative and organizational abilities, public education, NGO capacity, legal and regulatory clarity and the fit between international commitments and long-standing domestic social and political institutions.

In addition to the Capacity Building Model according to Grindle above, (Bolger, 2000) develops capacity building. Capacity development refers to the approaches, strategies and methodologies used by developing country, and/ or external stakeholders, to improve performance at individual, organizational network/sector or border system level (Bolger, 2000). Objectives of Capacity Development is to: (a) enhance or more effectively utilize, skills, abilities, and resources; (b) strengthen understanding and relationship; (c) address issues of values, attitudes, motivations, and conditions in order to support sustainable development. CD is based on: (a) broad-based participation and a locally driven agenda; (b) building on local capacities; (c) ongoing learning and adaptation; (d) long term investments; (e) integration of activities at various levels to address complex problems.

From the perspective of capacity building, organizational performance is shaped by many forces in an enabling environment (such as laws, regulations, attitudes, and values) as well as by internal organizational factors such as skills, systems, leadership, relationships and so on. (Bolger, 2000) said that capacity building are four of capacity—individual, organization, network and the enabling environment. Enabling environment is related to policies, structures, attitudes, values. Sectoral/network includes policy reform, improvements in service delivery, increased coordination among institutional actors. The organizational level focused on organizational structures, processes, resources, and management. The individual level refers to individual as social or organizational actors in order to have competence in order to achieve development goals.

Based on the theoretical framework of Grindle and Blogger above, the author formulates capacity building as an effort to improve organizational performance with dimensions of institutional capacity development, management or human resources, and infrastructure and facilities.

In Islamic literacy, the development of local economic institutions is part of the development of a micro Islamic economy. Islamic economics as an individual, group or entity activity with a commercial purpose or not, is carried out in accordance with the order of Islamic religious teachings (Mardani); knowledge or application of sharia rules that prevent injustice in obtaining and using material resources in order to obtain human needs so that they can carry out their obligations to Allah and society (Hasanuzzaman); a systematic effort to understand economic problems and human behavior related to economic problems from an Islamic perspective (Khurshid Ahmad) (Andiko, 2018). According to (Andiko, 2018), the scope of Islamic economics includes trade, ethics, financial institutions, production, distribution, accounting, and social welfare.

Epistemologically, there are three schools of Islamic economic thought, namely the Baqir Sadr, Mainstream, and Critical Alternative schools (Arwani, 2017). Sadr (Arwani, 2017) argues that economics cannot be dissolved with Islam because it comes from contradictory philosophies (Islam and Anti-Islam). The Baqir school rejects the statement that humans have limited wants while the availability of resources is limited because Islam does not recognize limited natural resources and human desires are limited (Arwani, 2017). The economic problem lies not in limited resources but in unlimited human greed (Arwani, 2017).

The Mainstream School agrees that economic problems occur because resources are limited while human wants are unlimited (Arwani, 2017). Judging from the opinion as above, it is not much different from the opinion of conventional economic theory. The difference lies in solving these basic economic problems. Furthermore, humans make choices to solve economic problems with a priority scale for fulfilling desires. In conventional economics, the choice of priority scale is based on personal taste, while the choice of priority scale is guided by the Qur'an and Sunnah (Arwani, 2017).

The alternative-critical school (pioneered by Timur Quraan and Yemo) criticizes the two previous schools. The Baqir school is criticized as a school to find something new that has actually been discovered by others. He criticized the Mainstream School as a copy of neoclassical economics by eliminating the usury variable and including zakat and intention variables.

They believe that Islam is true, but Islamic economics is not necessarily true because Islamic economics is the result of the interpretation of Muslims on the Qur'an and the Sunnah of the Prophet so that the truth value is not absolute. Propositions and theories of Islamic economics must be tested for truth as is done with conventional economics (Karim in (Arwani, 2017).

One of the points that make the difference between the Islamic economic system and other economies is its philosophy, which consists of values and goals (Arwani, 2017). The sources of Islamic economics according to (Andiko, 2018) are the Qur'an, the Sunnah of the Apostle, Ijtihad Ulama, and the books of General and Special Fiqh. As for the principles in determining Islamic economic law according to (Andiko, 2018), they are: (1) the principle of exchanging benefits through cooperation and mutual ownership; (2) the principle of equal opportunity accompanied by willingness and no fraud or speculation; (3) the principle of goodness and piety.

On the basis of sources and principles in the development of Islamic economics, institutional development requires the *ijtihad* of scholars and Islamic economic thinkers by using the relevant legal *istimbath* method. (Nur'aini & Muhammad Ngizzul, 2020) recommend the development of a sharia economy with the *istihsan* method which is expected to make breakthroughs in creating justice, *maslahah*, and honesty in every economic behavior.

Managers in developing local economic institutional capacity should imitate the characteristics of the Prophet, namely *siddiq* (honest), *amanah* (trustworthy), *tabligh* (delivering or transparent), and *amanah* (intelligent) (Jufrizen, 2016). The Prophet Muhammad has set an example in conducting commerce that is always honest, transparent, intelligent, and trustworthy (Luntajo, 2016) (Rohmah, 2016).

The Saemaul Undong movement has a goal. First, the increase in the source of household income of farmers. Second, the fulfillment of the basic needs of the community. Third, community formation. Fourth, home and kitchen repairs. Fifth, leadership training. Sixth, other work related to the environment, welfare, and community involvement (Yang, 2017).

Saemaul Undong succeeded in developing the capacity of village socio-economic institutions and people's welfare. Many countries imitate Saemaul Undong in their development programs. The sister city collaboration between DI Yogyakarta and Gyeongsangbuk-Do Province implemented the Saemaul Undong Movement in Bleberan Village in 2014 (Grehenson in (Puspitasari et al., 2019)). (Puspitasari et al., 2019) found the characteristics of the implementation of the Saemaul Undong Program that have the potential to change community capacity. (Lestari, 2016) examined the cooperation between South Korea and Vietnam in Saemaul Undong in Vietnam. Vietnam started national development in 1986. The declaration of national development coincided with a market-oriented socialist economic policy. However, Doi Moi oversaw the market-oriented socialist economic policies. Doi Moi is the control of the state.

(Lestari, 2016) found that: (a) the implementation of the Saemaul Undong empowerment to differently by community groups according to the knowledge, information, benefits, and impacts received by the program recipients; contribution to the implementation and planning of program development; (c) Saemaul Undong in Bleberan Village provides new knowledge (insight) that collaboration between residents can make changes to village progress; (d) cross-sectoral collaboration results in efficiency because everyone moves together; (e) Saemaul Undong contributes to building a sense of belonging in a group environment (all parties learn a lesson).

Likewise the success of OVOP in Japan, many countries are inspired to implement OVOP in their countries. Study shows that Oita Prefectural, OVOP is one of the movements to respond to social problems such as the problem of the declining workforce in rural areas due to aging and young people who go to cities (Knight, 2020). Oyama Town, OVOP uses an ethnographic approach and shows the role of OVOP in overcoming various problems. In Purwakarta, OVOP is used to promote SMEs in Indonesia (Triharini et al., 2014); Saroso, 2013 (Arin Widiyanti, 2018). OTOP in Thailand reduces poverty, which is different from the goal of OVOP in Japan (Natsuda, 2014 in (Arin Widiyanti, 2018)). In the Ethiopian city of Adwa, OVOP makes quality and competitive products and services (Desta, 2012).

The success of TVE is also practiced in several countries such as India and Indonesia. Since 2007, several regencies and cities in Indonesia have had Bumdes (Novita Riyanti & Hermawan Adinugraha, 2021). However, the conditions of the Bumdes-Bumdes live, don't want to die. The condition of Bumdes like that is due to the weak support from the government. Jokowi's government provides quite large funds in developing Bumdes. Many Bumdes perform well (Puspitasari et al., 2019).

METHOD

This research was conducted by examining literature on Saemaul Undong, OVOP, TVE, Bumdes, and Islamic economic institutions both macro and micro. Researchers conducted a search through Google and Google Scholar by entering the keywords Saemaul Undong, OVOP, TVE, and Bumdes, as well as Islamic economic institutions. The information sought from each of these keywords is the history and background, the role of government, community participation, managers, supporting values, types of business regarding economic institutions, Some of the information is processed and analyzed qualitatively, and concluded in the form of tables of each economic institution.

RESULT

Based on the literature review, there are several key factors for Saemaul Undong's success in South Korea in improving local communities, both from the dimensions of leadership, strategy, community participation, actors, government support, development planning approaches, value planting, and mobilization. How the key factors of Saemaul Undong's success in developing the local community's economy are described in table 1.

Table 1
 The Key to the Success of Saemaul Undong in Improving Local Community Economy

No	DIMENSIONS	INDICATOR
1.	Leadership	Presenting new leadership in rural areas that are able to become a driver of village development.
2.	Strategy	Human resources capacity-building and institution capacity-building.
3.	Participation	Implementers of policies build sympathy from the people so that they can encourage people's participation in program implementation
4.	Actor	Making the community an actor in program implementation
5.	Government support	Real support with various facilitation and mentoring in the form of institutions and other assistance) on an ongoing basis from top leaders to local governments
6.	Development Planning Approach	Top-down planning (program initiatives from the central government, local government as executor)
7.	Value Cultivation	spirit of spiritual revolution or mental reform to the community: the spirit of diligence, self-reliance
8.	Cooperation	Mobilization of cooperation at the village level that allows farmers to participate in and benefit from related programs
9.	Impact	Local Community Welfare

Source: Compiled from various sources in the 2022 research

Not unlike Saemaul Undong, the key factors for the success of the OVOP program in improving the local community's economy can be seen from leadership, strategy, community participation, actors, government support, approach development planning.

Table 2
 The Key to the Success of OVOP in improving local communities

No	DIMENSIONS	INDICATORS
1.	Leadership	Actors, both as executors and program targets, determine the success of program implementation, especially leadership, both executors and stakeholders.
2.	Strategy	The approach to developing regional (regional) potential to produce certain regional products by utilizing local resources (product determination, design determination, assistance, and promotion); implementers of the OVOP program are entrepreneurial, creative, and innovative
3.	Participation	The role of the private sector as an OVOP producer and distributor of OVOP products is also a determining factor in the successful implementation of the Oita Province OVOP program in Japan.
4.	Actor	Active involvement of residents in economic activities by creating unique procedures for each region and developing them with national and global standards
5.	Government support	Governor Oita's intervention with the mass media to publish and mass produce superior superior products so that they can be accepted in the modern market (including online), in addition to receiving technical assistance from the central government and producers in a cooperative forum.
6.	Development Planning Approach	The program is bottom-up so that it gets support from the community, especially business actors
7.	Value Cultivation	The executor has succeeded in injecting new enthusiasm in terms: (1) local yet global; (2) self-reliance and creativity, (3) development of rural human resources
8.	Collaboration	The collaboration of actors (local communities, entrepreneurs, government, mass media is the key to the successful implementation of the OVOP program

Source: Compiled from various sources in the 2022 research

TVE is an example of success in developing the capacity of local economic institutions. TVE has succeeded in increasing China's economic growth, creating jobs, reducing poverty, creating stability in population movement (urbanization), building

local roads, narrowing the gap between regions, promoting various businesses in rural areas including agriculture, education, health care, and other welfare services. The government sided with TVE in the form: (a) ease of banking access; (b) grant processing rights to natural resources, (c) grant rights to produce certain goods, (d) provide space for initiative for the community, (e) provide support for the government and local officials; (f) provide land. TVE has innovative management, management efficiency, a "bottom-up" approach, the use of ICT being another success factor (Wignaraja, 2011); (Jianjun, 2007); (Kumar, 2006); (Gunson & Jian, 2002). Table 3 describes the key factors of TVE as an Economic Driver of Local Communities.

Table 3
TVE as a Key Driver of Local Communities

No	DIMENSIONS	INDICATORS
1.	Institutional	Make it easier for TVE to access banking, Give TVE the right to manage local natural resources, especially coal. Gives TVE the right to produce certain goods that are needed by the government and society. Provide land for TVE's business premises
2.	Government Support	Central and Local Governments support the sustainability of TVE
3.	Local Community Creativity	TVE accommodates the creativity of local people
4.	Governance	TVE is managed efficiently, bottom-up, and based on ICT.

Source: Research Results, 2022.

The transformation of property rights or privatization was the beginning of the decline of TVE. TVE faces many problems ranging from a lack of capital, technology, and raw materials, a lack of skilled personnel to a shortage of good managers. In general, TVE places great importance on quality control. However, performance at one surveyed company (apple juice production) was unsatisfactory while another (joint ventures in the same production line) appeared unsatisfactory; (Jianjun, 2007); (Kumar, 2006); (Gunson & Jian, 2002).

VOEs is an example of capacity building for local economic institutions in Indonesia. (Akadun et al., 2019) concluded that the factors that boost the performance of VOEs are Visionary Village Head Leadership, professional managers, sustainable government support, community involvement, support from community leaders, conducive management system, and type of business. (Sofyani et al., 2020), good corporate governance can affect the performance of Bumdes. (Nurjanah et al., 2020) revealed that the principles of good governance affect the financial performance of VOEs. (Darma Saputra, 2021) concludes that human resource capacity, management legitimacy, irregular reporting, and ineffective and inefficient education and training affect the performance of VOEs. (Swandari et al., 2017) stated that employee performance affects the performance of VOEs. (Widiastuti, 2019) confirms that the motivation of farmers affects the performance of Bumdes. (Sari et al., 2022) conclude that working capital, accountability, transparency, community participation, and turbulence affect Bumdes' financial performance. Table 4 summarizes the triggers for the performance of local economic institutions, especially VOEs in Indonesia.

Table 4
 Triggers of VOEs Performance

No	Dimensions	Indicator
1.	Visionary Village Head Leadership	The village head has a clear vision, mission, goals, and objectives to build a village for the welfare of the people, wants to leave a legacy for the next generation, has a strategy, programs, and activities in achieving the vision, builds collaboration with other village development actors, can to build a chemistry with socio-economic institutional managers local, and able to build a sustainable local socio-economic institutional system.
2.	Professional Manager	Managers, especially directors, have the competence to manage an economic institution (business), have the attitude and behavior to serve to develop economic institutions, the position of a director is the main job not a side job, creative and innovative, observant of business opportunities that have market share, able to collaborate with various parties including synergy and harmonization of the relationship between the director and the village head.
3.	Community Engagement	In developing the capacity of economic institutions involving the community from the planning stage (establishment), the operation of local social institutions, the impact, and benefits of the existence of local socio-economic institutions.
4.	Community Leader Support	The operation of local socio-economic institutions when they receive support from community leaders, both religious leaders, traditional leaders, and economic figures (entrepreneurs or local level rich people).
5.	System	The management system of local economic institutions in the form of local legislation, AD / ART of local economic institutions, and SOP-SOPs. This system is to ensure certainty in the governance of local economic institutions. Besides certainty, other principles of good corporate governance are the principles of accountability, transparency, participation, and effectiveness and efficiency. The implementation of the principles of good corporate governance affects the performance of Bumdes.
6.	Continuous government support	Government support, especially capital, increased competition for managers (training), marketing of Bumdes products and services affect the sustainable performance of Bumdes.
7.	Type of business	Determining the type of Bumdes business is a key factor in the success of Bumdes in Indonesia. If the Bumdes business is related to the needs of the local community, it is likely that the performance of the Bumdes will be high.
8.	value system	<i>Gotong royong</i> (selfless cooperation between people), kinship, honesty, entrepreneurship

Source: 2022 research results

Economic institutions based on Islamic values in Indonesia are usually labeled with Islamic economics (*shariah*). Likewise, local (micro) and macro economic institutions based on Islamic law are called sharia local economic institutions. The most developed Islamic economic institutions are Islamic financial institutions. (Wiwoho, 2014) dan (Rosmanidar, 2022) divides financial institutions into two, namely bank financial institutions and non-bank financial institutions. Bank financial institutions such as commercial banks, People's Financing Banks (*BPR*) and People's Business Units. Non-bank financial institutions such as *BMT*, cooperatives, pawnshops, insurance, and bonds. This *BWT* is operationally the same as conventional microfinance institutions, except that *LKMS* does not recognize interest or usury (Zubair, 2016). Therefore, Islamic economics or Islamic economic institutions are structurally no different from conventional economics or economic institutions but are based on Islamic values and basic principles.

The basic values of Islamic economics are the basic values of ownership, justice, balance, freedom, freedom, togetherness (Latif, 2014). Islamic economic development is based on the principles of monotheism and ethics and refers to the objectives of the

Shari'a (*maqashidal-syari'ah*) namely maintaining faith (faith), life (life), reason (intellect), posterity (postery) and wealth (wealth) (Latif, 2014).

Islamic economic principles prioritize legal and ethical aspects, namely the necessity to apply Islamic legal and business ethics principles, including the principles of worship (*altauhid*), equality (*al-musawat*), freedom (*al-hurrijat*), justice (*al-'adl*).), please help (*al-tasamuh*). Meanwhile, according to (Maulida et al., 2021), the basic principles of Islamic economics are monotheism (Oneness of God), *nubuwwah* (prophethood), 'Adl (justice), *Khilafah* (government), *Maad* (yield). These principles are the basis which is the basic foundation in the Islamic economic system, while business ethics regulates aspects of ownership, management and distribution of assets, namely rejecting monopoly, exploitation, and discrimination, and demanding a balance between rights and obligations (Latif, 2014); (Maulida et al., 2021). (Maulida et al., 2021) mentions this business ethics with the terminology of the derivative principle, namely Multitype Ownership, freedom to act or try (freedom to act or effort), Social Justice (Social Justice).

The principles and business ethics form the operational basis of Islamic financial institutions in Indonesia. These principles and business ethics are implemented in various products and services of Islamic financial institutions that use a profit-sharing mechanism.

DISCUSSION

Judging from several local economic institutions in Japan, South Korea, the People's Republic of China, and Indonesia, the performance of their economic institutions is triggered by professional managers, sustainable government support, community participation, types of businesses, integration with development planning, visionary local leadership, management systems innovative, and the impact of existence.

The results of this study are supported by the results of several other researchers, both research on Saemaul UU, OVOP, TVE, and VOEs. Research (Puspitasari et al., 2019) and (Ansharyani et al., 2021), conclude that Saemaul Undong has an impact on the welfare of local communities and community involvement. Likewise, research (Jamal, 2009) concludes that visionary and strong leadership is an important factor for the success of rural community economic development.

Research on OVOP also supports the results of research on the performance drivers of local economic institutions. The research (Hisyam et al., 2017) show that the success factors for implementing OVOP in several local communities in Malaysia are influenced by government support in utilizing assets and opportunities provided by ODOI operators, small capital, management competence, business networks, types of potential businesses, community income increase. Government support is the success of the OVOP program implementation by maximizing economic institutions such as VOEs, Cooperatives, and MSMEs (Natalia, 2020). The success of West Sumatra in implementing OVOP with one region one superior because it collaborates with business actors to increase the success of MSME businesses (Lubis, 2018). The research of (Triharini et al., 2014) concluded that the principles applied for the success of the OVOP program are local but global, self-reliance and creativity, human resources development. The implementation of OTOP has succeeded in encouraging production activities in the Thai tourism community (Andredita, 2018). The difference in the implementation of OVOP between Japan and Indonesia is that in Indonesia there is a lack of community initiative, lack of educated producers, lack of financing in rural areas, lack of government political will, unclear targets with MSME market acceptance (Arin Widiyanti, 2018).

Likewise, the results of research on TVE support the results of the performance drivers of local economic institutions. Research (Chen et al., 2013) concluded that the success of TVE in increasing their brand was the appointment of TVE managers by the government with qualifications of marketing management skills, business management, and resilience in the face of organizational change. (Zheng et al., 2017) concluded that institutional privatization could improve industrial performance and productivity of TVE workers..

VOEs research also supports the results of research on the performance drivers of local economic institutions. (Zakiah & Idrus, 2017) conclude that the success of the natural resource management strategy of *Ponggok* Village through VOEs is due to *Ponggok* Village making VOEs the center of village economic activities by successfully managing village assets, collaborating with economic actors, in developing the village economy; overcoming village problems, and improving welfare. villagers. The uniqueness of VOEs is used to develop local potential for the welfare of the people because VOEs is a collective owned village business between the village government and the community; more inclusive than cooperatives (Sudharma, 2016); (Srirejeki et al., 2020).

The results showed that the values used in the activities of local economic institutions turned out to be an inspiration in mobilizing professional managers, sustainable government support, community participation, type of business, and impact in improving the performance of local economic institutions. Several other research results support the results of this study, including the values and basic principles of Islamic economics.

The values that support the success of Saemaul Undong are the spirit of diligent, self-reliance, and cooperation (Issundari & Yani, 2021). The values that underpin the success of OVOP are local yet global; (2) self-reliance and creativity, (3) development of rural human resources (Ratmono et al., 2016). The values that drive the success of TVE are entrepreneurship, efficiency and technology minded (Zhou et al., 2019). The values that drive the successful development and performance of *Bumdes* are the spirit of kinship and potential mutual cooperation (Peraturan Menteri Desa, Pembangunan Daerah Tertinggal, Dan Transmigrasi Republik Indonesia, 2015) (Adawiyah, 2018), togetherness based on sincerity (Warsono et al., 2018); entrepreneurship (Nugrahaningsih et al., 2021).

The Islamic values that can support the success of local economic institutions as described previously are: monotheism (Oneness of God), *nubuwwah* (prophethood), *'Adl* (justice), *Khilafah* (government), *Maad* (yield). The principle of making guidelines for managers of Islamic economic institutions so that their activities are of worship value. Sharia economic activities also follow the characteristics of the Prophet Muhammad such as Siddiq, Amanah, Tabligh, and Fathonah. Sharia economic managers can produce justice both in processes and products. Managers obey the legitimate government. Managers are also required to run economic institutions with the right business processes. The research (Furqan & Fahmi, 2018) show that the opportunity for implementing Islamic economics in VOEs is very large. In addition, transaction contracts can be applied to VOEs. The research (Edi Irawan, 2019) show that OVOP-based halal tourism in Sumbawa Regency can increase tourist visits in 2018.

Viewed from the perspective of an environment that allows capacity building, the performance of local economic institutions is determined by the existence of regulations that legitimize the capacity development of local economic institutions; integration of local economic institutional capacity development programs in local development planning; community involvement, the existence of a value system that spurs the development of local economic institutional development capacity; and the impact of

the existence of the institution on society. At the organizational level, the performance of local economic institutions is influenced by innovative management systems, visionary local leadership. Judging from the network, the performance of local social institutions is due to the determination of the type of business. From an individual perspective, the performance of economic institutions is influenced by the clarity of the wanpresta in the manager and the professionalism of the manager.

Viewed from an environmental perspective that allows capacity building, the performance of local economic institutions is determined by the existence of regulations that legitimize the capacity building of local economic institutions; integration of capacity building programs for local economic institutions in local development planning; community involvement, the existence of a value system that spurs the capacity building of local economic institutions; as well as the impact of the institution's presence on society. At the organizational level, the performance of local economic institutions is influenced by innovative management systems, visionary local leadership. Viewed from the network, the performance of local social institutions is caused by determining the type of business. From an individual perspective, the performance of economic institutions is influenced by the clarity of defaults on managers and the professionalism of managers.

The relationship between the value system, performance triggers, and VOEs performance is illustrated in Figure 1.

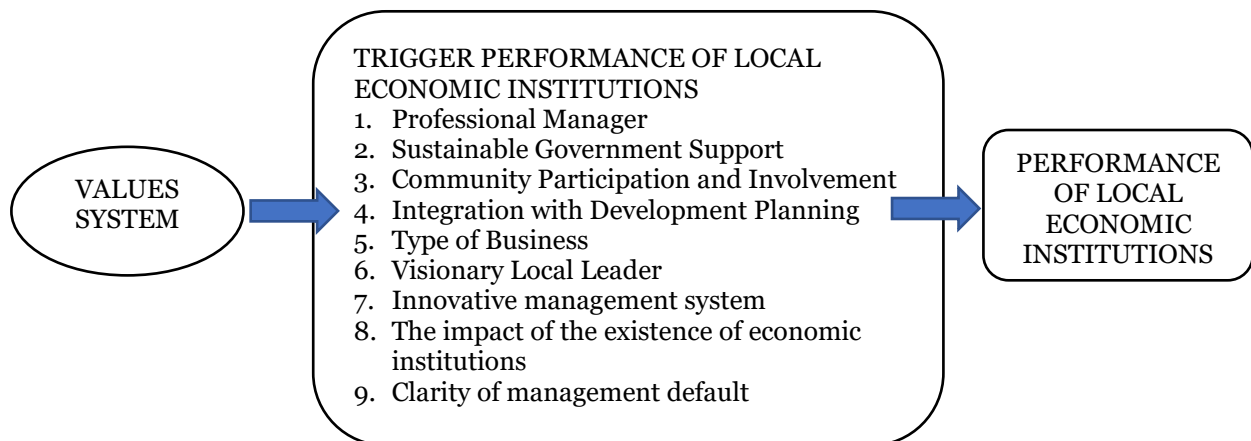


Figure 1
The Linkage of Value Systems, Drivers, and Performance of Local Economic Institutions

CONCLUSION

Benchmarking the success of local economic institutions between one country and another is very strategic in an effort to develop the capacity of local economic institutions in a country. The performance of local institutions is triggered by professional managers, sustainable government support, community participation and involvement, integration with development planning, types of businesses, visionary local leadership, innovative management systems, and the impact of the existence of economic institutions; clarity of management default. The ninth triggers for the performance of local economic institutions move when they are driven by a certain value system.

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