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# Governance Practices and Organizational Performance: A Study on Village-owned Enterprises in Indonesia

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## Abstract

This study aims to analyze the effect of governance practices on organizational performance. This is a quantitative study conducted on Village-Owned Enterprises which is a hybrid social enterprises in Indonesia. The governance principles of Village Owned Enterprises are slightly different from corporate governance in general. As a social enterprise with a social mission, the governance of village-owned enterprises is based on the principles of being transparent, accountable, cooperative, participative, emancipative and sustainable. Data was collected by using a questionnaire that was sent to 391 Directors of Village Owned Enterprises in Riau Province, Indonesia. A total of 125 responses were returned and then analyzed by using WarpPLS 5.0. The findings show that governance practices of Village-owned Enterprises has an effect on organizational performance. This research contributes to the field of management accounting at Village Owned Enterprises. To be able to improve organizational performance Village Owned Enterprises must carry out governance practices properly. This will enact the organization run effectively so that organizational goals can be achieved.

**Keywords:** Governance, Organizational performance, Village-owned enterprises, WarpPLS, Indonesia