

The Role of BUMDES in Increasing Village Original Income and the Village Community Economy in Sigi Regency

Umar^{1*}, Rasmi Nur Anggraeni²

¹ Faculty of Economics and Business, Universitas Muhammadiyah Palu, Indonesia

² Faculty of Economics and Business, Universitas Muhammadiyah Palu, Indonesia

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ABSTRACT

This study aims to analyze the role of Bumdes in increasing village original income and the economy of rural communities in Sigi Regency. The research method uses a Community Based Research approach which is carried out in a qualitative descriptive manner. The research population is all Village-Owned Enterprises in Sigi Regency, while the research sample is determined by purposive sampling technique. Data collection techniques were carried out through observation, interviews, Focus Group Discussion (FGD), and data analysis techniques using qualitative analysis. The results showed that BUMDes could increase Village Original Income but not significantly, and BUMDes had not been able to improve the economy of rural communities. This is due to the limited capacity of human resources, small capital participation, and the type of business managed by BUMDes is still small in scale so that it has not opened up job opportunities for rural communities. Furthermore, the results of the research become the basis for the preparation of a follow-up plan in the form of developing human resource capacity, strengthening governance and management, financial management, and developing BUMDes business.

Corresponding Author:

Umar

Faculty of Economics and Business, Universitas Muhammadiyah Palu, Indonesia

Email: umar.hannase@gmail.com

1. INTRODUCTION

Village-Owned Enterprises or often called BUMDes, have changed their status from business entities as stated in Article 1 of the Village Law/UU Number 6 of 2014 to become a legal entity according to the contents of Article 117 of the Job Creation Law/UU Number 11 of 2020 (Hadi 2021). The main functions expected are to create new job opportunities, develop cooperation and networks, accelerate the adoption of new technologies for business and public services, penetrate and open up markets and attract investment. BUMDes is a locomotive for local economic development at the village level through capacity building. It is expected to be able to improve the financial status of the community in the village through the role of village communities with participatory and innovative principles (Sofian 2021).

In 2015 - 2020, BUMDes contributed to increasing PADes to reach Rp 1.1 Trillion. In addition, the amount of village funds allocated for BUMDes capital reaches IDR 4.2 trillion. Overall, the number of BUMDes until 2020 has reached 51,134 villages that have established BUMDes. The data illustrates that BUMDes positively impact development and economic growth in the town. Kemendesa PDTT has carried out a ranking and IDM (Developing Village Index) with the classification of independent, developed, developing underdeveloped, and very underdeveloped villages (KemenDesa 2020).

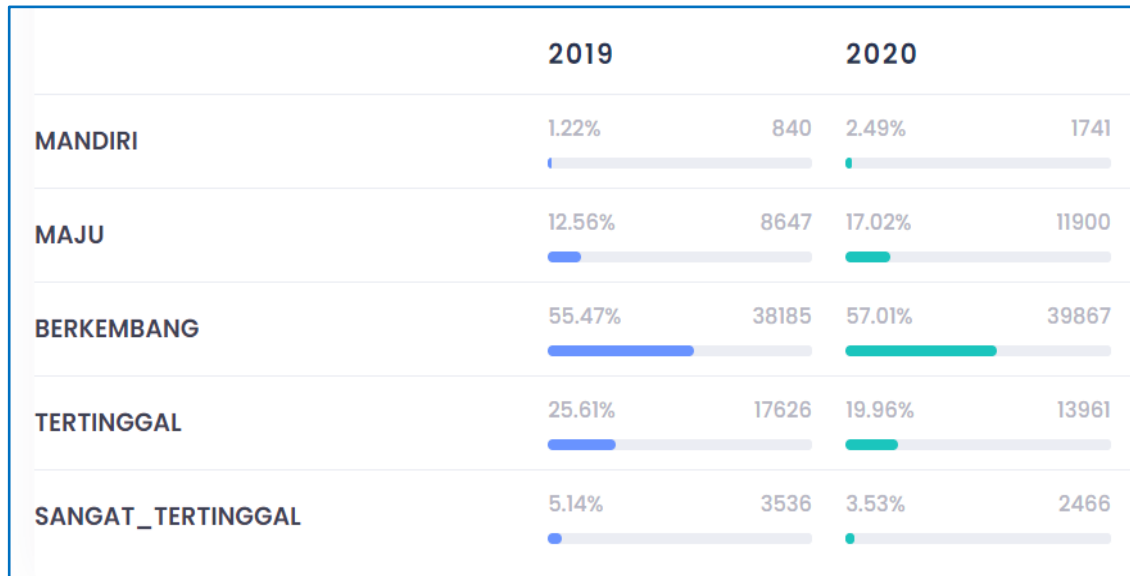


Figure 1. Index of Developing Villages for 2019-2020

Source: <https://idm.kemendesa.go.id>

Data for 2019 shows the village index is very underdeveloped, as many as 3,536 (5.14%) villages, while in 2020, it becomes 2,466 (3.53%) villages categorized as very underdeveloped. Likewise, the data on villages with the status of being left behind was previously 17,626 (25.61%) villages in 2019 and 2020 reduced to 13,961 (19.96%) villages. These results go hand in hand with the increase in the number of villages with developing, advanced and independent status, wherein in 2019, there were 38,185 (55.47%) developing category villages, 8,647 (12.56%) developed villages, and 840 (1.22%) village with independent status. Meanwhile, in 2020, there were 39,867 (57.01%) developing villages, 11,900 (17.02%) developed villages, and 1,741 (2.49%) independent villages.

Permendesa PD TT No. 13 of 2020 issued by the Kemendesa PD TT regarding the Priority for the Use of Village Funds in 2021, which encourages the achievement of the Sustainable Development Goals (SDGs) or national sustainable development goals (Saragih et al. 2021). The use of 2021 village funds in achieving village SDGs has three priorities, namely: 1) National economic recovery, development, and revitalization of BUMDes or BUMDesma, then electricity supply and development of productive economic enterprises; 2) National priority programs, mapping potential, resources, developing information and communication technology, as well as developing tourist villages and strengthening food security and preventing stunting in villages; 3) Adapt new habits that contain COVID-19 safe villages. (Saragih et al. 2021).

Government policies through the Kemendesa PD TT open up great opportunities for villages and BUMDes. However, the survey results from 50,199 BUMDes in Indonesia found that 92.5% BUMDes have not run well (BUMDes 2018). This implies that behind the potential of villages encouraged by the government through the Kemendesa PD TT program, there are still weaknesses in various sectors of the village economy, especially the development of BUMDes. Therefore, support is urgently needed to foster an entrepreneurial spirit, strengthen governance and management, and develop sustainable BUMDes businesses. Based on some of these descriptions, it is necessary to conduct a study entitled "Analysis of the Role of BUMDes in Increasing Village Original Income and the Economy of Village Communities in Sigi Regency".

2. METHODOLOGY

This research is a study with a Community Based Research approach carried out in a qualitative descriptive manner. This approach is used to explore a broad understanding of rural communities at the micro, meso, and macro levels regarding the potential of the village as a whole and assess the direction and motivation of rural economic development. The object of this research is a village located in the Sigi Regency area. The research population is all BUMDes located in the Sigi Regency area. Data collection techniques were carried out through observation, interviews, Focus Group Discussion (FGD), and qualitative analysis based on the data obtained. This study uses content analysis to answer research questions.

3. RESULTS AND DISCUSSION

3.1. Observation Results

Observations were made to understand the condition of the villages and BUMDes that became the research sample. Based on the consideration of access to information and data availability, the observed villages and BUMDes were divided into five sub-districts in Sigi Regency, namely Dolo District, Sigi Biromaru Sigi Kota District, and Palolo District. In each sub-district, there are two villages and 2 BUMDes, which are samples for observation. The observed BUMDes data can be seen in the following table 1.

Table 1. BUMDes Observation Data in Sigi Regency

No.	Name BUMDes	Name Village	Status BUMDes
1	Muara Berkah	Kotapulu	Register Name
2	Fajar Agro	Maku	Verified Name
3	Masagena (Bangkit Bersama)	Sidondo I	Verified Name
4	An Nur	Sidondo III	Register Name
5	Mitra Jaya	Sidondo IV	Verified Name
6	Permata Sigi	Bora	Verified Name
7	Maju Singgani	Sibowi	Registering a Legal Entity
8	Mappasituo	Sibalaya Selatan	Verified Name
9	Singgani	Sintuwu	Not registered
10	Mekar Jaya Mandiri	Rahmat	Verified Name

Source: Primary Data

The observations show that of the 10 BUMDes that were sampled, they have different statuses. The status of registering a legal entity is only 1 BUMDes. The quality of writing the names of 2 BUMDes, verified names are 6 BUMDes, but one of them has changed its name, and there is still 1 BUMDes that has not been registered. The status of BUMDes is by data released by the Ministry of Villages PDPT through the Village Information System (SID) in 2021.

3.2. Interview result

Interview data were obtained from stakeholders of the Village Government, BUMDes administrators or managers, and community leaders. Interviews were conducted in 4 sub-districts with eight villages as samples. The results of the interview include three main aspects as follows:

3.2.1. Human Resources (HR)

Human resources in the village, especially in BUMDes, already have basic organization competencies (Suleman et al. 2020). Several BUMDes managers have carried out capacity building by attending meetings and forums discussing the development of BUMDes functions as business entities in the village. However, in general, BUMDes managers do not yet have sufficient capacity to develop through potentials following the community's conditions in the village. The entrepreneurial spirit is still low, so it impacts the limitations of BUMDes innovation. In addition, most BUMDes managers have their routines, so a limited time allocation is used to manage BUMDes. The role of the community is still very lacking in developing the BUMDes business unit.

3.2.2. Source of Funds or Equity Participation

The village government has carried out equity participation since the establishment of BUMDes. However, at the scale of investment for expansion, the amount is still relatively small (Huda 2019). This also depends on the village government's policy in allocating the Village Budget. Village communities are also generally not interested in investing or including capital in BUMDes to avoid the risk of loss that will occur if the business unit does not run as expected. The condition of BUMDes, in general, is still difficult to get grant funds due to lack of network access, and organizational management is not well organized.

3.2.3. Type of Business

The type of business is one of the important factors that determine the sustainability and success of BUMDes (Kurniadi, Rao, and Subantoro 2021). The study results indicate types of BUMDes businesses in the Sigi Regency, including the following: 1) LPG gas cylinder base, 2) Vehicle and Equipment Rental Services, 3) Farm, 4) Sales of Agricultural Production Facilities (Saprodi), 5) Photocopying and sales of stationery services

The type of business running on the BUMDes was chosen based on suggestions and agreements between the village government and the village community to facilitate the needs of the community in the village. BUMDes efforts are expected to provide benefits to the community and achieve the goals of establishing BUMDes (La Suhu, Djae, and Sosoda 2020). Several types of BUMDes businesses are no longer running due to the absence of human resources who can manage them. This is related to the fact that compensation obtained by the manager is still low, so it is not sufficient to meet the needs.

There are several objectives for establishing BUMDes, as stated in the PDTT Village Regulation Number 4 of 2015, including improving the village economy, increasing village community income, and increasing Village Original Income (Adiputra 2021). The study results indicate that generally, BUMDes in Sigi Regency have not been able to achieve the intended goals as a whole. Likewise, if it is more specifically drawn into the formulation of research problems regarding the role of BUMDes in increasing Village Original Income and the economy of rural communities. The contribution of BUMDes to PADesa is still very small, so it is considered not to have a significant impact. This will be in line with the condition of the village economy. It indicates that the existence of BUMDes has not had a substantial influence on the income level of the village community.

3.3. Results of Focus Group Discussion

The role of stakeholders and the community in the village is needed to achieve the success of BUMDes (Nurfakhirah, Santoso, and Hanani 2021). Focus Group Discussions were carried out to explore further and provide information related to BUMDes by involving the village government, BUMDes administrators or managers, and community leaders. Various data were obtained at the observation and interview stages, then discussed in FGD activities to collect responses, statements, and questions. Important notes generated in the FGD are expected to be the feedback for the follow-up plan (RTL).

Opportunities and challenges exist simultaneously in the management of Village Owned Enterprises. These opportunities can be seen from the potential of existing resources in the village; for example, in the rural agricultural sector, certain commodities can become only commodities or raw materials for products. This is in line with the challenges for the village government, BUMDes managers or managers, and village communities to work together to create only commodities or products using raw materials from agricultural products or natural resources found in the village. BUMDes can manage many business opportunities, but limited human resources and other resources or capital are often obstacles (Fajira 2020).

The businesses run by BUMDes are, on average, still small in scale, so they only involve BUMDes managers (Mulatsih and Purnamadewi 2020). In other words, BUMDes have not been able to provide job opportunities for rural communities. Several BUMDes have tried different production businesses, such as fried onions and other food products, but they are difficult to survive or even run again (Naim 2021). This is due to the lack of human resources who have the skills to make certain products, and access to distribution and product marketing techniques have not been mastered properly. Not to mention the availability of capital to support the operational activities of BUMDes is still small in number.

The organizational structure and governance of BUMDes have an important role in optimizing their potential (Indrawati et al. 2021). This must be supported by village government policies and community participation as customers or service users and investors who include funds in BUMDes capital. Conditions that occur in BUMDes in Sigi Regency show that the level of community participation is still low; only certain types of businesses are an option, for example, LPG gas bases, vehicle rental services in the form of pick-up cars, event equipment such as tents, or machine tools for agricultural activities.

Community empowerment has not been maximized because the managed business units are still on a micro or local scale, so they do not involve many people. There are no products produced by BUMDes that are commercial or mass-produced. In addition, the position of BUMDes as a legal entity has not functioned properly, so it is necessary to map institutions from historical, juridical, and normative sociological aspects. BUMDes as a forum for village actors have not been able to realize village economic improvements for the welfare of rural communities.

5. CONCLUSION

Based on the research results above, it can be concluded that BumDes can increase Village Original Income but not significantly, and BumDes has not been able to improve the economy of rural communities. This is due to the limited capacity of human resources and the small amount of capital investment. The type of business managed by BumDes is still small in scale, so it has not been able to open up job opportunities for rural communities. Furthermore, the research results become the basis for preparing a follow-up plan in the form of developing human resource capacity, strengthening governance and management, financial management, and growing the BumDes business in the Sigi Biromaru Regency area.

It is hoped that this research can help several BumDes to be registered as legal entities so that they have strong legality to get wider access, then encourage BumDes to expand by increasing capital participation

from both the community and investors and utilizing natural resources or agricultural products to processed into creative industry products.

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