

# THE ROLE OF THE GOVERNMENT OF NORTH ACEH DISTRICT, LHOKSEUMAWE CITY AND BIREUN DISTRICT IN BUMDES MANAGEMENT

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## Abstract

*Currently, the government continues to strive to build and develop the rural economy through community empowerment programs with the aim of increasing productivity, business diversity and regional potential with the aim of improving the economy and welfare of rural communities. One of the government's programs is by providing a budget for funds in the field of community empowerment used to support the capital for the establishment of Village-Owned Enterprises (BUMDes). Where in accordance with the objectives of BUMDes, namely optimizing the management of village assets and existing village potentials, in order to support the village economy, and improve the welfare of rural communities. But unfortunately until now the role and function of BUMDes has not been effective and has not been felt by the community. This is due to the inability and lack of professionalism of BUMDes management human resources and the lack of integration of businesses managed by BUMDes with existing village potentials so that it seems as if BUMDes stands only as a formality without supporting the economic potential of the village community. The purpose of this study is to create a strategic concept in BUMDes management so that it runs more effectively and on target so that it can support the village economy through the development of human resource knowledge in BUMDes management that is integrated with the economic potential of the village community. So that BUMDes and Basic Pontesial village are integrated into a business institution that actually supports the village economy for the welfare of the village community. This solution can help village communities in strengthening their economy and provide a view of knowledge and open insights to BUMDes managers so that they can develop BUMDes into a business that synergizes with the community.*

**Keywords:** *Village-Owned Enterprises (BUMDes), village economy, village economy*

## INTRODUCTION

Currently, village economic growth is considered to be still slow compared to urban economic development, this is due to its monotonous economic development. Therefore, the government continues to strive to improve the welfare of village communities through the utilization of the State Revenue and Expenditure Budget (APBN) in village development which is then referred to as village funds. Where the use of village funds must be in accordance with the direction of the Regulation of the Minister of Villages, in the Development of Disadvantaged Regions, and Transmigration (PDRT) Number 16 of 2018 concerning Priority Use of Village Funds in 2019, article 10 paragraph 2i, provides an explanation of the use of village funds in the field of community empowerment used to support the capital for the establishment of Village-Owned Enterprises (BUMDes) (PERPRES, 2018).

Some of the problems that occur in the management of BUMDes, include: (a) lack of community participation in the management of BUMDes, (b) the village government does not optimally empower the community to develop BUMDes, (c) BUMDes does not run, (d) lack of adequate human resources (HR) in the management of BUMDes, and (e) lack of community awareness in developing other business fields. (Nursetiawan, 2018). The obstacles in managing BUMDes are inseparable from the inadequate role of human resources. So that the function and

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purpose of BUMDes are still far from effective. Although the formation of BUMDes has been in accordance with the procedures stipulated in the village minister's regulations through village deliberations, the skills of existing human resources do not yet understand the technical implementation of BUMDes which results in a lack of focus on BUMDes operational implementers and the absence of an entrepreneurial spirit makes BUMDes employees experience difficulties in management (Hidayah, 2019).

It can be concluded that the role of human resources is important in the management of BUMDes, therefore it is necessary to develop Cognitive Human Resources that are able to see the original potential of the village (Basic Potential) that exists to be developed through BUMDes. Because each village has different potentials, both in terms of geographical location, culture, and sources of income for the village community, it is necessary to carry out special handling in each village so that the business managed by BUMDes is in line with the original potential of the village which directly covers the potential and efforts of the village community. For this reason, it is certainly necessary to evaluate the performance of HR in the management of BUMDes in order to achieve the goals and functions of BUMDes as a container for the village community's economy.

### **Literature Review**

#### **The Role of BUMDes in Improving Village Economy**

BUMDes is a village business entity established with the aim of optimizing the management of existing village assets, advancing the village economy, and improving the welfare of village communities. And the function of BUMDes is as a driving force for the village economy, as a business institution that generates Village Original Income (PADes), and as a means to encourage the acceleration of improving the welfare of village communities. With the presence of BUMDes, it is hoped that villages will become more independent and their communities will become more prosperous (Dewi, 2014). As a center of the village economy, BUMDes is expected to have a role in sustainable village development, empowerment of village communities, and improvement of the village economy. The roles of BUMDes include:

- a. identification of village potential
- b. mapping of village superior businesses
- c. building an integrated economic center
- d. marketing superior village products

#### **Human Resource Development**

Human Resources (HR) are the main potential in village economic development. Village communities that are still viewed as backward communities must be built based on the ability and quality of HR. Because the abundance of potential wealth resources owned by the village will not be able to drive village progress towards the welfare of the village community without the management of quality human resources. Therefore it is important to improve the quality of rural HR. Community development can be done through mentoring, counseling, empowerment, and education based on application and implementation that fosters an entrepreneurial spirit. Village potential that is properly identified, then managed into something of higher quality and carried out by reliable human resources, can be ensured that sustainable village development will automatically be built and prosperity can be achieved. (Chikamawati, 2015).

#### **BUMDES Management Strategy**

Village development is an effort to improve the standard of living and welfare of rural communities. Where in the implementation of village development, a strategy is needed to achieve progressive and sustainable ideals. (Nursetiawan, 2018). In general, the purpose of developing village potential is to encourage the realization of village community independence through the development of superior potential and strengthening institutions and community empowerment. The following are the steps in developing village potential so that it runs smoothly, effectively and efficiently in accordance with the existing potential and community needs:

- a. Record and review available potential data to determine objects that can be developed.
- b. Conducting field surveys to collect data that will be used as material in mapping potential and problems as well as the facilities that will be implemented.
- c. Conducting assessments through tabulation and analysis of collected data using established analysis methods.
- d. Determine the priority scale of potential to be developed based on the needs, costs and benefits of the development results.
- e. Formulate a strategic design or plan that is oriented towards community empowerment to “develop independent villages based on rural areas” based on real conditions in the field.
- f. Implementing the design or strategic plan that has been produced (Soleh, 2017).

### Previous Research

Riris Eka Widayanti & Renny Oktafia (2021) "Online-Based Marketing Strategy for Village-Owned Enterprise (BUMDes) Products "Sukses Bersama" Sugihwaras Village, Sidoarjo Regency" Research Focuses on: The purpose of this study is to One form of marketing BUMDes products online is through the market place application owned, namely Electronic Bumdes Sugihwaras (E-Bes). However, until now its use has not been maximized, because many people in Sugihwaras Village do not know about the application, only 40% are interested. The purpose of this study is to find out how the marketing strategy and its impact on the village economy.

Rico Nur Ilham, Rodi Syafrizal and Benhart Naingolan (2022) "Cognitive Analysis of Basic Integration of Village Potential in Bumdes Managers in Sei Bamban District" Research Focuses on:

The purpose of this study is to formulate a strategy to improve the effectiveness of BUMDes in Sei Bamban District, namely by developing human resources who think cognitively in managing existing village potentials. so that there is integration between human resource knowledge and capabilities with village potential.

Herman Alimuddin, Asriana Abdullah and Firdha Razak “Digital Marketing Training to Improve the Competitiveness of Village-Owned Enterprises (BUMDes) Products” (2023) Results: Digital Marketing uses all Internet resources to promote BUMDes products. The resources owned by BUMDes include marketing websites and BUMDes social media platforms. For Digital Marketing, social media is not only used for BUMDes, but is also owned by BUMDes workers. Sales of BUMDes products in Pangkep Regency increased as a result of the increased reach of product promotion.

Wilya Achmad and Ishak Fadlurrohimi (2023) "The role of BUMDes in Community Empowerment in Salamjaya Village, Pabuaran District, Subang Regency" The results of this study are the process of empowering the community's economy carried out by BUMdes Salamjaya, namely by providing capital to the community, marketing, partnerships and institutional strengthening and the impact of the existence of BUMdes is increasing business capital, increasing community production, ease of obtaining agricultural facilities, increasing community income, and social life.

### METHOD

The research method used in this study is qualitative descriptive used to describe data and information by analyzing existing theories. so that researchers obtain accurate data on a problem and object in a particular area so that they can describe a description of a situation as clearly as possible (Ruslan, 2004).

### Population and Sample

The population of this study was all BUMDes Managers in North Aceh Regency, Lhokseumawe City and Bireun Regency.

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**RESULTS AND DISCUSSION**

BUMDes (Village-Owned Enterprises) is a pillar of economic activity in the village that functions as a social institution and commercial institution. BUMDes as a social institution sides with the interests of the community through its contribution in providing social services. While as a commercial institution, it aims to seek profit by offering local resources (goods and services) to the market. In running its business, the principles of efficiency and effectiveness must always be emphasized. BUMDes as a legal entity, is formed based on applicable laws and regulations, and in accordance with the agreements established in the village community. Thus, the form of BUMDes can vary in each village in Indonesia. These various forms are in accordance with the local characteristics, potential, and resources owned by each village (Surya: 2015).

The economic base in rural areas has long been run by the government through various programs. However, these efforts have not produced satisfactory results as desired together. One of the most dominant factors is that government intervention is too large, which actually hinders the creativity and innovation of rural communities in managing and running the economic engine in rural areas. The institutional economic systems and mechanisms in rural areas do not run effectively and have implications for dependence on government assistance, thus killing the spirit of independence (Yuli, 2017). Based on this assumption, the existence of villages should receive serious attention from the central government with the birth of policies related to economic empowerment which is carried out by collecting and institutionalizing community economic activities.

Therefore, the government is implementing a new approach that is expected to be able to stimulate and drive the wheels of the economy in rural areas, the establishment of economic institutions that are fully managed by the village community, namely Village-Owned Enterprises (BUMDes) as one of the mainstay programs in increasing the independence of the village economy (Yuli, 2017: 4). BUMDes was born as a new approach in an effort to improve the village economy based on the needs and potential of the village. The management of BUMDes is fully carried out by the village community, namely from the village, by the village, and for the village. The way BUMDes works is by accommodating the economic activities of the community in a form of institution or business entity that is managed professionally, but still relies on the original potential of the village. This can make community businesses more productive and effective. In the future, BUMDes will function as a pillar of national independence which will also be an institution that accommodates the economic activities of the community that develop according to the characteristics of the village in order to improve the welfare of the village community.

The establishment of BUMG through the Regulation of the Minister of Villages, Development of Disadvantaged Regions and Transmigration Number 4 of 2015 concerning the Establishment, Management, and Administration, and Dissolution of BUMDes. After that, operational actions are needed within a certain period of time, whether carried out by individuals or groups, government or private sector which are directed to make the BUMDes program a success which has been facilitated through state financing through Village Funds (DD) sourced from the State Revenue and Expenditure Budget (APBN).

According to the Regulation of the Minister of PDDT Number 4 of 2015 Article 1 Village-Owned Enterprises are business entities whose capital is wholly or mostly owned by the village through direct participation originating from village assets that are separated to manage assets, service services, and other businesses for the greatest possible welfare of the community. The establishment of BUMG is aimed at improving the village economy, optimizing village assets in managing village potential, developing business cooperation plans between villages, creating opportunities and market networks that support community needs, opening up employment opportunities, improving community welfare through improving public services, growth and equity of the village community economy and increasing village community income and original village income. The dimensions to be studied include; (1) Environmental conditions, (2) Relationships

between organizations, (3) Organizational resources, (4) Characteristics and capabilities of implementing agents.

**A. BUMDes Hagu Catfish Cultivation Northwest of Lhokseumawe City**



Figure 5.1 BUMDes Hagu Catfish Cultivation Northwest of Lhokseumawe City

Established in 2021, BUMDes Budi daya Ikan Lele Hagu Barat Laut City of Lhokseumawe has two business units, namely catfish farming and RO Water Refilling. BUMDes operations are difficult to run and are getting worse. Especially in the RO Water Refilling section, many people end up not taking RO Refill Water. The business that continues to run until now is catfish farming. Of the two businesses that were initially launched, only one remains effective until now, namely catfish farming. This business has quite a big potential because catfish is one type of fish that is widely consumed by the community. However, in its efforts there are several difficulties experienced in its operations. From the results of the interview it was concluded:

- a. Initial Capital: Initial capital is one of the main obstacles faced by BUMDes and the community in starting catfish farming. Although initially BUMDes provided initial capital to the community, it turned out that the capital was not enough to buy fish seeds, feed, and other cultivation equipment.
- b. Availability of Seeds: Fish The availability of quality fish seeds that are in accordance with market demand is also an obstacle in catfish cultivation. Several times BUMDes bought fish seeds from outside the village, but the seeds were not in accordance with the climate or environmental conditions in the village so that many fish died.

Village-Owned Enterprises (BUMDes) strive to overcome the obstacles faced in catfish cultivation. One of the efforts made is to help the community in obtaining sufficient initial capital to buy fish seeds, feed, and other cultivation equipment. In addition, BUMDes also strives to buy quality fish seeds that are in accordance with the climate or environmental conditions in the village, as well as providing training and assistance to people who do not have experience in catfish cultivation.

BUMDes also plays a role in facilitating the marketing of community catfish products to markets in nearby cities. This is done to make it easier for the community to find buyers for their products and help increase the selling power of catfish products from the village. With various efforts made, it is hoped that the obstacles in catfish cultivation can be overcome and the community can increase the production of quality catfish and can compete in the market. In the long term, these BUMDes efforts are also expected to help improve the welfare of the village community as a whole. Because it does not spend any funds at all in its operations, some people like the business as additional income. The profit sharing ratio used is 20% and 80%. 20% for

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BUMDes, but previously the capital used was returned to BUMDes while the profit sharing was only carried out.



Figure 5.2 Photo with Catfish Farming Manager

The income of residents certainly increased because of the results of catfish cultivation. However, some residents complained because catfish cultivation can only be harvested once every 3-4 months so that people only make it a side job. The efforts made by BUMDes in increasing the income of the people of Hagu Barat Kaut Village have not been felt significantly because only one business is running, so there are still many residents who do not know BUMDes as a whole. There are many types of cultivation techniques used by catfish farmers. However, all of these techniques can be grouped into three techniques, namely traditional, semi-intensive and intensive cultivation techniques. Along with the development of the times, the use of traditional cultivation techniques has begun to decrease because currently catfish cultivation is one of the businesses that increases the need for catfish in the market, so that farmers begin to focus and increase cultivation productivity by using intensive techniques.

In general, catfish farmers in Gampong Hagu Barat Laut have carried out intensive cultivation practices. The cultivation effort carried out is catfish enlargement. The pond used is a type of tarpaulin pond with a round size of 5 m<sup>2</sup>, but the size of this plot is adjusted to the area of cultivation land owned by the farmer. tarpaulin is good for catfish maintenance ponds. The harvest age of catfish ranges from 3 to 4 months, depending on market demand, with a business cycle in one year of 3 to 4 times per year. The inputs used in this cultivation effort include catfish seeds, feed, fertilizer, labor, and cultivation land. The quality of the input used greatly influences the amount of production produced (Interview with Mr. Mahlil (Manager), May 3, 2024).

Catfish farming will enter the harvest period after a period of approximately three months or has reached the size of catfish for consumption. The catfish harvesting process is carried out in two stages, the first stage is when the catfish farming is approximately one and a half months old. In this first stage, to see the size of the catfish, if there are any that have reached the size of consumption, they will be harvested, while those that have not will be separated to be raised again. In addition, the purpose of this first stage is to separate the size of the catfish so that cannibalism does not occur in one catfish farming pond. The second stage of catfish harvesting is carried out after about three months of catfish cultivation. The remaining catfish are ready to be harvested again, usually when harvested the ideal catfish size for consumption is 7-9 per kg. However, at the time of harvest there are also catfish that are still small in size, namely 10-12 per kg and those that are too large with a size of 4-5 per kg. As explained by Mr. Mahlil during the interview:

“The process of harvesting catfish involves separating small catfish from large catfish. Usually, at harvest time the size of catfish varies, some contain 10-12 per kg, some have 7-9 per kg, and some have 4-5 per kg. "The right size for catfish is 7-9 per kg." After the catfish are harvested and sorted according to their size, the catfish will then be sold. Catfish cultivated by members of the cultivation are usually sold to Mr. Bambang as the head of the Community Empowerment House, although catfish sales can be done anywhere according to the wishes of the cultivation members if they already have their own market, and do not have to be to Mr. Bambang. Cultivated catfish are sold to distributors at a price of IDR 17,000 per kg, different from the market price of IDR 15,000 per kg. The price difference is because the Community only accepts catfish that are cultivated according to the SOP procedures applied in the village, meaning not catfish that are cultivated by feeding them carelessly or containing drugs.

## B. BUMDes Pertamina Shop (PertaShop) Tingkeum Mayang Village, Bireun



Figure 5.3 BUMDes Pertamina (PertaShop) Tingkeum Mayang Village, Bireun

Pertashop is a business that operates in partnership. The partner system in pertashop is divided into two types, namely the Company Owner Dealer Operation (CODO) Investment system, which is a cooperation scheme between Pertamina and partners, where Pertamina acts as an investor and partners as managers of pertashop. The next system is Dealer Owner Dealer Operation (DODO), which is a cooperation scheme where partners become investors and managers of pertashop. There are several types of pertashop partnerships, namely gold, platinum, and diamond. This type affects the area of land provided, the number of storage tanks, and the turnover obtained.

The capital issued in the CODO system is to prepare land/soil and buildings but for equipment/modular from Pertamina. While the DODO system partners prepare land/soil, buildings that must comply with Pertamina standards and buy equipment/modular. BUMDes Toko Pertamina (PertaShop) Gampong Tingkeum Mayang uses the DODO system and the level taken is the gold type. BUMDes Toko Pertamina (PertaShop) Gampong Tingkeum Mayang operates every day at 08.00-16.00 WITA. The employees currently are 5 people. The profit obtained by Pertashop with the CODO system and gold type is Rp870/L which has been set by Pertamina.

The fuel ordering system at Pertashop was conveyed by Mr. Sulaiman that to order fuel usually to the Pertamina depot in Lhokseumawe City, orders and payments made before 14.00 WITA will be sent the next day, this delivery can use a fleet from the Pertamina depot or the fleet

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from the Pertashop itself. In ordering this fuel there is a minimum order of 2,000L/pertashop. For BUMDes Toko Pertamina (PertaShop) Gampong Tingkeum Mayang usually orders 2,000-3,000L and runs out between 1-2 days. Mr. Sulaiman also said that he always tries to ensure that the fuel stock in this Pertashop is always available and the Pertashop does not close due to running out of stock, therefore Mr. Sulaiman always reorders if the fuel stock in the tank is 500L left.



Figure 5.4 Photo with Pertamina Manager (PertaShop) Tingkeum Mayang Bireun Village

The existence of Pertashop in the village can be a strategic business because fuel has become a basic need for people around the village. The placement of the establishment of the Pertashop business itself is focused on the scope of the Regency/Village and other areas with a minimum distance of 10 (ten) kilometers from the gas station and 5 (five) kilometers from the Solar Oil Distribution Agent. The estimated time needed for prospective partners to become Pertashop partners is approximately 25 (twenty five) days after approval of the location and complete requirement documents. The implementation of mentoring, financial management, operational management, and marketing. For the administrative target, the expected time target only takes one month, and will always be monitored routinely by the curation team under the coordination of the Ministry of SOEs.



### C. BUMDes Camar Laut, Bantayan Village, Seunuddon District, North Aceh



Figure 5.5 BUMDes Camar Laut, Bantayan Village, Seunuddon District, North Aceh

Bantayan Beach Tourism Village is one of the tourism villages located in Seunuddon District, North Aceh Regency, Aceh Province. To get to Bantayan Beach Tourism Village from the Medan - Banda Aceh National Crossroad, it is estimated to take approximately 22 minutes.

In Bantayan Beach Tourism Village there are various tourist attractions, such as:

#### 1. Nature Tourism (Marine)

In Bantayan Village, there is a beach that is approximately 22 minutes from the Medan-Banda Aceh National Highway. This beach has a beautiful natural panorama and is a favorite destination for the community. The expansive beach area is one of the advantages of Bantayan Beach Tourism which makes children free and comfortable to play in the sand and parents can easily supervise them. Plus, the lush pine trees lined up neatly and beautifully arranged are a favorite area for visitors to relax and enjoy food with family and friends.

#### 2. Culinary Tourism

In Bantayan Village, visitors can also enjoy delicious Aceh coffee and various types of drinks from coffee shops that sell along the beach that are neatly lined up with a contemporary cafe feel. In addition, there are also various traditional snacks and other delicious culinary delights such as Aceh noodles, various seafood noodles and pepper sauce.

#### 3. Tsunami Tourism

Bantayan Village was also one of the villages affected by the 2004 tsunami. In this village, there are historical witnesses that still remain today, namely the ruins of buildings that have not been moved because they are used as witnesses to how terrible the tsunami was at that time. The ruins of these former buildings are very close to the sea that was destroyed by the impact of the tsunami waves. In this place there are also spots for taking pictures.

#### 4. Children's Playground

Bantayan Village is a child-friendly tourist destination. In Bantayan Beach Tourism Village, there are also children's play facilities that enjoy playing in water pools such as mini waterparks which are also one of the favorite play facilities provided by Bantayan Beach Tourism Management. In this village, art performances and events are often held that showcase various arts and culture and competitions in collaboration with related agencies.

#### 5. Banana Boat and ATV Water Tourism.

In Bantayan Village, there are now various kinds of attraction games that will become new tourist attractions, namely banana boat water tourism and ATV motorbikes in the beach area. This Banana Boat can be rented by visitors to walk around Bantayan beach guided by experienced

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officers who are equipped with safety life jackets for each person. In addition, visitors can also rent ATV motorbikes that can be used to go around the beach enjoying the natural beauty of neatly lined and beautifully arranged pine trees. Bantayan Beach Tourism Village has extraordinary tourism potential so that we need to preserve it and develop it and utilize it properly without changing the essence of the rural area and local wisdom and not deviating from the enforcement of Islamic law in Aceh. Bantayan Village will continue to be developed so that it becomes a favorite tourist village in North Aceh Regency in particular and in Aceh Province in general.

**DISCUSSION**

**The Role of BUMDes Reviewed from Services-Benefits-Sustainability**

BUMDes is a pillar of economic activity in the village that functions as a social institution and commercial institution. The principle of efficiency and effectiveness must always be emphasized in running its business. Thus, it is hoped that the existence of BUMDes can encourage the dynamics of economic life in rural areas. According to PKDSP (2007), what is meant by "village business" is a type of business that includes village economic services such as: 1) financial services, land and water transportation services, village electricity, and other similar businesses; 2) distribution of nine basic village economic materials; 3) Trade in agricultural products including food crops, plantations, livestock, fisheries, and agribusiness; 4) Industry and folk crafts.



Figure 5.6 Photo Together with PertaShop Manager

In general, BUMDes services have been implemented professionally and flexibly. This condition can increase the productivity of village communities and the development of real businesses in BUMDes so that they can absorb more workers and increase income. In addition to service income from loan businesses, real businesses can also trigger the growth of other informal sectors and can encourage the creativity of the entrepreneurial spirit of the community in working. The benefits of real businesses formed by BUMDes that are in accordance with the potential in the village, so that they can maximize the advantages and benefits that will have an impact on the surrounding community so that they can be used as a source of income for the community that manages BUMDes businesses. From all the previous explanations, it is known that the role of a

good BUMDes can be viewed from the relationship between services, profits, and sustainability. The quality of services provided to the community greatly affects other aspects. From good services will trigger the community to participate in BUMDes, an increase in the number of customers will also result in an increase in income and ultimately the profits obtained will also increase. Stable and increasing income and profits will maintain the sustainability of BUMDes itself. However, on the other hand, BUMDes services based on family also sometimes cause problems, the conveniences provided by BUMDes management are sometimes considered not in accordance with operational standards. The process of applying for loans, disbursing funds, to returning installments is sometimes carried out inappropriately even though all transactions are still recorded in BUMDes books. Ease of loans and family services are indeed the main goals of BUMDes, but it would be better if a BUMDes had limitations so that administrative order would be created, which would also trigger orderly payments by its customers.

### **The Role of BUMDes Reviewed from Accountability-Development of Village Assets**

Hayyuna, et al (2014) stated that one way to make village development a success is to increase village income. The size of village income is influenced by the strategy carried out by BUMDes in managing and maximizing assets in the village. This is in line with PP No. 72 of 2005 article 78 which states that Village-Owned Enterprises (BUMDes) are business entities formed in order to increase village original income. According to Hayyuna, et al (2014), the strategies carried out to increase village assets are through: First, observing the environment, the results of which can determine the potential for what business activities are suitable to be implemented in BUMDes. The strategies that can be used by BUMDes include product development strategies, pricing, and financial strategies. Second, Strategy preparation includes 1) Product Development, 2) Pricing, 3) Financial Strategy. Third, Strategy Implementation, carried out by BUMDes can contribute to increasing village income. Fourth, Evaluation or Control, carried out by the Village Head because the Village Head is authorized by the Regional Government to supervise and be responsible for BUMDes in the village.

From the description above, it can be concluded that the asset management strategy (increased accountability) that has been carried out by BUMDes has contributed and can increase village income. From the increase in BUMDes accountability that has been carried out, village assets can be saved. All government assistance programs that have been provided can be accounted for and their existence can be maintained. With BUMDes acting as a container for other programs, it is hoped that all village assets obtained can be recorded, accounted for, and developed to maintain the sustainability of BUMDes itself.

### **The Role of BUMDes Reviewed from the Improvement of the Standard of Living of Managers – Commissioners – Community**

Referring to one of the objectives of BUMDes, namely improving community welfare and growing the economy, it can be identified that one of the roles of BUMDes can be viewed from improving the standard of living of administrators, commissioners and the community. With the formation of BUMDes in villages, it will certainly affect the income of the community who participate in the management of BUMDes, which in essence aims to meet the needs of the local village community. BUMDes is expected to provide maximum benefits for the welfare of its community, such as being able to absorb labor from the local village environment, thereby reducing the unemployment rate in the village. In addition to regular funding from BUMDes to improve human resources, training must also be carried out to improve skills to improve the quality and abilities of administrators, so that later this knowledge and insight can be useful for administrators and can be used to increase income. If they are more professional, they will improve the quality and role of BUMDes, and can maintain the sustainability of the BUMDes program in the village.

### **The Role of BUMDes Reviewed from Compliance with Regulations and Legislation**

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In addition to the three reviews of BUMDes roles that have been previously stated, another role of BUMDes is reviewed from how BUMDes complies with applicable regulations and laws. All aspects of BUMDes are regulated in laws set by the government, compliance with operational standards can determine the good or bad development of BUMDes. Simply put, compliance with these regulations can be described by annual reporting. In good BUMDes management, laws and government regulations are a reference for maintaining the sustainability and role of BUMDes to remain optimal. BUMDes management's compliance with applicable regulations and laws is one aspect of reviewing the role of a BUMDes because with management according to procedures, maximum results will be obtained that can benefit BUMDes, but on the other hand the community is also helped and in the end the community experiences increased welfare and income from the development of its economy supported by BUMDes in the village. BUMDes that are managed according to procedures and regulations will run well, can be reported and will continue to develop to participate in improving the welfare of the village community.

BUMDes management has been carried out in accordance with operational standards, financial reporting, services, SHU distribution, interest determination and standard loan requirements have been implemented in accordance with regulations. However, bad debts are often still experienced because customers are unable to return the loan funds, this is because operational standards in services are implemented based on family and trust guarantees, so that customer capabilities can only be assessed through historical data when customers have been able to return the loan funds.

**The Role of BUMDes in Improving the Village Economy**

In terms of the role of BUMDes services, it is known that there are differences in services between BUMDes and other microfinance institutions in the village. BUMDes services emphasize convenience with the principle of family and trust for its customers. While in other microfinance institutions, the loan process must be carried out properly and according to procedures, without exception. In addition, it was found that services at BUMDes were carried out professionally and flexibly, the procedures used were more concise so as not to burden its customers, conveniences in loan requirements and relatively low interest rates.

In terms of the Role of BUMDes Profit, it was found that BUMDes profit or income is also influenced by the income received from other BUMDes businesses such as real businesses managed by the BUMDes. BUMDes businesses can also be formed according to the potential in the village, so as to maximize advantages and profits. The development of this BUMDes real business also has an impact on the surrounding community, this business can be a source of income for some people who manage BUMDes businesses.

Improvement of Services, Profits and Sustainability of BUMDes has an influence on Improving the Village Economy. Services provided by BUMDes can increase the productivity of its customers because getting a loan does not require a long time and a complicated process. In the end, production can be carried out immediately after the materials have been purchased using the loan money from BUMDes.

**The Role of BUMDes in Increasing Village Original Income**

In terms of the role of BUMDes Accountability, it is known that the asset management strategy (increased accountability) that has been carried out by BUMDes has contributed and can increase village income. In addition, BUMDes has been able to accommodate other assistance programs obtained from the government and help accommodate government program funds that enter the village, which will indirectly help maintain village assets. Through this BUMDes program, it has contributed to the Village Original Income (PADes) where the strategies implemented can contribute to increasing village income. Most BUMDes have a positive impact, for example, they can accommodate government assistance programs, maintain existing program assets and maintain the village assets themselves. The increase in PADes, it was found that there were still several obstacles in its management. Inhibiting factors in terms of asset management

carried out by BUMDes, namely regarding difficulties in developing new businesses, limited innovation in developing local products, lack of facilities and infrastructure, low supervision from the Regional Government.



Figure 5.7 Group Photo with Catfish Farmers

### **The Role of BUMDes as the Backbone of Rural Economic Growth and Equity**

It is known that the role of BUMDes related to the Aspect of Improving the Standard of Living of Management-Commissioners-Community is considered to have implications for the Economic Independence of the Community, especially in terms of the ability as the backbone of growth and equity of the rural economy. The role in Improving the Standard of Living of Management, Commissioners and the Community is considered a form of BUMDes' success in becoming the Backbone of Growth and Equity of the Rural Economy. Referring to one of the objectives of BUMDes, namely improving community welfare and growing the economy, it can be identified that one of the roles of BUMDes can be reviewed from improving the standard of living of management, commissioners and the community. Allowances are provided from the results of BUMDes management, which are a source of additional income for BUMDes management and commissioners, which can later improve the welfare of each management and commissioner.

In addition to the ability to become the Backbone of Growth and Equity of the Rural Economy achieved by BUMDes, there are still shortcomings in its implementation, including the lack of educated, trained and professional resources to support the diversification of BUMDes businesses in the real sector other than the savings and loan sector. In addition, a good role will increase BUMDes income and profits, automatically the income of BUMDes administrators and commissioners will increase. However, on the other hand, indirect benefits are not yet visible, lack of interest, ability, and courage are the causes of the low number of workers who dare to become entrepreneurs themselves so that both the management and the community are still lacking awareness in realizing real community empowerment in the real sector and micro businesses.

### **The Role of BUMDes in Increasing the Processing of Village Potential in Accordance with Community Needs**

The results of this study found that the Role of BUMDes, especially the Role of BUMDes related to the Aspect of Compliance with Laws and Regulations, is considered to have implications for the Economic Independence of the Community, especially in terms of the Ability to Process Village Potential According to Community Needs. BUMDes management has been carried out in

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accordance with operational standards, financial reporting, services, distribution of SHU, determination of interest and standard requirements for borrowing funds have been implemented in accordance with regulations. However, despite these achievements, in its implementation there is still a lack of understanding among the community about the intent and purpose of establishing this BUMDes. BUMDes, which should act as a stimulant to develop community self-reliance, has instead become a place of dependence for a handful of people who expect grant funds from the government and consider that the funds do not need to be returned because they are grants from the government.

The stability of BUMDes income is not always good, sometimes many problems arise along with its development, starting from problems in the savings and loan program, to the real business of BUMDes. The majority of BUMDes also experience many bad debts, but considering that BUMDes carries a social mission from the government, there is no target for punctuality in returning business capital (loan funds) as in financial institutions in general. In addition to the fact that there is still a bad mindset in society, which causes the rate of return of funds to decrease. Sometimes, there is also a misunderstanding between the government and BUMDes managers, which causes various problems such as misuse of funds to funds lost due to certain reasons. BUMDes must have experienced procedural errors due to the distribution of funds that are not on target, so that customers cannot return the loan funds and as a result many programs cannot develop and die in the middle of the road.

**CONCLUSION**

Currently, the government continues to strive to build and develop the rural economy through community empowerment programs with the aim of increasing productivity, business diversity and regional potential with the aim of improving the economy and welfare of rural communities. One of the government's programs is by providing a budget for funds in the field of community empowerment used to support the capital for the establishment of Village-Owned Enterprises (BUMDes). Where in accordance with the objectives of BUMDes, namely optimizing the management of village assets and existing village potentials, in order to support the village economy, and improve the welfare of rural communities. But unfortunately until now the role and function of BUMDes has not been effective and has not been felt by the community.

This is due to the inability and lack of professionalism of BUMDes management human resources and the lack of integration of businesses managed by BUMDes with existing village potentials so that it seems as if BUMDes stands only as a formality without supporting the economic potential of the village community. The purpose of this study is to create a strategic concept in BUMDes management so that it runs more effectively and on target so that it can support the village economy through the development of human resource knowledge in BUMDes management that is integrated with the economic potential of the village community. So that BUMDes and Basic Pontesial village are integrated in a business institution that actually supports the village economy for the welfare of the village community. This solution can help village communities in strengthening their economy and provide a view of knowledge and open insights to BUMDes managers so that they can develop BUMDes into a business that synergizes with the community.

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