

## **The Implementation of BUMDes Management in Sinjai Regency**

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### **ABSTRACT**

Village-owned enterprises (BUMDes) were built to be self-sufficient and creative villages in improving the welfare of communities in the regions. The purpose of this study was to determine the management of BUMDes in Improving Community Welfare in several villages in Sinjai Regency, especially in East Sinjai District. The data collection technique is done by collecting documents related to research discourse, interviews, and direct observation in the field. Meanwhile, data analysis includes data collection, data reduction, data assessment (grouping primary and secondary data), and interpreting data, which is done by critically analyzing the collected data and finally arriving at a conclusion. Research results were obtained based on research in two villages in the district. East Sinjai Kab. Sinjai shows that the management of BUMDes has not been implemented optimally. From the several efforts that have been implemented, the benefits have not been felt in terms of improving the welfare of the community. This is influenced by several factors including lack of communication between BUMDes managers and the community and with the local village government, in addition to the lack of transparency, managerial capacity, legal standing, and stagnation of savings and loan businesses caused by community indiscipline.

**Keywords:** Management, BUMDes, welfare, community

### **INTRODUCTION**

(Undang-Undang Nomor 6 Tahun 2014 Tentang Desa, 2014) It is said that villages should have a business entity that is useful for meeting community needs, especially basic needs and the availability of untapped village resources, and the availability of human resources capable of managing the business entity as an asset that drives the community's economy. One of the efforts that can be done is to optimize the development of Village-Owned Enterprises (BUMDes) to become self-reliant and creative villages in improving the welfare of the people in the region. (Edy Yusuf Agunggunanto et al., 2016b; Prasetyo, 2016; Samsir, 2017).

BUMDes was born as a new approach in efforts to improve the village economy based on village needs and potential. BUMDes management is fully carried out by the village community, namely from the village, by the village, and for the village (Fitriyani et al., 2018). The way the BUMDes works is by accommodating the economic activities of the community in an institutional form or business entity that is professionally managed but still relies on the village's original potential. This can make people's businesses more productive and effective. In the future, BUMDES will function as a pillar of national independence as well as an institution that accommodates the economic activities of the community that develops according to village characteristics to improve the welfare of rural communities.

Every village that has established a Village-Owned Enterprise is given funding from the government (Antlöv et al., 2016; Brockington, 2007; Kumar & Best, 2006). Each village business that is carried out has its respective advantages according to the needs and potentials contained in these villages. With its birth (Undang-Undang Nomor 6 Tahun 2014 Tentang Desa,

2014) will provide new paradigms and concepts regarding Village governance policies nationally. The Village Law no longer places the village as Indonesia's background, but the front page of Indonesia. The Village Law passed at the end of 2013 also developed the principle of diversity, prioritizing the principles of recognition and village subsidiarity. Apart from that, this Village Law promotes the rights and sovereignty of villages that have been marginalized because they are placed in a sub-national position. Whereas the village is essentially the national ideality which forms the Unitary State of the Republic of Indonesia.

Some of the problems related to BUMDes include the lack of understanding of the village government in managing BUMDes, lack of human resources to manage in rural areas, and community initiative in developing Bumdes is still low, there are still villages that are late in preparing the accountability report for the implementation of BUMDes. In several villages in the East Sinjai district, the management of BUMDes funds is very chaotic. The reason is, there are BUMDes administrators who do not manage their funds for the benefit of the community who need an injection of business capital loans, there are also BUMDes funds available.

Also, some BUMDes funds were allegedly used by some of the management under the guise of opening a business unit that seemed to belong to BUMDes, including allegations of fictitious customers, because the manager was suspected of being used for certain interests. Whereas the Government must provide grants and access to capital, technical assistance, and access to markets, and prioritize BUMDes in managing natural resources in villages or around villages. (E.Y Agunggunanto et al., 2016; Ihsan, 2018; Samadi et al., 2015)

## **METHODS**

This research was conducted in two villages in the East Sinjai District, Sinjai Regency. Data collection methods are observation, interview, and documentation. The informants are the Village Head, Village Government Officials, Village BPD, BUMDES Managers, Community Figures, and the Community itself. The data analysis process includes: data collection, data reduction, data assessment (primary and secondary data grouping), and interpreting data

## **RESULT AND DISCUSSION**

This research was conducted in two villages in the East Sinjai District, Sinjai Regency. Data collection methods are observation, interview, and documentation. The informants are the Village Head, Village Government Officials, Village BPD, BUMDES Managers, Community Figures, and the Community itself. The data analysis process includes data collection, data reduction, data assessment (primary and secondary data grouping), and interpreting data. (Edy Yusuf Agunggunanto et al., 2016a). The results of the interview indicated that there were similarities in the management of BUMDes. The two villages have BUMDes that are already operating. In detail, the dynamics of the BUMDes of the two villages will be explained further as follows:

### **Village 1**

Village 1, located in East Sinjai, has owned BUMDes since 2015. This BUMDes manages savings and loans, sales of t-shirts, and rental chairs. In 2015, the initial budget provided was Rp. 25,000,000, then the second phase is worth Rp. 50,000,000.

BUMDes has managed three types of businesses, namely savings and loans, selling t-shirts, and purchasing chairs for rent. The purchase of these chairs amounted to 110 for Rp. 15,000,000. From the management side, it is stated that BUMDes has provided benefits to the community, especially in terms of savings and loans because many have borrowed money for business capital. However, some parties state that BUMDes does not provide benefits to the community, especially for the welfare of the community.

Based on the interview results, BUMDes also manages the sale of t-shirts. However, it suffered a loss due to a lack of enthusiasts. BUMDes managers have produced 2 dozen T-shirts for Rp. 840,000. Also, seat rental for events. So that residents who need chairs when holding events feel helped by renting these chairs. However, some parties complain because the seat rental facility is not satisfactory. Therefore, the benefits of BUMDes are still not being felt by the community in Village 1. As it is known that BUMDes was formed by the village government and the community to improve the management of village potential (human resources and natural resources) by community needs to increase income genuine and the village economy and BUMDes can be relied on in efforts to equalize the village economy (Prasetyo, 2016)

There are various problems in managing BUMDes in Desa1, such as communication; transparency, and accountability; jams in savings and loan businesses; managerial capacity; and legal standing. Lack of communication between related parties, both from BUMDes managers and Village Heads, BUMDes Managers and Head of the Village Consultative Body and with the local community. Most of the residents know the existence of BUMDes, it's just that they don't understand the details. The residents do not understand the management, assets, results, and activities of BUMDes.

The results of the interviews were also conducted with BUMDES managers who said that meetings were only conducted by BUMDES managers. Also, the head of BUMDES has now resigned. So that the management of BUMDES, for the time being, is only carried out by the Treasurer and Secretary of BUMDES. The head of BUMDES has not reported financial reports to the BUMDES treasurer.

This is not in line with the principles of BUMDes management, which is cooperative and participatory, where all components involved in BUMDes must be able to work well together and must be willing either voluntarily or asked to provide support and contribution for the development of community welfare (Ridlwan, 2015)

So far, BUMDes in Village 1 do not have a good reporting mechanism. This was proven when the researcher asked for data and the Accountability Report for BUMDes management both in terms of savings and loans, clothes sales, and chair rental. Also, no transparency is requested not only by the residents but from the village government. (Ridlwan, 2015) argued that one of the BUMDes principles is transparency, namely that all activities carried out in the management of BUMDes and having an influence on the public interest must be open to all members of the community.

The savings and loan cooperative in Village 1 are not running smoothly. The community has quite large bad debts. This is due to the members' indiscipline in paying installments. Therefore, BUMDes saving and loan managers need an injection of capital to be able to run again. Based on the interview results above, it appears that there is a need to increase the capacity of managers in terms of capacity building in terms of innovation development and professionalism. BUMDes managers are expected to be professional and have the capacity of

administrative, planning, product development, marketing, human resource management, financial recording according to accounting standards because so far BUMDes managers are dominated by people who only graduate from high school.

The problem with legal standing is that Village I already has an umbrella village regulation. However, the village regulation has not accommodated business activities in the village to take shelter under BUMDes. Also, no village regulation confirms the existence of BUMDes. (Anggraeni, 2016) stated that BUMDes must have a Village regulation that regulates BUMDes itself so that it can accommodate business activities carried out by BUMDes.

## **Village II**

BUMDes in Desa II was established in 2015 with an initial budget of IDR 20,000,000. This BUMDes manages a cafe and bridal equipment rental. The management of the cafe is done by renting it out to the public to be used as a place to sell drinks and food. However, based on the research results, the management of these BUMDes has not brought an increase in community welfare for the residents of Village II.

BUMDes manages 2 business units, namely cafe management, and bridal equipment rental. This BUMDes provides benefits to the community because it provides a forum for the community to open a business, both drinks and food with a profit-sharing system. However, this has not been able to have a good impact on the welfare of the community because the management of this cafe is only temporary due to a lack of customers and innovation from the community which causes the community's businesses to eventually go out of business and go bankrupt. However, the benefits of managing this cafe are in the form of assets so that improvements can still be made.

Village II faces two problems, namely the managerial capacity of BUMDes and the sense of belonging. The BUMDes managerial system in Village II cannot be said to be good. Problems in managerial capacity were revealed by BUMDes managers and the Village Government. The main weaknesses of both the BUMDes and the Village Government are in terms of administration/inventory as well as finance. Financial records have not used accounting standards. The results of the interviews also showed the need to increase the capacity of managers in terms of marketing management, human resources, and strategy. Managers also need capacity building in terms of developing innovation and professionalism. BUMDes managers need knowledge about planning, product development, marketing, human resource management, financial recording according to accounting standards, and finding investors. Also, it is necessary to improve the quality of human resources from BUMDes. Training and assistance are needed to improve the quality of human resources and foster an entrepreneurial spirit. From the interview results, some BUMDes managers have other professions such as farmers, teachers, etc. This causes the development of BUMDes to be hampered because all managers are BUMDes (part-time) workers. No one has yet been professionally focused on managing and developing BUMDes. Belonging senses that the residents' ignorance causes a lack of ownership of BUMDes. Residents only know about cafe rentals and bridal tools borrowing, but don't know any other activities. Meanwhile, from the village head, residents did not care about BUMDes. He said there was no awareness of residents to maintain and maintain

the BUMDes assets. This was due to a lack of communication and socialization carried out by both the Village Head and the BUMDES Manager itself to the community.

### **Discussion**

In essence, BUMDES was built to improve community welfare. However, the existence of BUMDES is not going well and its benefits cannot be felt by the community and have not been able to improve the welfare of the community. (Prasetyo, 2017) in his research results stated that the implementation of BUMDES has not been fully effective and has not been able to contribute to community empowerment and welfare. BUMDes and Village Government have a close relationship because the Village Government is the supervisor of the activities carried out by BUMDes. In decision making, BUMDes uses a deliberation mechanism and the Village Government is the main stakeholder involved in the deliberation. The thing that is a challenge for BUMDes and the Village Government is to maintain a balanced relationship, where the domination of one party over the other should be avoided. Communication and outreach are important things that must be done by BUMDes. Lack of communication and socialization has led to residents' distrust in the management's ability to manage BUMDes. This lack of communication and outreach has led to demands for transparency and accountability in BUMDes management. Professionalism is a demand for BUMDes managers. This demand also emerged from the community. BUMDES managers need to improve the quality of services and also the ability to manage. The problem arises where most of the BUMDes managers are residents who have low levels of education. Educational background is important for BUMDES managers to carry out their duties and functions properly. BUMDES management is not only specific to the manager, but there must be community intervention. (Edy Yusuf Agunggunanto & Arianti, 2015) said that limited human resources to run BUMDes and the low insight into the village community can make the planned BUMDes program not run smoothly. Lack of good coordination between administrators worsens the BUMDes program being run. There need to be improvements from the internal side of the BUMDes, such as finding professional managers in managing BUMDes activities. The administrators needed are people who are competent and have the broad insight to motivate the community to participate in BUMDes activities, the Village Government, BUMDES Managers, and the community must work together and communicate with each other to improve BUMDES governance.

### **CONCLUSION**

Based on the results of the study, it shows that the management of BUMDES from the two villages is not optimal due to several factors, including a lack of communication between BUMDES managers, village heads, and the community, managerial capacity, and a breakdown in savings and loan businesses. Therefore, it is necessary to hold training and selection of competent BUMDES managers to achieve BUMDES management that is by the goal of improving the welfare of the community.

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