

THE IMPLEMENTATION OF VILLAGE-OWNED ENTERPRISE (BUMDES) POLICY TO IMPROVE THE VILLAGE ECONOMY IN BONE PESISIR BONE BOLANGO

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ABSTRACT

This research aims to identify and describe (1) the implementation of village-owned enterprise (BUMDes) policy to improve the village economy in Bone Pesisir Bone Bolango and (2) the determinants of the implementation of village-owned enterprise (BUMDes) policy to improve the village economy in Bone Pesisir Bone Bolango. The research method used is qualitative. The data source of this research is primary data collected using interviews. The data analysis technique used refers to Miles and Huberman's model. This research figures out that (1) The BUMDes policy in Bone Pesisir Bone Bolango has been well implemented, indicated by the progress of BUMDes in developing the potencies of each village. The implementation is perceived to give contributions to the village economy as the village original income (PADes) has been elevated since then. Besides, in terms of the community, the economy has been rising, thus reducing the unemployment level and poverty rate in the villages and (2) The determinants are crucial to implementing the village-owned enterprise (BUMDes) policy to elevate the village economy in Bone Pesisir Bone Bolango. With the management of BUMDes, the determinants form a harmony that the better the determinants i.e. communication, resources, and bureaucratic disposition and structure, the better the management of BUMDes. Of the four factors, two factors i.e. communication and resources are in an optimal state; while the two others i.e. the implementer's commitment and clear job description have to join the individuals' capacity building division and the management of BUMDes division.

Keywords: BUMDes, Village Economy, Public Policy

INTRODUCTION

In terms of village-owned enterprises (BUMDes), Law Number 6 of 2014 Article 87 mentions that BUMDes shall be managed by the spirit of brotherhood and cooperation to use all economic potentials, economic organizations, and natural and human resource potentials. Suprianto (2017) argues that the Agency for Community Empowerment and Village Development establishes a financial agency that is Village-owned Enterprises (BUMDes). Furthermore, BUMDes is defined as a financial agency that sets aims to give credit loans to those that need to operate businesses. Besides, BUMDes can also establish several enterprises to enhance the community economy.

In Bone Bolango, especially in Bone Pesisir, some BUMDes is not well run in accordance with their functions due to lack of budget. That situation hinders the aim of

BUMDes as the economic strengthening agency. Meanwhile, in terms of local public management and administration, several BUMDes stakeholders including the director of BUMDes do not obey the administrations such as administration in planning, purchase of raw materials, and service sales, offering, and evaluation. BUMDes frequently suffer from the loss. Furthermore, BUMDes is often used as a place where some people corrupt the village funds since they can manipulate the financial records easily.

That situation is also caused by insufficient BUMDes capacity building in Bone Bolango, especially in Bone Pesisir, and insufficient banking roles and participation, especially of Bank Rakyat Indonesia (BRI) as the affiliated-with-BUMDes bank in terms of giving financial literacy to BUMDes stakeholders. In Bone Pesisir, there is indeed BUMDes run but no activities there due to poor management. BUMDes stakeholders are unable to make a business plan and market place funds. They cannot write profit and loss balance reports. Also, the market and cooperation in the community social capital framework cannot be well implemented. Those situations are indicated in Table 1.1.

Table 1.1 BUMDes that Earns Profits in Bone Pesisir in Bone Bolango

No.	Sub-district	Number of BUMDes	Progressive BUMDes	Percentage
1	Bone	11	2	18.18%
2	Bone Raya	8	2	25.00%
3	Bonepante	11	4	36.36%
4	Bulawa	5	1	25,00%
5	Kabila Bone	4	0	0.00%

Source: <http://datin.kemendes.go.id/>

According to Table 1.1, most or 50% of BUMDes in Bone Pesisir Bone Bolango suffers from loss or have stuck businesses. Several BUMDes does exist but does not make any progress. This impacts the village economy that is still considered low. Some BUMDes is not well planned. For example, there is BUMDes focused on chair rental that has spent a large amount of its fixed asset capital on purchasing a pick-up car. Nevertheless, it turns out that the rental service is not well run due to a lack of cooperation between BUMDes in Bone Pesisir and the futility of the fixed asset. However, BUMDes directors and management staffs earn a high income. The great number of funds spent on BUMDes should be allocated to the community capital. Another phenomenon makes the situation even worse. Several BUMDes management staffs or directors are the husbands or the wives of the head of Supervisory Agency Consultative Village (BPD), deteriorating BUMDes supervision.

Based on the research background elaborated above, we are interested in investigating the implementation of the BUMDes policy to improve the village economy in Bone Pesisir Bone Bolango.

METHODS

This research is conducted in Bone Pesisir Bone Bolango and the research target is BUMDes management staff, the village government, and the community. The data analysis technique used is Miles and Huberman's interactive model analysis.

FINDINGS AND DISCUSSION

1. Implementation of Village-owned Enterprises (BUMDes) Policy to Improve the Village Economy in Bone Pesisir Bone Bolango

The existence of a village contributes to the state economy. Village potentials should be developed, not to mention the natural resources of villages. The government must be aware of the potentials to develop the villages. When the government has realized the potentials, it issues a policy known as local autonomy, allowing regions to develop their areas, especially villages. One of the development efforts is establishing village-owned enterprises. Village-owned enterprises or frequently addressed as BUMDes is a village enterprise managed by the village government and community that together set aims to strengthen the village economy.

Referring to our interviews and observations, the diagram of the implementation of the village-owned enterprise (BUMDes) policy to improve the village economy is depicted in Figure 4.7.

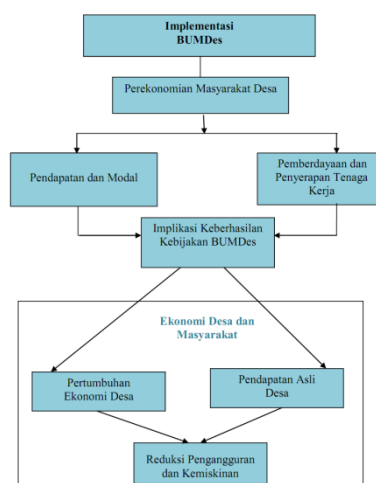


Figure 1. Focus I

According to Figure 4.7, the BUMDes policy in Bone Pesisir Bone Bolango has been well implemented, indicated by the progress of BUMDes in developing the potencies of each village. The implementation is perceived to give contributions to the village economy as the village original income (PADes) has been elevated since then. Besides, in terms of the community, the economy has been rising, thus reducing the unemployment level and poverty rate in the villages.

Furthermore, the implementation of the BUMDes policy should go well with BUMDes capacity building, optimizing the community and village management staff to increase the village economy. In terms of its activities, BUMDes is not only oriented to profits but also supports for the wellbeing of the village community. BUMDes is expected to develop the business units that use the economic potentials of the villages. Besides, the business activities of the village community can be well operated. In the meantime, BUMDes will possibly follow the legal entity that has been determined in the statutory provision. As one of the economic organizations operated in rural areas, BUMDes should be different from other economic organizations. As a result, BUMDes will give a significant contribution to the improvement of the village community's wellbeing.

The progressiveness of BUMDes should be proportional to that of UMKM as the two enterprises share the same goal that is to improve the economy. It is in line with Supriyanto (2006) that poverty alleviation can be reduced by developing UMKM. UMKM has a great contribution to employment by hiring 99.45% of the total workers. However, its contribution to GDP is still around 30%. The attempts to develop UMKM can improve the welfare of the workers engaged in it. UMKM development will need more workers and thus reduce the unemployment level. Furthermore, UMKM that continues to develop will contribute to the economic growth and the increase in village original income, reducing the poverty rate and the unemployment level. UMKM (Micro, Small, and Medium-sized Enterprises) has a strategic role in the national economy. The micro, small, and medium-sized enterprises are also the business units that are managed by the community and spread in many areas of this country.

BUMDes is an organization that gives the economic advantages, such as an increase in the village economy in terms of either the village income or the community

income. The public policy regarding BUMDes should be implemented following the technical guidance regulated in the ministry regulation or local regulation. With the management policy, BUMDes will elevate the village original income. Besides, BUMDes share the same characteristics as UMKM, especially in terms of employment, reducing the unemployment level and poverty rate. The village community with capabilities and innovations will be recruited. That makes them the productive community that can contribute to the village economy and the family of the village community.

The establishment and management of BUMDes is a manifestation of the productive economy management of a village that is conducted in a cooperative, participative, emancipative, transparent, accountable, and sustainable way. Therefore, serious management of BUMDes is required to make it operated in an independent, effective, and proportional way. Achieving its goals, BUMDes attempts to fulfill what goods and services the community needs. The community needs to fulfill their primary needs. Also, BUMDes is responsible for giving job training to the community.

It is in line with Ramadana *et al.* (2016) that the village-owned enterprises established by the village government are given capitals managed and management conducted by the village government and community. The establishment of the village-owned enterprises is in accordance with the Ministry of Home Affairs Regulation No. 39/2010 on Village-owned Enterprises. The establishment is a mandate from the district/city government that stipulates the local regulation on the procedures of the establishment and management of BUMDes.

The government should optimize the understanding of the management staff and committee of the village owned-enterprise (BUMDes) in Bone Pesisir Bone Bolango, making the management more effective and maximal. Furthermore, the management staff and committee of BUMDes should run BUMDes by not causing the horizontal conflicts between communities. They should maintain a good cooperative network and public trust. The process developing the effective business and management of the village-owned enterprises (BUMDes) in Bone Pesisir Bone Bolango can be conducted by the government's supports to the marketing aspect, especially in price, distribution channels, supplies, and financial capitals that will enhance the management staffs' abilities in meeting the demand of the market. Intense training especially in terms of

transparent, emancipative, and sustainable management of BUMDes should also be given to the management staff.

It is in line with Suprianto (2017) that the Agency for Community Empowerment and Village Development establishes a financial agency known as the Village-owned Enterprises (BUMDes) defined as a financial agency that aims to give credit loans to those that needs to operate businesses. Besides, BUMDes can also establish several enterprises to enhance the community economy. Village-owned enterprises (BUMDes) are a village business agency managed by the village government and community that together set aims to strengthen the village economy based on the village needs and potencies.

2. Determinants of the Implementation of Village-owned Enterprises (BUMDes) Policy to Improve the Village Economy in Bone Pesisir Bone Bolango

To understand the status and strategic roles of the government as the public actor, in terms of public policy, we should understand that to actualize a public policy, we need another policy oriented to the urgency. The policy is an effort or action made to influence the system desired to achieve a goal. The intended effort or action should be strategic and can be used in the long term (Amirullah in Muhammadi and Barnawi, 2011:371-372). The policy is a regulation to be implemented in an activity set by the government. One of the policies intended is the policy that improves the community's economy through BUMDes.

Any village government can establish a state-owned enterprise (BUMDes). It should be noted that BUMDes is established by the community's initiatives and based on the village's potentials, local resources, and the market demand. In other words, the establishment of BUMDes is not an instructional package given by the government, provincial government, or district government. If it does, BUMDes may not be well operated and in accordance with the Law. The government is responsible for socializing and raising the village community's awareness of the urgency of BUMDes in improving wellbeing through the provincial and/or district government.

One of the policies that should be implemented is the policy for villages as it regulates the improvement of the village community through BUMDes. Different from cooperation, BUMDes allow a partnership between the village government and community, and the supreme power is in the village agreement. Meanwhile, cooperation

is an economic organization established by several people that share the same goal and the supreme power is in the members' meeting. The capitals of BUMDes are from the village funds given by the central government to the village. Using the capitals, BUMDes can capitalize on the village potencies to improve the quality of the community's life.

Based on the interviews and observations, we make a diagram illustrating the determinants of the implementation of State-owned Enterprise (BUMDes) policy to improve the village economy in Bone Pesisir Bone Bolango.

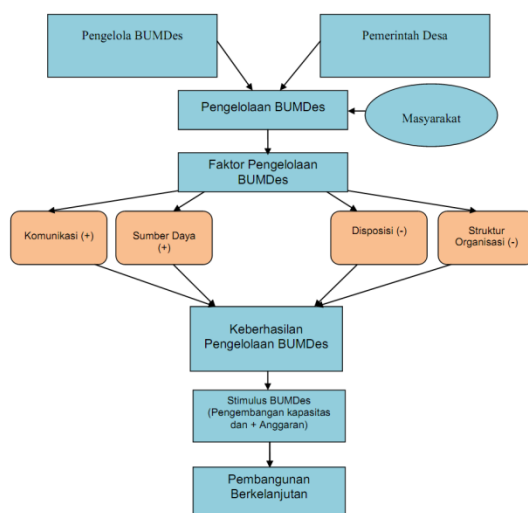


Figure 2. Focus 2

Referring to Figure 8, the determinants of the policy implementation are urgent to succeed village-owned enterprises (BUMDes) and the village economy in Bone Pesisir Bone Bolango can thus be improved. The determinants, with the management of BUMDes, build a harmony where the better the determinants that are communication, resources, disposition, and bureaucratic structure, the better the management of BUMDes. Of four factors, two i.e. communication and resources are in an optimal condition. Moreover, the other two factors i.e. the implementers' commitment and clear job description should be developed.

BUMDes is a village agency that is functioned to promote community wellbeing by using the village asset, potencies, and capitals from the interested village. In the establishment of BUMDes, a mechanism or monitoring procedures should be determined. Monitoring should be done by the board of commissioners and the district government because the district government has to also facilitate BUMDes. The monitoring process should be sustainably to monitor BUMDes activities well.

Evaluations should be performed once three months or anytime if needed in accordance with the Articles of Association/by Laws. To achieve the best outcome from the management of BUMDes, we should arrange a capacity building program to make the management staff of BUMDes more competent and committed since lack of commitment will lead to a poorly run BUMDes.

This research clarifies that the determinants of a successful policy of the management of BUMDes should be optimized. Sururi (2017) concludes that public policy as an instrument that synergizes the government and the public's role is not well implemented. The phenomenon of several policies being called off or revised by the government indicates overlapping policies and the public officials' low ability to innovate and willingness to innovate. A policy innovation that can substantively strengthen the solution to the issues in a community is needed. The policy should be accompanied by capacity building programs that elevate the competence and commitment of the management staff of BUMDes.

The management staffs of the Village-owned Enterprises (BUMDes) in Bone Pesisir Bone Bolango, the government, and other stakeholders should make policy coordination and cooperation with other parties. As a result, we will acquire two advantages i.e. a decrease in the market margin as the management staff of BUMDes can sell goods or services at a more expensive rate and the partners can buy goods or services at a more affordable rate. To elevate the cooperation between staff, the management staff of BUMDes should improve the social capitals in accordance with the government's direction and motivation. With more concerns about emotions, competence, motivation, and spirits the management staffs give to the agro-industrial business and with the willingness of the staff to give a portion of their income, the business can be successful.

It is in line with Meiske (2014) that the efforts to improve the efficiency and yield of village development assistance have encouraged, motivated, and developed the community auto-activities to develop their village. This assistance is essential to development. That real stimulation has given a positive impact on the village community, especially in terms of mobilizing the village potencies i.e. funds, energy, and ideas the community owns. As a social and commercial organization, BUMDes is expected to be a driving force for economic activities in rural areas. As a social

organization, BUMDes takes the community's sides and contributes to social service delivery. Meanwhile, in terms of commercial organization, BUMDes aims to earn profits that can increase the village income.

It is in line with Suwondono (2016) that BUMDes is expected to spur and drive the economy in rural areas. The economic assets of villages should be managed by the village community. The substance and philosophy of BUMDes should be based on the spirit of togetherness and the efforts to strengthen the economic aspects of the organization. At this point, BUMDes will go well with the efforts to promote the sources of village original income, driving the economic activities of the community. The government should thus make the capacity building programs, especially in terms of the commitment of the management staff of BUMDes because many BUMDes do not make any significant progress. That situation deteriorates since some parties consider they can use BUMDes to make inappropriate actions related to the village fund.

CONCLUSION

Based on the research findings and discussion, here are the research conclusions.

1. BUMDes policy in Bone Pesisir Bone Bolango has been well implemented, indicated by the progress of BUMDes in developing the potencies of each village. The implementation is perceived to give contributions to the village economy as the village original income (PADes) has been elevated since then. Besides, in terms of the community, the economy has been rising, thus reducing the unemployment level and poverty rate in the villages.
2. The determinants of the policy implementation are urgent in making a successful village-owned enterprise (BUMDes) and the village economy in Bone Pesisir Bone Bolango can thus be improved. The determinants, with the management of BUMDes, build a harmony where the better the determinants that are communication, resources, disposition, and bureaucratic structure, the better the management of BUMDes. Of four factors, two i.e. communication and resources are in an optimal condition. Moreover, the other two factors i.e. the implementers' commitment and clear job description should be developed.

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