

Mobilizing Village-Owned Enterprises (BUMDes) Through Affirmative Development Policies in Rural Areas

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ABSTRACT

BUMDes is a means of improving the welfare of the people in rural areas by developing the village economy. BUMDes is a government affirmative policy that aims to mobilize a socially just rural community economy. Data was collected through interviews, observation, and documentation. The method used to analyze the data was a qualitative approach. The results of this study indicate that mobilizing BUMDes requires support and mentoring from both the government and the private sector. This support can be in the form of affirmative action for BUMDes development such as capital assistance or training for BUMDes, and assistance through corporate social responsibility for BUMDes. The support and assistance provided to BUMDes enable BUMDes to develop village potentials, improve the village economy, and serve as the backbone of rural economic growth and equality

Keywords: BUMDes, affirmative policy, and village economy.

1. INTRODUCTION

One of the government's missions is to develop rural areas. This could be achieved through community empowerment to increase the productivity and diversity of rural businesses, the availability of facilities and facilities to support the rural economy, build and strengthen institutions that support the production and marketing chains, and optimize resources as the basis for the rural economic growth. The aim is to provide opportunities for regional and rural capacities to become the backbone of the regional and national economy.

BUMDes is a village business that is owned collectively by the village government and community so that in its activities there will be what is known as a public and community partnership or a partnership between the village government as the public sector and the local community [1]. Therefore, the management of village potentials by the community must be carried out in the context of empowering BUMDes. Empowerment of

BUMDes is a process of empowering the development potentials in the village that is sourced from, by, and for the community; or in other words, it is carried out in a participatory manner [2].

Village community empowerment is part of affirmative policies (affirmative action) or policies that consider the politically weak groups. Affirmative policies are directed so that formerly discriminated beneficiaries could now able to increase their participation [3]. Therefore, the affirmative policy is related to justice. There is redistributive justice where policy users receive equal access through their own actions.

Affirmative action to village communities is manifested in the form of empowerment programs, one of which is in empowering poverty alleviation [4]. To reduce the problem of poverty, the government has begun to develop rural areas through various community empowerment programs that are regular or ad-hoc in

nature. Community empowerment programs are rolled out through various schemes by ministries/institutions and local governments, among which are realized through channeling revolving funds to specially formed Micro Finance Institutions (MFIs) (ad-hoc). This condition has given birth to many Non-Bank and Non-Cooperative Microfinance Institutions (Lembaga Keuangan Mikro Bukan Bank dan Bukan Koperasi (LKMB3K) in villages under various names which, if seen from their legality, are not yet legal entities. The investment spent in developing such an ad-hoc economic institutional model in the village is certainly very large, especially since these patterns were conducted since the New Order era. Even in the Reform Era, many structures were created by the government with the aim of empowerment. Because indeed, this new system is intended to encourage community participation down to the regional level. Participation is a characteristic of community empowerment. However, to this day, these institutions have not run as expected. In the end, many of these MFIs failed to thrive. In general, these MFIs were then transformed into Village-Owned Enterprises (BUMDes).

The need for an affirmative policy for BUMDes is due to the number of BUMDes unprepared for managing businesses as they are hindered by their personnels' lack of knowledge and experience and the limited facilities and infrastructure [5]. This condition has also caused many of the villages to fail in running their BUMDes. The lack of development in BUMDes management is also caused by the limited potentials found in the village itself and the low community participation ([6], [7]). The mismanagement of the BUMDes has also caused many of the business units they run to fail to operate fully [8]. The large number of business units that have failed to operate or develop is caused more by the lack of understanding in the management of BUMDes or the managing personnel's lack of skill in asset management strategy [9].

The existence of economic activities in BUMDes empowerment is based on village initiatives, problem-solving, program design processes and original/natural technology, the main sources are people and local resources, support organizations are developed bottom-up, sustainable personnel development based on field experience or learning from field activities, and the management focus is the sustainability and functioning of the institutional system [10]. In line with Tjokrowinoto's opinion, Dwipayana also mentioned that in innovation in a village, the involvement of the village people is mandatory because they are both stakeholders and shareholders who will bear the risk of an activity program in their village [11].

This paper seeks to analyze BUMDes management policies as an important issue in the development of the village community's economy and welfare. Many areas

have developed their BUMDes. In this case, the BUMDes have been given many opportunities to manage village assets such as markets, tourist attractions, clean water, and rural electricity. The existence of BUMDes has great potential and can be used as a breakthrough in improving the welfare of rural communities creatively and adaptively.

2. METHODOLOGY

The method used in this study was descriptive qualitative because it could better explain and provide an understanding and explore the causes and reasons of a phenomenon. Therefore, qualitative research is considered capable of revealing and understanding various phenomena in the field [12]. This study seeks to observe the concepts and actions of the government in empowering BUMDes in Polanharjo Sub-district, Klaten District. The data analyzed were obtained from interviews, secondary data analysis, and field observations. Data analysis used an interactive model [13] which consisted of three stages: data reduction, data presentation, and drawing conclusions or verification.

3. DISCUSSION

Law Number 6 Year 2014 concerning villages is an affirmative law. Village discrimination in the past, especially in terms of village development, requires the government to immediately improve various sectors throughout n all rural areas. The law is intended to recognize the traditional authority of village communities, improve weak governance, and empower village communities.

Villages receive recognition in the form of a legal community unit as well as recognition from the state to village governments along with support and funds. An indication that Law Number 6 Year 2014 is an affirmative policy is demonstrated by recognizing customary villages, introducing village government accountability mechanisms through village meetings, increasing the role of BPD, increasing transparency through information systems, cooperation among villages, and village funds

Discrimination in development, especially rural development, can be seen in the top-down development model. The pattern of village development is in the realm of modernization, which is characterized by efforts to maintain national political stability, subordination of cities to villages, the introduction of technology together with agents from the central government, and directed at increasing agricultural production. In addition, the State Revenue and Expenditure Budget is a resource and right for all citizens, including the villagers. The existence of this Village Law is a bridge for villages to access the budget which has been very inaccessible. Finally, the state budget is only enjoyed by a handful of parties who

have power. While in fact, this power is what is important for the village community to have. The existence of the Village Law is an effort to restore the power that the villages require.

BUMDes is an instrument for empowering the local economy with its various types of potential. The utilization of this potential is primarily aimed to improve the economic welfare of villagers through developing their economic enterprises. The existence of BUMDes is also expected to contribute to the increase in the sources of the village's original income. Law number 6 Year 2014 states that villages may establish Village-Owned Enterprises.

BUMDes is a business entity whose capital is entirely or mostly owned by the village through direct participation originating from village assets set aside to manage assets, services, and other businesses for the maximum welfare of the village community and to develop rural economic activities. The existence of Law No. 6 Year 2014 concerning villages is expected to be able to coerce all stakeholders to consistently provide a greater contribution to the village government in the running of village governance, the implementation of village development, supervision of the village community development, and village community empowerment based on community initiative, rights of origin, and village customs, including in giving a maximum role to the BUMDes.

BUMDes is regulated in the Government Regulation number 72 Year 2005 concerning Villages, and the Minister of Internal Affairs' Regulation number 39 Year 2010 concerning Village-Owned Enterprises. The establishment of Law Number 6 Year 2014 concerning Villages and the Government Regulation number 43 Year 2014 concerning the implementation of regulations for Law Number 6 2014. Law Number 6 Year 2014 concerning Villages also states that the Government, Provincial Government, District/City Government, and Village Government must encourage the development of BUMDes by: (1) Providing grants and/or access to capital; (2) Providing technical assistance and market access; (3) Prioritizing BUMDes in managing natural resources in the village.

Based on the aforementioned Law on Villages, to encourage the development of BUMDes, the Regional Government must play an active role in building BUMDes.

Currently, the Ministry of Development of Disadvantaged Regions has a Special Allocation Fund as one of the sources of development funding for 183 underdeveloped areas, namely the Special Allocation Fund for Facilities and Infrastructure for Disadvantaged Areas (Dana Alokasi Khusus Bidang Sarana dan Prasarana Daerah Tertinggal (DAK SPDT)). Among the institutions that were given the opportunity by the SPDT

DAK to manage facilities and infrastructure were BUMDes. At the moment, BUMDes are given the chance to develop various types of businesses according to the needs and potentials of their respective villages. The types of business include 1) services, 2) distribution of the nine staples, 3) trade in agricultural products, and/or 4) micro and household industries.

Nearly all districts are currently competing to establish BUMDes, especially in anticipation of the IDR 1.4 billion per village grant from the central government to the village government. The expectation is that these funds could allow the village government to form BUMDes so that they can manage village assets more efficiently and could therefore be beneficial to the community, especially in improving the community's economy. The spirit of developing BUMDes is not only due to the mandate of the law but also because of the desire to organize economic institutions at the village level which is currently being enlivened by the many ad-hoc agencies at the village level formed by ministries/agencies in order to answer the pragmatic needs of project handling.

BUMDes as a business entity established in the village is a joint property between the village government and the community (communal in nature) so that it reflects the elements of togetherness in running a business, where people's lives in rural areas generally have a culture, mutual cooperation, brotherhood, high social sense, and not merely profit-oriented. BUMDes as a village economic institution can be interpreted as an alternative economic institution to improve the economic and social life of rural communities. Ideally, the purpose of BUMDes is to seek profit (profit-oriented) in mobilizing the village economy through the utilization of existing local potential. The existence of economic activities in BUMDes could be part of the effort to improve the local and regional economy [14].

Many regions have tried to develop BUMDes, but many have failed. In this case, BUMDes has been given many opportunities to manage village assets such as markets, tourist attractions, clean water, and rural electricity. Even though they already have business activities, the first and foremost issue is limited human resources. Human resource issues occur because the recruitment of BUMDes managers is still based on closeness to village authorities. If the recruitment is done openly, there are many qualified human resources in the villages. Second, the establishment of many BUMDes did not follow existing procedures; they were made instantly and did not involve the community much, leading to low community carrying capacity and low community participation. Third, the small number of people who participate and also the limited human resources for management causes a lack of creativity and innovation in managing the BUMDes.

BUMDes that are able to grow and develop in Central Java include several BUMDes in Polanharjo Sub-district, Klaten. BUMDes Tirta Mandiri in Ponggok Village is developing quite rapidly and has even become a benchmark for the BUMDes management model in areas based on local potential. The independence of BUMDes Tirta has inspired and awakened the surrounding BUMDes to learn and follow in its footsteps to become developing BUMDes such as BUMDes Sidowayah, Polan, Janti, Ngaran, and Kahuman.

Learning from successful BUMDes that developed in Polanharjo District, in general, these BUMDes received support from the government. Support from the government was in the form of various affirmative policies such as recognition of village origins, introducing village government accountability mechanisms through village meetings, increasing the role of BPD, increasing transparency through information systems, cooperation between villages, and accessing village funds and allocating village funds for BUMDes development. The support was also given in the form of assistance from various ministries or institutions in various village development programs. Also, the government made regulations so that state-owned enterprises and private companies could actively participate in mentoring BUMDes. Many entrepreneurs (private and state-owned enterprises) also make BUMDes a strategic partner in implementing CSR (Corporate Social Responsibility) or PKBL (Program Kemitraan dan Bina Lingkungan (Partnership and Community Development Program). Collaboration in the management of BUMDes generally involves elements of the government as managers, the community as implementers and beneficiaries, and the private sector as utilizers.

Assistance and support for BUMDes allow BUMDes to develop village potentials, improve the village economy, and serve as the backbone of rural economic growth and equalization. Bringing out creativity and innovation is an activity that dominates in mentoring activities. Innovation and creativity give BUMDes a comparative advantage so that they can thrive and develop. BUMDes that can demonstrate their performance will naturally be supported by the community through BUMDes ownership so that they can build the regional economy, create new jobs, produce regional goods and substitute services, increase inter-regional government trade, and provide optimal services for consumers. In the end, BUMDes can act as agents of regional development and become the driving force for the creation of the corporate sector in rural areas but with production and management costs affordable to the village community.

4. CONCLUSION

To build strong and independent BUMDes that can act as the backbone of the village economy, an affirmative policy is needed through consideration of weak groups in order to be able to build their capacity. Assistance and support activities through various Partnership and Community Development Programs or making BUMDes a strategic partner in implementing CSR (Corporate Social Responsibility) can be a means of mobilizing the BUMDes development. Innovation and creativity in managing BUMDes are keys to creating BUMDes with a competitive advantage.

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