Legal Analysis of the Empowering Legal Entities of Badan Usaha Milik Desa (BUMDes) After the Enactment of the Job Creation Law

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ABSTRACT
This research resulted in the existence of Badan Usaha Milik Desa (BUMDes) as legal entities by the enactment of Law Number 11 of 2020 concerning Job Creation has clarity providing and affirmation of the legal entity status of BUMDes Article 117 of the Job Creation Law was change the provisions of Article 1 point 6 of the Village Law, explicitly stated that “Badan usaha Milik Desa” referred as BUMDes, are legal entities established by villages and together with villages manage the businesses, assets utilization, develop investment and productivity, provide services, and/or provide other types of business for the maximum welfare of the Village community. BUMDes can be classified as legal entities with public function for public legal entities as public and private legal functions. Empowerment of BUMDes Based on Village Economy after obtaining status as a legal entity becomes wider and easier, considering the current number of villages that have reached 74,910, then the assistance of BUMDes was needed, both by the regional government and the central government. Each BUMDes can choose what business development in the village by considering the existing potentials in each village. Things that can be done by the government include encouraging people to use BUMDes products and assisting in promotion and market search for BUMDes products with the aim that BUMDes products can be absorbed by the market. The hope is that the success of BUMDes can move the economy in the village, absorb labor, and improve the welfare of the village community. The success of BUMDes is also expected to encourage national economic growth.

Keywords: Badan Usaha Milik Desa (BUMDes), Job Creation Law, Holding Company

1. INTRODUCTION

Regional autonomy as a concept that gives more parts to the regions about channelling all regional affairs and interests to managed independently according to the different potentials of each region. This means that even a village on a smaller scale has considerable authority in managing all affairs and needs in accordance with what is needed in the area. Thus, the ethical legitimacy of Law no. 6 of 2014 concerning Villages wants to bring about very basic changes in the order of village governance. After the enactment of Law Number 6 of 2014 concerning Villages, it means that villages are given a great opportunity to manage their own governance and implementation of development to improve the welfare and quality of life of rural communities.

Villages have sources of income consisting of Village Original Income (PAdes), revenue sharing from district taxes and levies, part of the central and regional financial balance funds received by the district, assistance from the government and local governments as well as grants and donations from third parties. One source of village original income (PAdes) that can be cultivated by the village government is to establish a village-owned enterprise, abbreviated as BUMDes, which is a village economic institution that is formed and owned by the village government and the community, managed economically independently and professionally.

BUMDes is a business institution. It is empowering rural communities by engaging the management of village economic assets and resources. Problems come when BUMDes which is now recognized in the Job Creation Law as a legal entity that expected to influence the village economic enterprises development but on the other hand it is only oriented in terms of quantity while the funds allocated for villages are around Rp. 20 Trillion
divided into 74 thousand villages and each village receive Rp 240 million, not including the Village Fund Allocation (ADD) from the Regency, while the number of BUMDes in 2017 reached 18,446 units, as one of the economic institutions operating in rural areas. BUMDes must have In contrast to economic institutions in general, as in the elucidation provisions of Article 87 of Law Number 6 of 2014 concerning Villages, BUMDes cannot be equated with legal entities such as limited liability companies, commanditaire venootschap, or cooperatives. Therefore, BUMDes is a business entity which is characterized by a Village to conducting an activities to assisting the implementation of Village Government, also to meet the needs of the Village community that aims or is oriented to support the improvement of the welfare of the Village community hence a strategy is needed to empower the potential of Village community by assistance of fund allocation and the legal position that has been stipulated in the legislation as a legal entity.

From the background above, the purpose of this study is to analyze BUMDes as a business entity that already has a legal status after the enactment of Law Number 11 of 2020 and how to find the right strategy for BUMDes Empowerment to improve the welfare of the community and the village economy

2. LITERATURE REVIEW

2.1. Legal Entity and Non-Legal Entity Position

Practically, BUMDes occurs because the legal rules of Article 87 of Law Number 6 of 2014 concerning Villages legitimize BUMDes legal entities which specifically cannot be equated with private legal entities (CV, PT, and Cooperatives). Legal logic provides the idea of correlation between categories to clarify the reasoning of public legal entities characterized by Village (BUM Desa) and private legal entities (CV, PT, Koperasi).

1. Private legal entities (CV, PT, and Cooperatives) based on individual or group personalities
2. Public legal entity characterized by Village (BUMDes) based on collective-personality
3. The establishment of private legal entities (CV, PT, Cooperative) aims to serve the interests of these individuals and community groups
4. The establishment of a public legal entity characterized by a Village (BUMDes) aims to assist Village Government of the implementation and needs of the Village community
5. The logical relationship between the personality of a legal entity (point 1 and point 2) and the purpose of its establishment (point 3 and point 4) is a sub-alternation. Private legal entities (CV, PT, Cooperatives) exist to serve the interests of individuals or groups, while BUMDes legal entities exist to assist the administration of Village Government and meet the needs of the Village community.
6. Personality logical relationship between private legal entities (point 1) and BUMDes legal entities (point 2) is contradictory. Private legal entities (CV, PT, Cooperatives) do not have the collective personality as found in BUMDes legal entities, while BUMDes legal entities do not have individual and group personalities as found in private legal entities (CV, PT, Cooperatives). With this reasoning, a private legal entity (CV, PT, Cooperative) cannot be called a BUMDes, while a BUMDes cannot be called a private legal entity (CV, PT, Cooperative).
7. The logical relationship between the personality of a private legal entity (point 1) and the purpose of establishing a BUMDes legal entity (point 4) is a contradiction. As well as the same reasoning on the personality of the BUMDes legal entity (point 2) and the purpose of establishing a private legal entity (point 3)

The personality of private legal entity groups may not exist to assist the administration of Village Government and meet the needs of the Village community. The collective personality of the BUMDes legal entity cannot exist only to serve the interests of certain individuals and community groups. The consequence of the logical relationship between a contradictory BUMDes with private legal entity is to determine the strategic actions taken by the system, both state power and market power.

The supra-village government has the authority to carry out administrative verification actions against BUMDes in relation to the substance of the regulations in the Village that legitimize. This aims to strengthen evidence-based legal reasons that legitimize the authority of the government, provincial regional governments, and village governments to provide grants or access to capital, technical assistance and access to markets, and policies that prioritize protection. law against BUMDes in the management of natural resources in the Village. Therefore, the regulations issued by the supra-Village government compile criteria in the rules of procedure to ensure the real existence of BUMDes as a public legal entity characterized by the Village: [Anom Surya Putra]

1. Minutes of the Village Deliberation Results that agreed on the establishment of BUMDes
2. Village regulations regarding the establishment of BUMDes
3. Decision of the Village Head regarding the Articles of Association and Bylaws of BUMDes
4. Decision of the Village Head regarding the Management Structure of BUMDes
5. Decision of the Village Head regarding the Status of Utilization of Village Assets Managed by Village Owned Enterprises, or the use of Village assets by BUMDes

6. BUMDes as a Public Legal Entity with Village Characteristics is obliged to provide information about its performance openly to the public in relation to the use of Village Funds, Village assets, and the results of strategic partnership cooperation for the development and empowerment of Village communities.

2.2. The Establishment of Badan Usaha Milik Desa (BUMDES)

Regulation of the Minister of Villages PDTT Number 4 of 2015 concerning BUMDes which regulates the establishment, Management, organizing, and dissolution of BUMDes. This regulation outlines the steps to establish BUMDes, namely:

1. Village Deliberations (Article 5 paragraph (1). In the Village Deliberations that need to be agreed upon include:
   a) BUMDES management organization;
   b) BUMDES business capital; and
   c) BUMDES Articles of Association and Bylaws.

2. The Village Government and the Village Consultative Body (BPD) shall stipulate a Village Regulation concerning the Establishment of BUMDes. The results of the Village Deliberation agreement as referred to in paragraph (1) shall serve as guidelines for the Village Government and the Village Consultative Body to stipulate Village Regulations concerning the Establishment of BUMDes.

3. BUMDes establish business units that formed by BUMDes are (article 8):
   a) Limited Liability Company; and
   b) Microfinance Institutions with a share of BUMDes of 60 (sixty) percent,

   The provisions of Article 4, Law Number 1 of 2013 concerning Microfinance Institutions, the law requires that the establishment of Micro Finance Institution (MFIs) must at least meet the following requirements:
   a) Form of legal entity: Cooperative or PT whose shares are at least 60% (sixty percent) owned by BUMDes and Ownership of every Indonesian citizen to Limited Liability Company shares as referred to in paragraph (3) letter a is at most 20% (twenty percent).
   b) Capital
   c) Obtain a business license whose procedure is regulated in this Law.

   BUMDes does not have business units that are legal entities, the BUMDes organizational form is based on Village Regulations concerning the Establishment of BUMDes. From the description above, it can be concluded that in order to establish a BUMDes, it is sufficient for the village government to issue a Village Regulation concerning the establishment of BUMDES.

   With the Village Regulation, BUMDES already has the status of a legal entity and can carry out legal actions like humans. this is based on Article 1653 of the Civil Code Jo. Permendes No. 4 of 2015, where local government organizations are legal entities and local governments can form legal entities in generally accepted practice, a good business entity is a business entity that focuses on one business. This is important to control the business. There are business fields that have big profits but also those that can lose. If the business entity is separated, it will be clear which business sector burdens the BUMDes, then needs to be considered for immediate removal. If the village government in establishing BUMDes only comes in the form of a Village Regulation, BUMDes will find it difficult to carry out business activities that require large enough capital, besides that community participation will be difficult to realize, because it gives the impression that BUMDes is an extension of the village government. In banking practice, BUMDes which was founded with the Minister of Village Regulation is difficult to accept in economic traffic. Banks will find it difficult if there is a problem BUMDes and want to confiscate or hold the BUMDes management accountable, in this condition the price of BUMDes assets is often an integral part of the village government assets. For this reason, BUMDes that is established needs to form business units as mandated by Article 8 Permendes No. 4 of 2015.

3. RESEARCH METHOD

This research is normative legal research which the concept of normative legal research or library research and document study with statute approach and the conceptual approach and includes the case approach under study to support the research.

The analysis of legal materials in this study will use deductive logic analysis methods with qualitative normative analysis methods\(^1\). The method of deductive logic analysis is to draw conclusions from a problem that is general in nature to the concrete problems being studied, while the normative qualitative analysis method is a logically structured discussion and elaboration of the results of research on norms, rules, and legal theoretical foundations that are relevant to the subject problem.
4. RESULTS AND DISCUSSION

4.1. The Existence of (BUMDes) as Legal Entities After the Enactment of Job Creation Law

The status of Village-Owned Enterprises (BUMDes) as a business entity that currently has obtained the position as a legal entity after the enactment of the Job Creation Law BUMDes has characteristically been categorized as a legal entity business entity because it has fulfilled the characteristics of separate assets, has a specific purpose, has its own interests and regular organization.

BUMDes is declared a legal entity starting when the Village has established a village regulation which is a product of the village deliberation which is ratified and signed by the Village head, in the drafted RPP, BUMDes must undergo a registration process at the Kemendes PDIT. This aims to avoid a number of things such as the same name, so this is a must. After the registration process at the Ministry of Villages, then proceed to the Ministry of Law and Human Rights for documentation. This is done because as a legal entity BUMdes can create new legal entities such as Limited Company (PT).

Initially, BUMDes had the status of a business entity and was subsequently regulated as a legal entity. This can be seen in the explanation of Article 213 paragraph (2) of Law Number 32 of 2004 concerning Regional Government, namely Village Owned Enterprises are legal entities as regulated in laws and regulations and reaffirmed in Article 78 paragraph (3) of Government Regulation Number 72 Year 2005 concerning Villages, namely the Form of Village-Owned Enterprises as referred to in paragraph (1) must be a legal entity, when viewed from the point of view of its juridical status, the business entity can be distinguished into: (a) Business entities that are legal entities; and (b) Business entities that are not legal entities. Comparison of the advantages and disadvantages between legal entities and non-legal entities, will be described as follows:

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<th>Legal Entity</th>
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<tr>
<td>1</td>
<td>The legal subject here is the business entity itself, because it has become a legal entity which also includes legal subjects in addition to humans.</td>
<td>The legal subjects are the people who are the administrators, so they are not the business entity itself because it is not a law so it cannot be a legal subject.</td>
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<tr>
<td>2</td>
<td>In this business entity, the company's assets are separated from the</td>
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Table 1. The Different between Legal Entity and Not Legal Entity.

BUMDes is one of the economic institutions that is expected to be one that contributes to the source of village income. Therefore, the existence of BUMDes needs to get a definite legal justification. The question is: how to identify BUMDes as a legal entity? To be able to answer this, it must refer specifically to the Village Law and its implementing regulations, namely Government Regulation Number 43 of 2014 concerning Implementing Regulations of Law Number 6 of 2014 concerning Villages.

The Village Law and also the Village Regulations state that Village-Owned Enterprises referred as BUMDes, are business entities whose entire or most of the capital is owned by the Village through direct participation from Village assets which are separated to manage assets, services, and other efforts for the maximum welfare of the Village community, furthermore in Chapter X Article 87 of the Village Law it is regulated that: (1) villages can establish Village-Owned Enterprises called BUMDes; (2) BUMDes are managed in a spirit of kinship and mutual cooperation; (3) BUMDes can run businesses in the economic sector and/or public services in accordance with the provisions of laws and regulations.

Article 88 of Law Number 6 of 2014 concerning Villages states that BUMDes is established based on village deliberations, which are then determined by
Village Regulations. Furthermore, in Article 135 of the Village Regulation it is stated that the initial capital of the Bumdes comes from the Village Budget which is the Village's assets which are separated and not shared. Bumdes capital consists of: 1) Village Capital Participation, originating from the Village Budget and others; 2) Village Community Capital Participation and unlike legal entities such as Limited Companies, Foundations or Cooperatives, all of which get their status as legal entities when they get approval from the relevant ministers in the Village Law and the Village Regulation does not explicitly state when BUMDes is legal to become a legal entity. However, from Article 88 of the Village Law jo. Article 132 of the Village Government Regulation which states that “The establishment of BUMDes is carried out through village meetings and determined by Village regulations” it can be concluded that when the agreement has been ratified in the Village meeting and the agreement is stipulated in a Village Regulation, then at that time BUMDes has been born as a legal entity, characteristically, BUMDes can be categorized as a legal entity because it has fulfilled the following characteristics:

1. Separate assets
   Article 135 paragraph (3) of Government Regulation of the Republic of Indonesia Number 47 of 2015 concerning Amendments to Government Regulation Number 43 of 2014 states that the wealth of BUMDes originating from village capital participation is separated village assets.

2. Specific Goal
   The explanation of Article 87 paragraph (1) of the Village Law states that BUMDes is formed to utilize economic potential, economic institutions, as well as the potential of natural resources and human resources in order to improve the welfare of rural communities.

3. Self-Interests
   The interests of BUMDes are also contained in the Elucidation of Article 87 paragraph (1) of the Village Law which states that BUMDes is oriented to financial gain and supports improving community welfare.

4. An Organized organization
   The BUMDes organization is separate from the village government organization and the BUMDes organization at least consists of advisors and operational implementers. This provision is regulated in Article 132 paragraph (3) and (4) of Government Regulation of the Republic of Indonesia Number 43 of 2014.

The enactment of the Village Law has changed the form of the BUMDes business entity. In Article 1 point 6 of the Village Law, it is stated that BUMDes is a business entity and in the explanation in Article 87 paragraph (1) BUMDes is a business entity characterized by a village which specifically cannot be equated with legal entities such as limited liability companies, commanditaire venootschap or cooperatives. As for what makes BUMDes a new form of legal entity. In contrast to BUMN and BUMD, which in the laws and regulations have clearly regulated, they can be in the form of a limited liability company or a public company [1]. Therefore, BUMDes is a business entity characterized by a Village which in carrying out its activities in addition to assisting the implementation of Village Government, is also to meet the needs of the Village community. Thus, the purpose of BUMDes presence is to carry out the functions of services, trade, and other economic development.

4.2. Economic-Based BUMDes Empowerment Strategy as Legal Entity Status After the Law Number 11 of 2020 concerning Job Creation effected.

BUMDes is a pillar of village economic activity that functions as a social and commercial institution. Efforts to develop rural economy through the role of BUMDes, based on field conditions that the number of productive BUMDes in Indonesia is still relatively small (Ministry of Villages, Development of Disadvantaged Regions and Transmigration (PDTT) data 2020. This is due to: 1) do not know how to manage it; 2) Human Resources (HR) at the village level which is still relatively low; and 3) the difficulty of finding potential in each village. Human Resources are the most important potential because village potential empowerment will not develop if human resources and empowerment are not carried out. Village potentials that are well identified and supported by reliable human resources can ensure that village development in a sustainable manner will automatically be built and Prosperity can be achieved.

In general, several problems faced by BUMDes related to the problems mentioned above are as follows: the business climate is not conducive (Unfair Business Practices); limited information and market access; low productivity (low technology); limited capital; and low entrepreneurial spirit. In particular, the problems faced by BUMDes are: a) communication; b) transparency and accountability; and c) managerial capacity.

The conditions mentioned above are obstacles for the development of BUMDes in an effort to improve the empowerment of rural communities in particular and economic empowerment more comprehensively and globally. BUMDes is a business entity that manages village potential to improve the rural economy. Various efforts can be made by the village community in developing BUMDes in their area, including choosing the type of business that can bring greater profits, such as:

1. Intermediary/Brokering Institutions;
2. Finance/Banking;
3. Social/Serving business; and
4. Joint venture/Holding.

For example, Holding BUMDes is a corporation or Parent Company BUMDes located at the central level which consists of Joint BUMDes at the Provincial, Regency, a join BUMDes and BUMDes which have hierarchical in duties and responsibilities. The existence of Holding BUMDes is focused on having several fields that play a role in providing technical assistance and support to BUMDes according to their respective business units.

Other businesses can empower BUMDes by focusing on superior village products which are local products as the main advantages compare with other villages. The purpose of local economic potential is the potential that owned or found in a certain area that is not owned by other regions that is include: (1) human resources, (2) natural resources, 3) cultural diversity, 4) the role of technology. Based on these factors, local potential must be maximized with a view to increasing added value through the BUMDes.

These great potential and focusing on product development, can be the the success key of a BUMDes. BUMDes can also partner with MSME actors in their respective areas in the context of product development and marketing. The hope is by existence of BUMDes in the Village can encourage economic growth in the Village and encourage the improvement of the welfare of the village community.

In Central Halmahera district, North Maluku Province, there is the Lembah Asri BUMDes located in Lemban Asri village which has succeeded in becoming an example for other BUMDes, which develops economic empowerment of rural communities with the Mina Padi system which will be developed into a Tourism Village.


In Klaten, Central Java, there is a BUMDesa called Tirta Sejahtera which manages a tourism service unit. This BUMDes located in Pluneng Village, Kebonarum District, Klaten Regency. Established since 2015, BUMDes Tirta Sejahtera has a main business in the water sector, namely Umbul Pluneng and Umbul Tirto Mulyani. Since managing as BUMDes in 2018, Umbul Pluneng has been able to donate 344.9 million for the village. Currently BUMDes Tirta Sejahtera has a turnover of around 10 billion and employs 24 employees. Good management starting from employee recruitment, transparent and accountable financial management, work mechanisms and the establishment of Standard Operating Procedures (SOP) makes this BUMDes worthy as an example of the success BUMDes.

In West Bandung, West Java, there is a BUMDes Karya Mandiri that owned by Cibodas Village which can be imitated by other villages. BUMDes Karya Mandiri in Cibodas has businesses in the water sector, sports buildings/multipurpose buildings, and village kiosk management. For clean water, BUMDes has around 2,300 consumers. The business unit is the original main revenue of Cibodas Village, because it can generate income Rp. 7.5 million per month. These two BUMDes can be an example for other BUMDesa.

5. CONCLUSIONS

The existence of Badan Usama Milik Desa (BUMDes) as Legal Entities After the enactment of Law Number 11 of 2020 concerning Job Creation has provided clarity and affirmation of the status of BUMDes legal entities. Article 117 of the Job Creation Law amends the provisions of Article 1 point 6 of the Village Law, which states explicitly that “Badan Usaha Milik Desa” referred as BUMDes, are legal entities established by villages or together with villages to manage businesses, utilize assets, develop investment and productivity, provide services and provide other types of business for the maximum welfare of the Village community. The position clarity of BUMDes as a legal entity emphasizes the separation of Village assets from the assets of business entities. In the field of business law, this separation is important to provide autonomy for administrators to manage BUMDes in a professional manner and to clarify the line of responsibility of the Village as the owner of separated assets.

Law Number 11 of 2020 concerning Job Creation has provided clarity and affirmation on the status of BUMDes legal entities in Indonesia, and this also provided an opportunity for the community to increase efforts in formulating strategies for empowering BUMDes towards a village economy that is sustainable more advanced based on village economy. One of the ways to start and run a BUMDes business is to increase the capacity of the management in BUMDes and facilitate BUMDes access on capital to consolidate all resources owned by BUMDes, hence to achieve a scale of improvement in the village economy by developing superior products that they have and highly competitive.

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