



Construction of Regional Law in the Development of Village-Owned Enterprises Based on Reinventing Government

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Abstract. The Village-Owned for Enterprises (BUMDes) as a village-run business institution has a strategic role in efforts to improve the village economy. But unfortunately, there are still few villages that are able to optimize the role of BUMDes, so that many BUMDes are “suspended” and do not develop. The strengthening of BUMDes is also inseparable from the rule of law, because from its establishment, management, to dissolution, it must be carried out through law. Moreover, currently the government has issued Government Regulation Number 11 of 2021 concerning Village-Owned Enterprises. The presence of these regulations has a legal impact that is able to facilitate BUMDes to develop. The problem is that the development of BUMDes is still hampered by regulatory issues. Local governments in this case need to make legal policies that are able to encourage the development of BUMDes so that later they are able to encourage inclusive economic development. Reinventing the Government, which was initiated by David Osborne and Ted Gaebler, hopes to be the basis for producing laws that are capable of developing BUMDes. This study aims to produce local legal constructions so that BUMDes can develop and become a pioneer in encouraging inclusive economic development.

Keywords: village-owned enterprises · reinventing government · inclusive economic

1 Introduction

The existence of Village Owned Enterprises (BUMDes) is a recent breakthrough in the context of village empowerment. His BUMDes regulation of Law No. 6 of 2014 on villages encourages villages to optimize to improve the economic wheels of their communities. However, in practice, there are still some villages that make full use of this system.

BUMDes are the pillars of village economic activity and It functions as a social and economic institution. As a social institution, BUMDes represents the interests of the community through its contribution to the provision of social services. This is in line with Article 87 of Law No. 6 of 2014, which stipulates that BUMDes work in a

spirit of kinship and mutual cooperation. BUMDes, on the other hand, can work in the commercial sector and/or public services if regulated by law.

The establishment of BUMDes is based on the applicable laws and regulations utility. In this case, the Government has issued Regulation No. 4 of 2015 on Development and Migration of Villages, Disadvantaged Areas of the Republic of Indonesia on for the Establishment, or Management, Management and Dissolution of Village-owned Enterprises. BUMDes were established by village on governments to improve the well-being of village communities by utilizing all economic possibilities, economic institutions and potential of natural and human resources utility.

BUMDes typically invest all or most of their capital in villages through direct for participation derived from segregated village assets in order to the manage assets, services and other undertakings to maximize the welfare of the village community. is an entity owned by Indirectly, BUM Desa is playing a strategic role in improving the economy of the community so that it can eventually become an independent and competitive village.

Recently, the government issued Decree No. 11 of 2021 on Village Enterprises. This is also the impact of Law No. 11 of 2020 on job for creation, confirming BUMDes' position as a legal entity. With its legal entity status, the role of BUMDes becomes more and more important. Legal entity status makes it easier for BUMDes to establish business collaborations with other entities and also facilitates access to capital from formal financial institutions. The existence of this government regulation presents great opportunities for his BUMDes in developing business units. May the estuary be an opportunity to improve the economy of the village.

The role and presence of BUMDes can help the economy of the community, as BUMDes can be a driving force in developing the economic potential of the village. This is inseparable from the fact that the establishment of BUMDes is intended as an effort to accommodate all activities and/or inter-village cooperation in economic sectors and/or public services managed by the villages. The diverse potential of villages can be very easily developed and realized through packaged entrepreneurial activities wherever possible.

However, on the other hand, it is not easy to realize the development of BUMDes. The limitations of rural communities are a factor in the stagnation of BUMDes. Local governments are therefore also responsible for the development of BUMDes through local legal policies. Local governments should respond to any legal or regulatory needs that can accommodate and facilitate the development of BUMDes.

2 Research Methods

This research is a normative legal study that considers various laws and regulations that serve as the basis for laws and regulations in order to analyze regional legal policies in the development of BUMDes. The legal research model used is a comprehensive and analytical study of primary and secondary legal sources. Considering that this study is a prescriptive legal study, the approach of this study uses legal and conceptual approaches [1]. Data analysis is performed qualitatively by describing the data generated from the survey in a systematic way descriptive form to provide a clear picture of the problem under investigation and to draw a priori conclusions on the results of the data analysis. increase. I was.

3 Discussions

In order to understand and answer the research question, the sub-chapters of the description and analysis summary are provided below.

A. *Regional Authority in the Development of BUMDes*

One of the efforts to increase the village's initial income is to establish a village-owned business. BUMDes are business entities whose capital is wholly or mostly owned by villages. One of BUMDes' facilities is to meet village needs, including public services and community needs. The village government has the power to form her BUMDes.

Once BUMDs are formed, efforts should be made to develop them, at least by ensuring that BUMDs are not paused or stagnant. Basically, the development of BUMDes is not only the responsibility and authority of the villages, but also the local government has a role and authority in the BUMDes development efforts.

According to Law No. 6 Year 2014, Article 90, The Government, State Government, Regency/Municipal Government and Village Government will promote the development of BUM Desa in the following ways:

a. provide access to grants and/or funding; b. provide technical support and market access; c. Prioritize BUM Desa in managing the village's natural resources.

In general, local governments cannot "hand off" the administration of village governance, as part of an autonomous region owned by the region, local governments need to provide guidance and supervision, so that village governance can run better. Article 112 of Law Number 6 of 2014, states that:

- The Government, State Government and Regency/Municipal Government facilitate and supervise the implementation of village government.
- Governments, state governments, and county/city governments can delegate guidance and supervision to regional agencies.
- Government, state government, provincial/local government strengthen the village community through a. apply appropriate techniques and new knowledge to the economic and agricultural progress of the village community as a result of scientific and technological developments. b. Improving the quality of government and village communities through education, training and counselling. c. Recognize and function original and/or existing institutions in the village community.
- Empowerment of village communities within the meaning of paragraph (3) is done by supporting village development and rural area planning, implementation and monitoring.

Furthermore, in Article 115, it stipulates that "Guidance and supervision for the carried out by the Regency/Municipal Government as referred to in Article 112 paragraph (1) includes:

- a. To provide guidelines for the conduct of Regency/City Affairs duties carried out by the Village;
- b. Provide guidelines for the preparation of village ordinances and mayor's ordinances;

- c. Providing guidelines for the preparation of participatory development plans;
- d. namely to promote the implementation of the village government;
- e. Assess and monitor village order;
- f. Determine the funding for the allocation of the Village Compensation Fund;
- g. Supervise the management of village finances and the use of village property;
- h. Guiding and supervising the implementation of village administration;
- i. Organize education and training for village governments, village advisory committees, community agencies, and traditional institutions;
- j. Giving awards for achievements in the operation of village governments, village advisory committees, community institutions and traditional institutions;
- k. Strive to accelerate rural development;
- l. Strive to accelerate rural development through financial, mentoring and technical assistance;
- m. Capacity building of BUM Desa and inter-village cooperation agencies; and
- n. Prescribe sanctions for misconduct committed by local government managers as provided for by law.

As for Government by Regulation Number 11 of 2021, in Article 47 paragraph (1), that BUM Desa/BUM Desa together can receive assistance from the Central Government, Regional Government, and/or other non-binding parties. Furthermore, in Article 72 paragraph (3) of PP 11 of 2021, the fostering and development of BUM Desa/BUM Desa together can be carried out by the governor and/or regent/mayor. Guidance and development of BUMDes is carried out through general guidance and development and technical guidance and development.

General guidance and development includes data collection and ranking, monitoring, preparation of policy support, supervision, evaluation, human resource development, institutional development and organizational management, as well as other development activities including: a. education and training in business management and entrepreneurship in accordance with business needs and growth; b. business community communication forum activities between BUMDes together regularly and continuously. c. Provision of a joint advice center BUM Desa/BUM Desa to act as a problem solving aid. holding business conferences in the form of seminars, visits, exhibitions of business products/services and other similar activities, regular and ongoing surveys; e. with BUM Desa/BUM Desa and other economic players; Organize partnership meetings to establish partnerships and collaborations. and/or f. organization of market promotion activities, technology adaptation, and networking internationally, nationally and regionally. Meanwhile, technical guidance and development include technical guidance related to capital development acceleration, capital assistance, business development and/or services for BUM Desa/BUM Desa together, technical guidance on financial management, business and trade scale improvement, industrial business Development and coaching and development activities. Others according to government duties and functions.

In the local government legal order under Law No. 23 of 2014, administrative affairs in the field of community and village strengthening are one of concurrent affairs. The distribution of powers in the sub-area "Village Administration" is only the administrative and supervisory powers of the District/Municipal Administration. Therefore, based on the above explanation, district/city governments have the authority to develop BUMDes.

A. BUMDes and Reinventing Government

The existence of the village or pekon as a legal unit of the community reflects the understanding that the village institution is not just an administrative unit but a legal entity that must be respected, privileged and protected in the Indonesian governmental structure. deepen. conduct. This is set out in Section 18B Section 2 of the 1945 Constitution.

*For The State for recognized and respects to
customary communities and their traditional
rights as long as they continue to exist
and comply with the legally regulated
principles of social development
and the unitary state of the
Republic of Indonesia.*

Based on Article 18 B paragraph (2) of the 1945 Constitution, the village is defined not only as a unitary community of customary law, but also as the lowest government hierarchy in the Unitary State of the Republic of Indonesia [2]. In relation to the position of the village that will be developed as a local self-government, what must be done is not only to affirm the authority of origin, but the state must also carry out political decentralization (devolution) to villages or villages, as was done to the regions.

According to Law No. 6 Year 2014 on Villages and Decree No. 43 Year 2014 on Implementation Regulations of Law No. 6 Year 2014 on Villages normatively stipulates:

Village is a village and traditional village or what is called by another name, is a legal community unit that has territorial boundaries that are authorized to regulate and manage government affairs, the interests of the local community based on community initiatives, origin rights, and/or traditional rights that are recognized and respected. in the government system of the Unitary State of the Republic of Indonesia

One of the strengthening of this law as a basis for village reform is an effort to make the village the subject of development rather than the object of development. One of the main provisions of the Village Law No. 6 of 2014 concerns village-owned businesses.

Furthermore, Law No. 11 of 2020 on Job Creation (UU Cipta Kerja) has become a landmark solution to the central government's efforts to develop BUMDes. Section 117 of the Employment Creation Act states that a BUMDes is a legal entity for the established by or with a village to manage Business, asset utilization, investment and productivity development, service and business type development., emphasizing that they bring the greatest benefit to the village community. This indicates his BUMDes status as a legal entity. This provision will affect the development of BUMDes, including facilitating access to BUMDes' capital.

Derived from the BUMD Job Creation Act, it was Regulation No. 11 of 2021 on Village Enterprises. This convention serves as a guideline for building BUMDes. The existence of BUMDes is very strategic and ultimately BUMDes will act as the engine

of the village economy and well-being of the rural community. The hope with the existence of BUMDes is the creation of new businesses based on existing resources and the optimization of economic activity in existing rural communities. On the other hand, there will be more business opportunities to strengthen village autonomy and reduce unemployment [4].

The diverse potential that exists in villages is very likely to be tapped and, if packaged creatively and innovatively, can be used to realize joint economic activities. Because every village has its own specialties compared to other regions. He also needs to properly manage the village funds that continue to flow into the village so that these funds can capitalize his BUMDe and continuously improve the economy of the community. The presence of village authority in the use of village funds is likely to motivate the village to strengthen his BUMDes.

Article 2 of Ministerial Regulation No. 4 of 2015 on Development of Villages, Disadvantaged Areas and Resettlement states that the BUM Desa facility is a port that accommodates all activities managed by the economic sector and/or public services. It is stipulated. I am determined to do my best. Village and/or inter-village cooperation. As indicated in Article 3, the purpose of establishing BUM Desa is to:

- a. of. Improving village economy;
- b. Optimizing the village's fortune to serve the well-being of the village.
- c. Strengthen community efforts to manage the economic potential of the village.
- d. in develop business cooperation plans between villages and/or with third parties.
- e. Creating market opportunities and networks that support citizens' needs for public services.
- f. create employment opportunities;
- g. Improving for the benefit of community services through improved public services, village economic growth and equity. When
- h. Summarize the village's original income with increasing the village's community income.

It is also inseparable that, pursuant to Article 89 of Law No. 6 of 2014, the results of the operations of BUMDes will be used for the following purposes business development; village development, village community strengthening, subsidies specified in the village income and expenditure budget, social assistance, and assistance to the poor through revolving fund activities.

The village government should be able to manage and develop BUMDes, so that the goals of establishing BUMDes can be achieved, and the village community can feel it. In this case, the village needs to have the support of various parties, including the local government. Along with increasingly complex developments and demands, part of the effort to develop BUMDes is through the concept of "reinventing government".

Reinventing government as a governance model is a perspective characterized by catalysts, community ownership, competitiveness, mission-driven, results-driven, customer-centric, entrepreneurial, forward-thinking, decentralization, and market mechanization [5]. David Osborne and Ted Gaebler put forward the concept of reforming government. Government restructuring can be used as a basis for governance, enabling

regions to optimally develop their potential, become independent in the implementation of governance, and better serve their communities [6].

Government reform is how governments around the world improve the welfare of their citizens [7]. Government reinvention is the concept that government can be entrepreneurial to meet the needs of the bureaucracy. The purpose of restructuring government is to grow the attitudes and behaviors of a bureaucracy that is innovative, adaptable and governed by the bureaucracy, and to increase dignity and community orientation.

Reinventing government can be used as a way out of stagnant bureaucratic reform in Indonesia. This change in perspective ultimately gave birth to dialectics in society to formulate and agree together on how the rules of the game reflect the protection of citizens' rights [8]. Thus, reinventing governance becomes relevant and in accordance with BUMDes development efforts. The limited human resources or bureaucracy in the village requires a reinventing government approach. To ensure that government implementation is conducted in an accountable, responsive, innovative, professional and entrepreneurial manner.

C. Construction of Regional Law on BUMDes Development Based on Reinventing Government

The implementation of regional autonomy where the central government gives authority to the regions to take care of their own households, then this must be utilized to the maximum extent possible by the regional government in order to develop the potential possessed by the region which can be used as one of the potential opportunities for economic growth in the region.

The birth of the concept of decentralization is an effort to realize a democratic government to end a centralized government. In its implementation, decentralization is the establishment of separate bodies from the center, where local representative bodies have formal power to decide on various public issues. In a decentralized system, government tasks related to certain affairs are considered to have been fully delegated to the regional government, which therefore has the authority to manage these matters as their own household affairs [9].

Sources of village income other than those from government and district/city government assistance, Law Number 6 of 2014 also opens opportunities for the development of BUMDes. This institution is a new breakthrough that should be appreciated in the context of empowering and strengthening villages. At least this idea can become a new form of community business ownership and encourage the process of economic equality to villages that have been neglected so far. BUMDes must be empowered within the framework of good socio-economic empowerment of the community by prioritizing community participation and initiatives. The community should not only be the object of the program, but their capacity must be strengthened to participate in supervising the running of the BUMDes' business [10].

One of the reasons is the limited capacity of the village apparatus. This condition cannot be separated from the not yet optimal preparations made by supra-village government actors, in this case the local government. Local governments have an obligation to provide technical guidance on a regular basis related to the main tasks and functions

of the village apparatus. In addition to making derivative regulations, local governments need to provide technical guidance to strengthen the capacity and structure of village institutions through education and extension services and assistance to village officials [11].

Local governments based on the authority they have, need to make efforts in developing BUMDes, including by issuing legal policies. Legal policies that can be issued are by establishing regional regulations.

Regional regulations as part of regional legal products are constructed to provide a solid legal footing for regions in pursuing the development of BUMDes. Legislation is formed and applied in the community so that it becomes an important thing, a legislation has strong social roots, whether the legislation is intended as social engineering or a form of accommodating people's aspirations [12].

In this case, in accordance with the limits of regional authority and the conditions of the problems faced by the village, the regional regulations established by the regional government at least contain provisions regarding:

- a) Obligations and Powers. This is to highlight the limits of duties and powers of both local and village governments.
- b) establishment, to the management, management and dissolution of BUMDes. This is a mandate of legislation, local governments need to regulate efforts to encourage villages since the stability of BUMDes. The establishment of BUMDes through village regulations is basically not an easy matter for every village to be able to do so, so that local government intervention is needed.
- c) village cooperation. BUMDes is not limited to one village, so to expand the market, it is necessary to regulate village cooperation in the management of BUMDes.
- d) ease of developing BUMDes. Policies through programs can be carried out by local governments.
- e) coaching and supervision. This is considering the limited human resources in the village, becoming an important part of the local government's efforts to develop BUMDes.
- f) awards. A form of increasing enthusiasm in developing BUMDes in the village by giving awards to villages that successfully manage their BUMDes.

Basically BUMDes is able to grow and develop if the community participates and is creative in utilizing its potential. Based on the description that has been presented, the local government has a big role to be able to encourage the development of BUMDes.

4 Conclusions

Based on the describe for descriptions above, it can be conclusion for that local for governments based on the provisions of the regional government legal regime and the BUMDes legal regime have the authority to develop BUMDes. BUMDes as an institution owned by the village is a reflection to see development developments in the village. Therefore, on the basis of "Reinventing Government", local governments as supra-village governments need to issue legal policies through the formation of regional

regulations on BUMDes which at least contain provisions regarding duties and authorities; establishment, management, management, and dissolution of BUMDes; village cooperation; ease in developing BUMDes; supervision and coaching; as well as awards.

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