



# The Effectiveness of BUMDes Synergy with Business Partners in Achieving Village Economic Growth Acceleration During the Covid-19 Pandemic (Study on Cooperation Between BUMDes Kusuma and NK Cafe)

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**Abstract.** BUMDes is a Village Milk Business Entity whose function is to manage and develop village assets for the welfare of the community. The existence of BUMDes is expected to be able to move the wheels of the economy in rural areas because it has the power to stimulate economic growth. BUMDes are also required to expand cooperation by synergizing with various parties. The less-than-optimal role of BUMDes in planning cooperation will cause various problems. The problems found in this research are: the role of BUMDes has not been maximized in planning cooperation, lack of communication between BUMDes and the private sector, and complicated regulations. This research was conducted to see how effective the synergy between BUMDes and the private sector is in achieving the acceleration of village economic growth during the Covid-19 pandemic. This study uses a qualitative approach and a descriptive method. The results showed that BUMDes had collaborated with the private sector as partners to be able to utilize village treasury land with a predetermined scheme. But on the other hand, the role of BUMDes has not been maximized. The existence of this research is expected to help improve existing problems and can improve cooperation and communication that is less established, both between the BUMDes and the private sector, so that the effectiveness of the synergy between BUMDes and the private sector can be achieved in order to realize village economic growth during the Covid-19 pandemic.

**Keywords:** Effectiveness · Synergy · Economy · BUMDes

## 1 Introduction

Indonesia is an archipelagic country with the smallest village government unit which is quite high in number. A village is a territorial unit inhabited by a number of families that have their own government system (headed by a village head) or a village is a group of houses outside the city that are a unit based on Big Indonesian Dictionary.

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A. F. Wijaya et al. (Eds.): AICoBPA 2022, ASSEHR 764, pp. 413–420, 2023.

[https://doi.org/10.2991/978-2-38476-090-9\\_33](https://doi.org/10.2991/978-2-38476-090-9_33)

In relation to villages, the government has passed regulations that specifically regulate village governance, namely Law Number 6 of 2014. The existence of this regulation is to regulate the position and types of villages, village arrangements, village authority, village government administration, village rights, and obligations, and village communities, village finances and assets, and rural area development [1]. This is supported by Nurpitasari and Maharani [2] who explained that the formation of village regulations must pay attention to the needs of the village, accommodate the legal interests of the community, and must be in accordance with the philosophical foundations that exist in the village. The natural and cultural conditions that exist in the village can be used to utilize rural areas [3]. However, government policies regarding villages must pay attention to and maintain the integrity of the village naturally, so that the socio-cultural values of indigenous peoples in the village are not eroded by changes that occur in the development process [4]. The preparation of these regulations also serves so that policymakers do not experience ambiguity in formulating strategies [5]. The development of the economic base in rural areas has long been carried out by the government through various programs. However, these efforts have not yielded satisfactory results as desired together. There are many factors that contribute to the lack of success of these programs. One of the most dominant factors is government intervention that is too large, as a result, it actually hampers the creativity and innovation of rural communities in managing and running the economic engine in rural areas. According to Liang [6], the development carried out by BUMDes must focus on issues that exist in the village by paying attention to industrial development that can be done in order to encourage economic cooperation. The ambiguity of policy formulation must also be avoided to make an institution more credible [5]. Economic institutional systems and mechanisms in rural areas that do not work effectively have implications for dependence on government assistance that kills the spirit of independence based on Management Guide for Village-Owned Enterprises. Therefore, support from the people is needed in order to increase the legitimacy of the government in order to achieve community-based synergy. Lack of legitimacy is also one of the things that can hinder the formation of a regulation or program from the village government [2]. BUMDes is expected to be able to stimulate and move the wheels of the economy in rural areas. According to Chen et al. [7] BUMDes has the power to stimulate economic growth. The economic assets in the village must be fully managed by the village community. The main activity that can create synergy between communities is to explore the potential that exists in the village to get gives rise to value [8]. Rural tourism has emerged as a strategy that can be implemented to develop rural areas [9]. The substance and philosophy of BUMDes must be imbued with the spirit of togetherness and self-help in an effort to strengthen the economic aspects of its institutions. At this stage, BUMDes will move to synergize together by cooperating with the private sector to jointly develop village assets which are expected to be able to increase sources of village original income, drive community economic activities in which the role of BUMDes as an umbrella institution in overshadowing. This effort is also important in the context of reducing the role of free riders which often increase transaction costs in community economic activities through rent-seeking practices [10]. The linkage with many parties serves to expand the network so that it can attract more investors to establish cooperation [11]. The synergy that occurs can be very effective in minimizing

personal interests and can increase development at the local level [12]. The synergistic context is the starting point for the start of a rural business development process, this is also what ultimately led to the initial initiation of the BUMDES KUSUMA Ampeldento Cooperation, Karang Ploso District, Malang Regency with NK Group. NK Group is a private party that stands in the property business and the food and beverage industry. The natural wealth owned by Ampeldento Village has not been fully utilized by the village government and the community. In 2020, a food stall was built on one of the residents' agricultural lands, namely NK Café, NK café is part of the NK Group. This is in accordance with the research of Sidali et al. [11] which explains that the attachment of local food in the agro-food network can attract relationships with consumers who are interested in local products and support a sustainable environment. According to Berno et al. [8], food exploration is one of the main activities that can create synergies between culture, history, and nature. After seeing the business opportunity of this food stall, which is relatively fast-growing, the owner of the food stall initiated a collaboration with the Ampeldento Village government for the use of the Village Cash Land (TKD), which was originally only an ordinary agricultural land, will be developed to have added value, by building jogging tracks. This will increase the attraction of visitors to come to Ampeldento Village because it offers a culinary concept and blends with nature so it will indirectly increase village cash receipts. Creative tourism in the countryside under certain conditions is very promising to be used to grow rural areas [13]. Environmental sustainability must also be considered to be able to support the economic value of the community [14]. Profit sharing with NK Café for the rental of Village Cash Land is carried out with the BUMDes manager. Every month, NK Café deposits profit-sharing cash to BUMDes Kusuma Ampeldento so that it is managed properly so that it can provide added value for the village and the community inside it. This is one of the strengths of BUMDes in encouraging rural economic strength [6]. However, the financial and business management of the Ampeldento BUMDes has not been implemented properly. It is known that at the end of December 2020, a problem arose between the Ampeldento village government and the community, where the community considered that there was no transparency on the income generated from the rental of Village Cash Land (TKD) to NK Cafe by the local village government. According to Wang [15], community trust is one of the supports of the village government in making decisions and increasing organizational effectiveness. This is in accordance with Sulistyarningsih et al. [14] who explains that building awareness to support the designed program is a challenge that must be resolved so that a program can run well. On the other hand, the role of BUMDes is very important in improving the economy and reducing inequality in rural areas [6]. Community-based creative tourism needs to be explored to find out the impact it has on the countryside [13]. Therefore, this study examines the effectiveness of the synergy carried out by BUMDes and the private sector. This research will provide an explanation of the effectiveness of the synergy that occurs, the impact, and the supporting and inhibiting factors that occur due to the collaboration between the BUMDes Kusuma and the NK Cafe.

## 2 Research Methods

This research is descriptive qualitative research with an in-depth interview and direct observation data collection methods. According to Creswell [16], a qualitative approach is a method for exploring and understanding the meaning that a number of individuals ascribe to social or humanitarian problems. This research was conducted in the form of in-depth interviews with key informants to determine the effectiveness of the synergy between BUMDES and Business Partners in achieving the acceleration of village economic growth during the Covid 19 Pandemic. This study used an interview guide with key informants as a research instrument, a guide to obtaining information related to with research objectives [17]. The research locations used in this study were BUMDES Kusuma Ampeldento, and NK Cafe located in Ampeldento Village, Karangploso District, Malang Regency. This study uses interview data collection methods, so before the research is carried out it will be determined the source of information that will be used as a source of information. The resource persons in this research have been determined beforehand so that the data obtained is directed data. This is done to determine the focus of the research and limit the studies carried out [18]. Some of the speakers who will be interviewed include the Village Head, the Head of BUMDES, and the owner of NK Cafe as a private party.

## 3 Results and Discussion

### 3.1 The Effectiveness of the Synergy that Occurs Between BUMDES and NK Café

The cooperation scheme carried out by the BUMDES Kusuma Ampeldento Village, Malang Regency with the NK Cafe is to rent out the Village Cash Land (TKD) owned by the Ampeldento Village Government to the private sector, namely NK Cafe. Utilization of agricultural land into a tourist village is an initiative carried out to develop an area [14]. The management of this tourist area is appropriate for supporting sustainable tourism because it combines the objectives of marketing, product development, and conservation [9]. The cooperation scheme carried out is for a duration of 15 years and after 15 years there will be a study and evaluation of all parties involved in this cooperation to determine whether this cooperation should be continued or not. The profit sharing provided by the NK Cafe to the village has also been set at the beginning, which is 107 million rupiahs annually for a fixed profit sharing for the use of TKD. This profit sharing is still greater than the TKD that is leased which will only provide a return of 63 million rupiahs per year. This can strengthen the relationship between the community and the government because it supports cooperation [12]. Therefore, this cooperation is more profitable for the village because it provides a higher return than just renting it out. In addition, the profit sharing obtained by the village is not only from fixed profit sharing, but there is still a non-permanent profit sharing for the utilization of TKD that has been used for collaboration, for example, the use of TKD for parking lots, fields, and agricultural education. All parties, both from PEMDES, BUMDES, and NK Cafe acknowledged that this collaboration was quite effective because it was proven to have contributed a lot to the surrounding community, especially Ampeldento Village. This shows that the village has developed the concept of creative tourism because its tourism is community-based,

but still preserves the daily life of the village community [13]. The effectiveness of the cooperation that has been going on so far shows that all parties have agreed with the use of TKD carried out by the private sector and this has been stated in village regulations. The existence of village regulations is a reflection of what is in the community and carries the noble ideals of the community [2]. The synergy that exists between the village and the private sector has proven to be effective because TKD provides greater benefits because it is collaborated rather than just rented out. The synergy between all parties must also be improved so that the objectives of the cooperation scheme that has been carried out so far can continue and provide many contributions to the surrounding community in particular. The existence of this cooperation can also support economic integration because BUMDes moves forward to make an area more developed [6].

### **3.2 The Impact of the Collaboration Between BUMDes and NK Cafe**

The cooperation carried out by the BUMDes Kusuma Ampeldento, Malang Regency with the NK Cafe provides many impacts, especially from social and economic impacts. This is in accordance with what was described by Chen et al. [7] that BUMDes owned and operated by the village government is a unique and significant force in supporting the economy. This is also in line with research by Liang [6] which shows that further development of BUMDes must be in accordance with existing issues, especially in promoting private business in order to encourage cooperation between various parties. From a social point of view. The community has become more friendly towards the arrival of tourists visiting Ampeldento Village in order to make a visit to the NK Cafe. The community also becomes more harmonious with the use of this TKD, because the positive impact is felt by the community so the community becomes supports this program. From an economic point of view, the utilization of TKD to be developed into a tourist area of NK Cafe contributes to the increase in PAD and the creation of new jobs. The positive impact in the long term will certainly be felt by the people of Ampeldento Village because NK Cafe is a new tourist area that is well known by the public and becomes an alternative tourism reference for tourists who want to do tourism activities. This is because NK Cafe not only provides food and drinks like cafes in general, but also provides rides to support tourism, such as facilities for jogging tracks, water park rides, durian tours, and a typical Malang souvenir center also available at NK Cafe. According to Carneiro et al. [9] rural tourism requires an integrated development approach. This causes the local government to strongly support the existence of this NK Cafe. Another impact of the development of the NK Cafe area is that public infrastructure facilities have become more considered and improved by the local government, for example, road repairs and widening. The development of NK Cafe will also cause the wheels of the community's economy to be better and also another impact is that people outside the region will be interested in investing in the Ampeldento area which causes the selling value of Ampeldento Village to increase, for example, land prices in Ampeldento Village increase, property prices increase, and the community can more easily market their products, both from agricultural products, and the products of their own businesses. This shows that creative tourism has commercial benefits [13]. This is in line with the research of Chen et al. [7] which shows that to encourage market power, the government combines cooperation with various parties.

### 3.3 Supporting Factors and Inhibiting Factors for the Cooperation Between BUMDes and NK Café

States can do much to harness community-level energy and resources for development if they seek to interact more synergistically with local communities [12]. The ongoing cooperation between the BUMDes Kusuma Ampeldento, Malang Regency, and the NK Café raises various supporting and inhibiting factors. Judging from the supporting factors, the community represented by community leaders, RT, and RW have agreed on this collaboration which is used in village deliberations. This makes it easy for all parties to develop the NK Café area and is sure to continue other strategic steps in cooperating. According to Dai and Taube [5], institutional flexibility will make the institution more credible. In addition, the Malang Regency Government agrees and strongly supports the existence of utilization of TKD which was developed into a tourist and educational area carried out by BUMDes and NK Café. These supports are very influential and determine the direction of the development of this NK Café and what the sustainability of this collaboration will look like. According to Carneiro et al. [9], rural tourism is based on tourism motivation related to rural characteristics which are considered the natural environment of existing traditional cultures. Creative tourism development is needed to overcome the existing challenges [13]. Judging from the inhibiting factor, it is related to regulations that actually hinder the development and utilization of TKD.

For example, when the TKD in the form of rice fields is to be used as a new building, the village must find a replacement for the converted rice fields. This makes the administration of permits more difficult and the bureaucracy that must be taken by the village to administer the permits is also quite difficult. In addition, the obstacle is that the BUMDes still do not have their own BUMDes office which causes communication and coordination to be less than optimal. On the other hand, the BUMDes are also not allowed by the Pemdes to build their own offices, even though the BUMDes have been able to build the new office to support the running of the organization for the better which has an impact on performance. Another obstacle is that it emerged from some of the people who supported the defeated village head. In fact, these community groups often make unfounded community complaints, causing the village to take care of trivial problems such as this community complaint and have to comply with the court's summons to follow up on the complaints of this community group. According to Gupta [12], there must be strong political rewards in terms of legitimacy and popular support in overcoming such groups. Research by Modderman et al. [19] shows that the maneuvers carried out by the community greatly affect the running of the organization. All parties in the community should have one voice in support of the village policy to make a positive contribution to the development village.

## 4 Conclusion

- The synergy of cooperation between BUMDes Kusuma, Ampeldento Village, Malang Regency, and the NK café has been running quite effectively. This can be seen from the Pemdes, the BUMDes, and the NK Café who stated that the cooperation that has been running so far has been running effectively and has provided many benefits for all parties.

- The impact of the collaboration between the BUMDes Kusuma Ampeldento, Malang Regency, and the NK Cafe is quite optimal, which is related to the increase in PADES and the opening of new jobs, thus causing the economy in Ampeldento Village to be better.
- Cooperation between the BUMDes Kusuma Ampeldento, Malang Regency, and the NK Cafe is influenced by supporting and inhibiting factors.
- The main supporting factor is the support from the majority of the community regarding this collaboration so that BUMDEs and NK Cafes can more easily develop the use of TKD. Meanwhile, the main inhibiting factor is related to licensing regulations which are quite complicated and there are some community groups who are not supportive of this cooperation program, which is actually trying to thwart this cooperation program.

**Acknowledgements.** The author would like to thank all parties, especially the management of BUMDes and the NK Cafe, and the Faculty of Administrative Sciences Universitas Brawijaya who helped the success of this research.

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