



Polemic on the Implementation of Red and White Cooperatives and Bumdes for Business Actors in Villages in Ende District

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Abstract. Village economic development in Indonesia faces significant challenges in the implementation of Village-Owned Enterprises (BUMDes) and the Red and White Cooperative. Both aim to improve community welfare and empower local business actors. However, there are polemics that arise along with their implementation, which have an impact on business actors in the village. This article discusses these polemics and their implications for business actors, with the aim of providing recommendations to improve collaboration between the Red and White Cooperative and BUMDes.

Keywords: BUMDes, Red and White Cooperative, Business Actors, Village, Implementation

1 Introduction

Village economic development in Indonesia is one of the main focuses in efforts to improve community welfare. In this context, Village-Owned Enterprises (BUMDes) and the Red and White Cooperative have emerged as important entities that are expected to empower local business actors. However, the implementation of these two entities is not free from various polemics that pose challenges for business actors. This article aims to analyze the existing polemics and their impact on business actors in the village.

2 Literature Review

2.1 Definition of BUMDes

BUMDes is an institution formed by village communities and village governments to manage local economic potential. BUMDes aims to increase village original income and empower communities.

The establishment of BUMDes aims to: a) improve the village economy; b) optimize village assets to be useful for village welfare; c) improve community efforts in managing village economic potential; d) develop business cooperation plans between villages and/or with third parties;

e) create opportunities and market networks that support the needs of public services for residents; f) open up employment opportunities; g) improve community welfare through improving public services, growth and equity of the village economy; and h) increase village community income and Village Original Income. (Law of the Republic of Indonesia No. 6 of 2014)

2.2 Red and White Cooperative

Red and White Cooperative is a cooperative that focuses on the development of micro, small, and medium enterprises (MSMEs) with cooperative principles. This cooperative aims to improve the welfare of members through collective business management.

The specific objectives of the Red and White Cooperative: a) Strengthening the village economy, namely the Red and White Cooperative is expected to be the driving force of the village economy by maximizing local potential; b) Improving community welfare: by managing the business together and working together, it is hoped that the welfare of cooperative members and the village community in general can increase; c) Creating economic independence: The Red and White Cooperative aims to reduce village dependence on outside parties and build sustainable economic independence; d) Increasing farmer exchange rates: With cooperatives, farmers are expected to get better prices for their agricultural products; e) Suppressing inflation: By managing the supply of basic necessities independently, cooperatives can help stabilize prices and suppress inflation; f) Creating jobs: Cooperatives can open up new business opportunities and jobs for village communities; g) Increasing financial inclusion: Cooperatives can provide easier and more affordable access to financial services for village communities; h) Reducing dependence on loan sharks: With savings and loan units, village communities have a fairer and more affordable financing alternative; i) Supporting food security: Cooperatives can play a role in maintaining food availability at the village level. (PRESS REGULATION No. 9/2025

3 Methodology

This study uses a qualitative approach with a case study method in 16 villages implementing BUMDes that have participated in the ToT, and the Red and White Cooperative that has been formed. Data were collected through in-depth interviews with business actors, the Head of the BUMDes Management Board, and the Cooperative, as well as observations in the village, and through analysis of related documents. The total sample determined as respondents was 48 people. Data analysis was carried out descriptively.

4 Results and Discussion

4.1 Competition Between Cooperatives and BUMDes

One of the polemics that emerged was the overlapping functions between BUMDes and the Red and White Cooperative. Several business actors felt that the existence of BUMDes could threaten the existence of cooperatives. The results of interviews with 48 respondents stated that they were confused about running a business set by the government, especially with the emergence of the Red and White Cooperative with its business units in three aspects, namely (1) Savings and Loan Business Providing affordable and fair microfinance services for members; (2) Trading Unit Selling basic necessities and local agricultural products and village crafts; (3) Basic Needs Services Including access to clean water, basic health services, and distribution of basic necessities. The types of BUMDes businesses that have been run so far are also almost the same

as the Red and White Cooperative. This is in line with the opinion of Setiawan, A. (2022) that confusion and uncertainty can hinder investment and sustainable business development.

Furthermore, when BUMDes and Cooperatives compete unfairly, their focus is more on efforts to beat each other than improving the quality of services and products. This can reduce the benefits received by members and the community. Susanti, A. (2021) also emphasized that competition in cooperatives can have a negative impact on service quality.

Competition indicates the emergence of conflict between cooperative members and BUMDes management, as well as between members within each entity. This conflict can disrupt the collaboration and cooperation that should exist. Rahman, A. (2021) explains that there is a relationship between internal conflict and cooperative performance.

Competition in cooperatives and BUMDes may prefer to prioritize certain members or business actors, so that other business actors have difficulty in gaining access to capital. BUMDes members and cooperative members in Roga, Demulaka, Kobakole, Ekoleta, and Kedebodu Villages and several other villages conveyed the same thing that access to capital is prioritized for family and close friends and ignores the existing Articles of Association and Bylaws. (Interview, June 5-30, 2025)

Poorly managed competition leads to economic stagnation at the village level. Inability to work together can hinder business development and innovation.

Budi, R. (2022) stated that cooperation and competition have a negative impact on village economic growth.

Dissatisfaction with competition causes a decrease in the participation of cooperative or BUMDes members because they feel they are not getting benefits. Therefore, they resign from their membership and are apathetic. This is in line with the opinion of Nugroho, B. (2021) that one of the factors that influences member participation in cooperatives is dissatisfaction with the benefits received by members.

Unhealthy competition causes social impacts, namely dissatisfaction in village communities, which can trigger feelings of injustice and social dissatisfaction. In line with the opinion of Sari, D. (2023) that social implications occur in villages due to competition between cooperatives and BUMDes.

4.2 Management and Administration

Almost all of the 255 villages in Ende Regency have formed BUMDes and the Red and White Cooperative, but 99% of respondents interviewed explained that they had not run their businesses optimally due to constraints on human resource management of administrators whose management was unprofessional, and had an impact on suboptimal performance and results. (Interview, June 5-30, 2025)

4.3 Access to Capital and Funding

Capital access constraints are a major issue for business actors. Although BUMDes and the Red and White Cooperative should provide sources of financing, many business actors find it difficult to obtain the necessary capital. Interview results showed that 100% were constrained by business capital. Even 88% of business actors in the Village were forced to borrow from cooperatives that provide loans with high daily interest.

4.4 Education and Training

Based on the level of education, the existing Bumdes and Merah Putih Cooperative Managers and Administrators, as many as 85% have a high school education and 15% are Bachelors. This condition requires the need for education and training for administrators and members. The results of the interview on June 5-30, 2025 informed that 98% stated that they did not receive adequate training, so they had difficulty in managing their business.

5 Implications for Business Actors

- 5.1 Business Uncertainty. The existing polemics cause uncertainty for business actors, thus hampering investment and business development.
- 5.2 Decrease in Member Participation. Dissatisfaction with management can result in decreased member participation in cooperatives and BUMDes.
- 5.3 Local Economic Stagnation. The misalignment between the Red and White Cooperative and BUMDes can cause local economic stagnation, hampering village economic growth.

6 Recommendations

- 6.1 Encouraging Synergy. There needs to be an effort to create synergy between the Red and White Cooperative and BUMDes so that both support each other in business development.
- 6.2 Improving Management Quality. Management training for BUMDes and Merah Putih Cooperative administrators must be strengthened to improve the performance of both entities.
- 6.3 Facilitating Capital Access. It is important to facilitate capital access for business actors through more transparent and simple funding schemes.
- 6.4 Structured Education and Training. Structured education and training need to be held continuously to improve the skills of business actors. Therefore, cooperation with educational institutions and related NGOs needs to be carried out.
- 6.5 Mapping of Business Types and Roles of BUMDes and Red and White Cooperatives. There is a need for clear mapping of the types of businesses and roles of these two entities so that there is no overlap in their implementation so that their existence supports each other in order to realize prosperity for the people in the village.
- 6.6 The need to build a network of cooperation with various parties to overcome managerial and technical problems in Cooperatives and BUMDes.

7 Conclusion

The implementation of the Red and White Cooperative and BUMDes in Ende Regency faces various polemics that need to be overcome to empower business actors. Synergy between these two entities is very important to create a conducive ecosystem for village economic growth. By overcoming the existing polemics, it is hoped that the welfare of village communities can be realized through better business development.

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