

Research Article

Governance Strategies of BUMDes in Improving Household Economic Standards in Mangega Village

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ABSTRACT

The village of Man'gega is one of the villages that has a Village-Owned Enterprise (BUMDes) with substantial management funds, amounting to 20 million rupiahs. This budget serves as a starting point for progress and innovation in undertaking business ventures. However, the current situation is different. Despite having a large capital, the BUMDes engages in business activities that lack creativity and fail to create its own products with entrepreneurial value. Ideally, BUMDes Maksaira should adopt more effective strategies and tactics. The purpose of this study is to determine the impact of implementing BUMDes strategies in running businesses on improving household economic income. The usefulness of this research lies in providing information and evaluation materials for the community and BUMDes Maksaira in Man'gega village. This study employs a qualitative research approach. The type of research is a survey, while the method used is descriptive analysis. Data were collected through observation, interviews, and documentation. The business activities carried out by BUMDes Maksaira have become a thing of the past. The provision of nine basic needs (sembako) to the village community did not run effectively. Many were unable to repay the costs of obtaining the sembako, which became a burden for BUMDes. The stagnation of the business was also caused by mismanagement, such as BUMDes members themselves being among those obtaining sembako. The recommendations of this study are addressed to the village authorities of Man'gega and BUMDes Maksaira to promptly monitor prices or coordinate with government agencies, in this case, the Industry and Trade Cooperative Office (DISPRINDA KOP), to regulate the prices of sembako sold by BUMDes Maksaira. Alternatively, the business direction could be shifted from selling sembako to focusing on mangrove tourism.

Keywords: BUMDes; Business Management Strategy; Household Economic Income

1. INTRODUCTION

One of the missions of the government in developing rural areas is through community empowerment which will 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 chain, and optimize resources as a basis for rural economic growth (Jhingan, 2024). Rural development is, first, empowering the economy of rural communities in order to increase community capacity in changing the structure of traditional rural communities to advanced and independent rural communities. Second, improving the quality of rural human resources in order to have an adequate basis for increasing and strengthening productivity and competitiveness. Third, infrastructure development so that existing resources in rural areas can be utilized optimally. Fourth, the development of rural institutions so that rural development can be carried out effectively and efficiently (Edi Sueharto, 2010).

The goal of rural development is to provide opportunities for regional and rural capabilities as the backbone of the regional and national economy, not forgetting to keep empowering the community to build power by encouraging, motivating, and raising awareness of the potential it has and continues to strive to develop it. The importance of empowerment in order to empower the community to improve a more decent standard of living and economic progress, such as capital, technology, information and markets. Economic progress at the provincial level can be achieved if districts have good economic activities, this progress will be achieved because of the assistance of a strong rural economy that is able to improve the welfare of the wider community. This will be a serious concern of the government until finally the government began to implement a new program for rural areas which hopes to be able to run the wheels of the economy in rural areas through the establishment of economic institutions that are fully managed by the village community, namely Village-Owned Enterprises (BUMDes) as a program to increase the independence of the village

economy (Soetomo, 2008).

BUMDes as a new program in an effort to improve the village economy based on community needs and village potential, whose management will be fully implemented by the village community, namely from the village, by the village, and for the village. As well as how BUMDes works by accommodating community economic activities in the form of institutions or business entities that are managed professionally but still in the original potential of the village. Community efforts in building this new program can make it more productive and effective so that in the future it is hoped that BUMDes will be able to become an institution that accommodates the economic activities of communities that develop in accordance with the potential of the village or the characteristics of each village which can later improve the welfare of rural communities. Village-Owned Enterprises (BUMDes) are village businesses formed or established by the village government whose capital ownership and management are carried out by the village government and the community. The purpose of BUMDes is to improve the economic welfare of residents through the development of village community economic businesses in accordance with the potential of each village. BUMDes in each region has different potential so that the type of business is different from the type of business of basic necessities such as grocery stores, village mini markets, rental of building project tools to business types such as other services including tourism villages (Soetomo, 2008).

The Government of the Sula Islands Regency from 2020 until now has implemented a BUMDes program for each village so that later the potential of each village can be developed and allocated properly for the economic progress of the village community. BUMDes, has the aim of providing guidelines, certainty and clarity regarding the establishment and management of BUMDes, which hopefully can become a legal basis for BUMDes in the Sula Islands Regency. Every village is required to have a BUMDes so that later it can improve the welfare of the village community itself in terms of economy, health, education and foster mutual cooperation between communities (Arindhawati, A. T., & Utami, E. R. (2020). In addition, BUMDes or Village Business Institutions can be managed by community leaders or the community itself except village officials who can only support and strengthen the village economy with the existing potential of the village itself. In 2020 the Sula Islands Regency already has 40 BUMDes.

The existence of BUMDes also contributes to an increase in the village's original source of income which allows the village to carry out development and improve people's welfare optimally (Ramadhani, A., & AGUNGGUNANTO, E. Y. (2017). Ponggok Village government revenue has been able to be said to be successful because the community is able to work together and manage the potential of the village for the better. In an effort to improve the welfare of the community in Mangega Village, North Sanana Subdistrict through a Village-Owned Enterprise named BUMDes Maksaira, BUMDes Maksaira is an instrument of local economic utilization with various types of potential. Potential utilization aims to improve the economic welfare of villagers through the development of village community economic businesses, to be able to encourage or accommodate community income activities both those that have developed and economic activities that can later be submitted to be managed by the community through government and local government project programs. BUMDes Maksaira has potential in the fields of Mangrove Tourism Management, fisheries, village shops, and kiosks. All efforts made by BUMDes Maksaira are to develop all existing potential, so that later it can have a positive impact on increasing the original income of Mangega Village, which basically PAD plays a very important role in financing regional development and other infrastructure, besides that it is hoped that the community can also feel the results of the village government's performance for the welfare of the Mangega Village community, especially education, health and income welfare.

2. RESEARCH METHOD

This research uses descriptive qualitative methods and uses a phenomenological approach, namely research that provides a careful description of certain individuals or groups about the circumstances and symptoms that occur (Sugiyono, 2012). This research was conducted in Manggega Village, Sanana District, Sula Islands and was carried out for 2 (two) months. The data sources used in this study consist of primary and secondary data sources, namely: Primary data is data obtained directly from informants or objects under study. (Moh. Nazir .2009) In this case the primary data obtained by researchers. And secondary data is data that has been previously collected and reported by people or agencies outside of the researchers themselves or data obtained from official documents, for example books related to the object of research, research results in the form of reports, magazines, journals and other research results related to this study. Data collection techniques are the means used by researchers to obtain data in a study. In this study, researchers chose a type of qualitative research, so the data obtained must be in-depth, clear and specific. Furthermore, Sugiyono explained that data collection can be obtained from observation, interviews, documentation, and combination/triangulation. (Sugiyono, 2012) In this study, researchers used data collection techniques by means of observation and interviews. This research

was conducted in the form of inductive analysis, namely drawing conclusions starting from a statement of specific facts towards general conclusions. The inductive process does not start from a general theory but from specific facts or data based on observations from the field or empiric observations. Then arranged into the form of questions or conclusions that are general in nature. So first examine the facts in the field and then draw conclusions.

3. RESULTS AND DISCUSSION

3.1 Results

General Overview of BUMDes Maksaira in Mangega Village

The Village-Owned Enterprise (BUMDes) in Mangega Village was established in 2016 and named BUMDes Maksaira. Utilizing funds from the state budget (APBN), the Mangega Village government initially allocated 20 million IDR to be directly managed by BUMDes Maksaira. At that time, BUMDes Maksaira focused on culinary ventures, including Kue Putar (spiral cake) and Nasi Kuning (yellow rice). These culinary activities were organized in groups and directly supervised by the BUMDes management. In 2017, the village government increased the budget allocated to BUMDes to 250 million IDR, significantly higher than in 2016. This funding was redirected into savings and loan activities and basic necessities (sembako) sales. The BUMDes management purchased basic necessities from wholesalers and sold them to the community at prices lower than the market rate. In 2018, with the same budget of 250 million IDR, part of the funds was allocated to the development of the Mangrove Tourism Site in Mangega Village, which was still under construction at the time.

Governance Strategy of BUMDes Maksaira

BUMDes serves as a tool for village communities to generate and enhance village income. A Village-Owned Enterprise (BUMDes) is a village business entity managed by the community and village government to strengthen the village economy. It is established based on the specific needs and potential of the village. The goal is to ensure that the existence and performance of BUMDes can significantly contribute to the welfare of village residents. In addition, BUMDes is intended to prevent the development of capitalist business systems in rural areas that could disrupt the social values of community life. Naturally, the success of BUMDes development activities depends on strategies tailored to the conditions of the target community. A well-designed strategy will produce optimal results. Therefore, the people of Mangega Village implemented a work program by establishing an institution that could generate village income. In 2010, a Village-Owned Enterprise named BUMDes Maksaira was formed.

*“From 2010 to 2015, the people of Mangega Village did not know the concept of BUMDes. When the village received funds from the regional and central government, we used them solely for developing village infrastructure. The funds were entirely spent within one period. There was no effort to use the funds for ventures that could generate independent village income. As the village head, I realized this issue. At the end of 2016, I held a meeting with the community to present an idea. I suggested that it would be better to establish a Village-Owned Enterprise so that our village could generate its own income apart from regional and national budget allocations (APD and APDN). During the meeting, I explained the village's challenges, such as its poor economic condition. Thankfully, during that meeting, the community agreed to establish a Village-Owned Enterprise. We decided to name it **BUMDes Maksaira**”*

Based on the village head's interview, the author believes that the village head of Mangega observed the economic challenges faced by the village and responded by organizing a meeting to establish BUMDes Maksaira. This indicates that the purpose of forming BUMDes was to increase village income, which would, in turn, positively impact the incomes of the villagers. The author also adds, based on the village head's interview, that the implementation of BUMDes Maksaira in Mangega Village adopted a Direct Contact Strategy (face-to-face interaction with the target audience). This method involved presenting specific ideas and encouraging collaborative problem-solving. It was seen as an effective way to stimulate community interest in addressing their own challenges, making them realize the value of thinking critically and resolving issues independently. This explanation is further supported by the statement from the BUMDes chairman:

“I was elected as the chairman of BUMDes in November 2016. Since my appointment, I have believed that even if BUMDes is established with a strong strategy, it will still be ineffective without a foundation of cooperation and mutual assistance. Without these principles, BUMDes would provide no benefit to the village. I observe that the economic conditions of the villagers in Mangega are still below the poverty line. Our goal in managing BUMDes is to inspire the community to think about how village economics can be improved through Village-Owned Enterprises.”

From the chairman's interview, the author concludes that BUMDes Maksaira was established on the principles of familial spirit and mutual cooperation, aiming to utilize the village's economic potential, institutional economy, as well as natural and human resources to improve the welfare of the community. The primary factors in strengthening the village economy are fostering collaboration and building unity across all layers of society. These two factors serve as the main drivers in combating poverty, reducing unemployment, and establishing market access. The presence of BUMDes in the village is expected to manage both economic ventures and public services, not solely for profit but also to focus activities on enhancing community welfare. This perspective is echoed by a villager from Mangega Village:

"The strategies implemented by BUMDes in Mangega are excellent because they consider the needs and desires of the community before executing their plans. This means that BUMDes exists to advance the community's economy."

Based on the statement from a villager regarding the strategies or management applied by BUMDes, it is evident that while the current strategies are commendable, if they fail to benefit the community, it is essential for BUMDes to revise or adopt new strategies. This is because the primary purpose of establishing BUMDes is to advance the village's economy. From various interviews conducted with different respondents, the researcher concludes that implementing effective BUMDes strategies will yield positive outcomes. Conversely, if the strategies are implemented incorrectly, there will be no significant progress in improving household economies. In this regard, BUMDes Maksaira in Mangega Village has successfully implemented strategies that align with the community's needs and expectations. The researcher observes that in the execution of its business ventures, BUMDes Maksaira has undertaken thorough assessments to predict factors such as sales and profitability. This indicates a well-planned approach to achieving their goals.

Improving the Economic Standards of Village Communities

Improving the economic standards of a community involves efforts to enhance the conditions of society to be better than before through planned activities, commonly referred to as community development. Community development encompasses aspects of quantity, continuity, and includes broad dimensions, ranging from cognitive to affective levels. The success of community development efforts is often linked to the active participation and inclusive processes of the community. The more people actively participate and the more comprehensive their involvement, the more ideal the ownership and inclusiveness of the processes will be. Below is an excerpt from an interview with the head of Mangega Village:

"The residents of Mangega Village are less active or participative in activities carried out by the village. Even though these activities have been thoroughly planned and approved in meetings, they are still reluctant to participate. For example, they hesitate to buy goods sold by our BUMDes, even though the prices are cheaper than those in stores. Similarly, during activities like business development or small and medium enterprise (SME) workshops, participation is minimal. This indicates that our community lacks involvement in the village's development."

From this interview, the researcher concludes that the improvement of economic standards in Mangega Village is less than optimal. This conclusion is drawn from the head of the village's statement regarding community development, highlighting the lack of active participation from the residents in village activities. This signifies a low level of community engagement in the village's development initiatives.

Participation as a Key to Community Development

Participation is crucial for grassroots change and for maintaining a focus on the process. In fact, 41% of community development efforts emphasize the process rather than the outcome. Unlike traditional development, which is often dominated by goals and results, community development prioritizes the process of engagement and collaboration. Today, community development is viewed as a community-based approach to development, where participation serves as a fundamental principle. The key indicator of success in community development lies in the collective efforts of the stakeholders involved. Below is an excerpt from an interview with the head of Mangega Village:

"The government plays a significant role in the activities carried out by our village. Every time we organize an activity or work program, the funding always comes from the government, and the results of these activities are evaluated by them. The government also acts as an intermediary between the village and other external parties."

Based on the explanation above, the author concludes that the government plays an active role in the development of the Mangega Village community. The government contributes to creating program frameworks, sourcing funds, allocating resources, and serving as a bridge to private entities

Household Economic Empowerment

Community empowerment is a participatory process that provides trust and opportunities for communities to assess their key development challenges and propose activities designed to address these issues. Empowerment involves equipping individuals with resources, opportunities, knowledge, and skills to enhance their ability to shape their own future and actively participate in and influence their community's life. Mangega Village is one of the villages with several empowerment activities initiated by various groups, including the Family Welfare Movement (PKK), youth organizations, and Village-Owned Enterprises (BUMDes). These activities include agricultural outreach programs and small and medium enterprise (SME) workshops. When carried out effectively and accompanied by disciplined community participation, these programs can inspire and educate residents, enabling them to pursue profitable ventures. Below is an excerpt from an interview with the Village Head:

"Mangega Village has conducted several empowerment activities, such as agricultural extension programs, SME workshops, tourism development, and mental health initiatives. The community has shown great enthusiasm for these activities. Every time we organize an event, a large number of residents attend."

From the explanation provided by the Village Head, the author concludes that the residents of Mangega Village show a strong interest in household economic empowerment. This is evident from their positive responses to various empowerment programs. Based on input from both the Village Head and residents, it is clear that the support from village and district governments has motivated the community to be active and creative in implementing village programs. The participation of Mangega residents in village activities is commendable, and the BUMDes program, in particular, has garnered significant community involvement. However, despite this high level of engagement, household economies in Mangega Village have not necessarily experienced parallel growth. This outcome is attributed to several factors, which will be discussed in the following sections.

3.2 Discussion

The Impact of BUMDes Strategies on Household Economies in Mangega Village

The success of BUMDes development activities depends on whether the strategies implemented align with the conditions of the target community. This point was emphasized by the Chairperson of BUMDes Maksaira, who stated: "In implementing our work programs, we use strategies that are straightforward, with the aim of encouraging community participation in the development of BUMDes businesses. For instance, before determining our work programs, we conduct face-to-face meetings with the community to identify their needs. We also analyze the existing businesses run by the community to gain insights. Additionally, we observe the community's interests—whether they focus more on farming, fishing, or business." Based on the interview with the Chairperson of BUMDes Maksaira, the author concludes that the development of BUMDes Maksaira in Mangega Village is carried out through four strategies:

1. **Direct Contact (Face-to-Face Meetings with the Target Audience)**

This method involves directly presenting specific ideas and brainstorming solutions. It is seen as an effective way to stimulate community interest in addressing the issues they face and encouraging them to think and solve these problems independently.

2. **Outcome Demonstration**

This involves showing the community how to perform tasks in their own traditional ways. Expected results are achieved when the community follows familiar methods they are already skilled at.

3. **Process Demonstration**

This strategy entails demonstrating to others how to improve upon what they are currently doing or teaching them to use new tools.

4. Social Pressure

This approach creates a situation in which individuals are compelled to act in accordance with desired outcomes through specific measures.

These strategies collectively aim to enhance the effectiveness of BUMDes programs and align them with the community's needs and capabilities. Various development strategies of BUMDes Maksaira have been implemented and communicated to the community. These efforts have been ongoing for over a year. However, the household economy of Mangega Village has not experienced significant improvements from the programs or ventures undertaken by BUMDes Maksaira. This issue was raised by several residents, including the following:

"As community members, we have not seen an improvement in our household economy after the efforts made by BUMDes. While the basic necessities sold by BUMDes are cheaper or priced lower than those at local shops, many people buy on credit or pay in installments, which eventually turns into unpaid debt."

Another resident shared a similar perspective:

"Since the establishment of BUMDes, we as community members have not experienced an improvement in our household economy. For us, it has had no impact. Instead, it has become a burden, as we take goods on credit but are unable to repay, which turns into debt."

From the explanations above, the researcher concludes that the ventures undertaken by BUMDes, such as selling basic necessities to the community, have not been very effective. This ineffectiveness has caused delays in improving household economies. A household economy grows when village income increases, which has not been the case in Mangega Village. Although BUMDes has been running a business selling basic necessities, poor management and control have rendered it ineffective.

As noted by the Chairperson of BUMDes Maksaira:

"We have been running the BUMDes Maksaira business with various strategies and efforts, but unfortunately, mismanagement often occurs. For example, residents purchase basic necessities on an installment or credit basis. This practice disrupts the business's cash flow, fails to generate profits, and even becomes a burden for us. As BUMDes administrators, we cannot take strict actions because those who purchase on credit are our relatives and neighbors."

The Village Head also reinforced this statement, saying:

"BUMDes Maksaira has been selling basic necessities, but lately, the business has stalled and is on the verge of bankruptcy, with even the initial capital unable to be recovered. How can household economies improve when the BUMDes business is stagnant? This is largely due to personal hesitations and other factors."

From this explanation, the researcher concludes that while BUMDes Maksaira has made good efforts, it lacks tactical management in running the business. The BUMDes management should have targeted businesses like local eateries or kiosks when selling basic necessities. This would ensure that if these businesses bought the essential goods and resold them, they would generate profits, thereby increasing their household economies. On the other hand, if the basic necessities are sold to the general public or to those without businesses—people who buy for personal consumption—it would likely become a burden or debt for them, especially if the purchases are made on credit, as they may not pay on time. The researcher also suggests that in addition to selling basic necessities to businesses, BUMDes should sell them to communities outside the village, as this would eliminate issues of debt, installment payments, or the social stigma associated with the management of BUMDes Maksaira. In essence, BUMDes Maksaira needs to be more tactical in its strategies. Due to the lack of tactical management in running the basic necessities business, by the end of 2018, there was a shift towards the Mangrove Tourism initiative. However, at this point, the researcher will not focus on or examine the new business venture. The researcher recommends that future studies can continue by exploring this new venture or other alternative businesses, such as the Mangrove Tourism project.

4. CONCLUSION

Based on the research findings, several important points can be concluded. First, BUMDes Maksaira in Desa Mangega has implemented a good strategy that aligns with the desires and needs of the community. The business operations carried out by BUMDes have undergone careful planning, including predicting sales factors and potential profits. Second, the improvement of the economic level in Desa Mangega is still lacking, as the community has not been actively involved in various village activities. This reflects the low participation of the community in the development of the village. Third, the business run by BUMDes, which involves selling basic necessities to the community, has not been effective. This situation has caused a delay in the improvement of household economies, which should have been achieved through increased village income. However, in Desa Mangega, even though BUMDes has been running the village business by selling basic necessities, the lack of proper oversight has prevented the business from running optimally.

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